

Filing Form 15CA & Form 15CB – Foreign Remittances Compliance



The Indian government has introduced Forms 15CA and 15CB to regulate foreign remittance reporting and ensure tax compliance under the **Income-tax Act, 1961**. These forms are crucial for individuals and businesses making cross-border payments. Filing these forms ensures tax liability determination and adherence to **NRI taxation in India** and **Reserve Bank of India (RBI) guidelines**.

Form 15CA

Form 15CA is a declaration that must be filed by an individual or entity making a payment to a non-resident. This form ensures that applicable taxes are deducted and paid before remitting funds abroad.

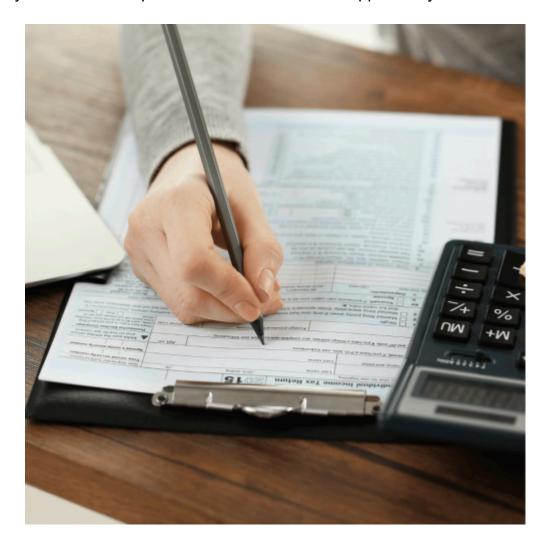
Purpose

- Ensures compliance with Lower or NIL TDS Certificates for NRI under Section 195 of the Income-tax Act.
- Helps in monitoring foreign remittances for tax purposes.
- Acts as a self-declaration of tax deduction.

Applicability

Form 15CA must be filed when:

- The payment to a non-resident is taxable under Indian laws.
- The payment exceeds specified thresholds for TDS applicability.



Filing Categories

Form 15CA has four parts:

- Part A: For remittances not exceeding ₹5,00,000 in a financial year.
- Part B: For remittances exceeding ₹5,00,000, where a TDS Certificate under Section 195(2), 195(3), or 197 has been obtained.
- Part C: For remittances exceeding ₹5,00,000, where a certificate in Form 15CB is required.
- Part D: For payments not taxable under Indian laws.

Form 15CB

Form 15CB is a certificate issued by a Chartered Accountant (CA) to verify the taxability of foreign remittances. It serves as a supporting document for Form 15CA and ensures tax compliance.

Purpose

- Certifies payment details and taxability under NRI taxation in India.
- Ensures compliance with **DTAA** (**Double Taxation Avoidance Agreement**) provisions.
- Validates TDS deduction and remittance details.

When is Form 15CB Required?

- When the remittance exceeds ₹5,00,000 in a financial year.
- When the payment is taxable under Indian laws.
- Not required for payments exempt from tax or covered under RBI's Liberalized Remittance Scheme (LRS).



Process for Filing Forms 15CA and 15CB

1. Obtain TAN and PAN Details

- Tax Deduction and Collection Account Number (TAN) of the remitter.
- Permanent Account Number (PAN) of both the remitter and the non-resident beneficiary.

2. Determine Taxability

Analyze the nature of remittance, tax liability, and DTAA applicability.

3. Engage a Chartered Accountant

For transactions exceeding ₹5,00,000, obtain **Form 15CB** from a <u>qualified CA</u>.

4. File Form 15CA Online

- Log in to the Income Tax e-filing portal.
- Select the appropriate section based on remittance details.

5. Submit Forms to the Bank

 Provide the acknowledgment of Form 15CA and CA-certified Form 15CB to the bank processing the remittance.

Common Scenarios Requiring Forms 15CA and 15CB

- Interest remittances to foreign lenders.
- Payments for professional services from non-resident consultants.
- Royalty and technical fees paid to foreign companies.
- Import of services requiring compliance with NRI taxation in India.

Exceptions

- Transactions under RBI's Liberalized Remittance Scheme (LRS).
- Payments not subject to Indian tax laws.
- Specific categories exempted under the Income-tax Act.

Penalties for Non-Compliance

Failure to comply with foreign remittance regulations can result in penalties under the Incometax Act:

- Penalty under Section 271-I: ₹1,00,000 for failure to furnish the required forms.
- Interest penalties for non-deduction or late payment of TDS.

Why Choose JD Shah Associates?

Navigating NRI taxation in India, obtaining Lower or NIL TDS Certificates for NRI, and ensuring compliance with Form 15CA and 15CB filing require expert guidance. At JD Shah Associates, our team of best Chartered Accountants in Mumbai offers professional assistance for:

- TDS compliance and tax planning for NRIs.
- Ensuring accurate Form 15CB certification.
- Helping clients with foreign remittance tax regulations.

Contact us today to consult the <u>best CA firm in Borivali</u> and ensure hassle-free compliance. Looking for expert tax advice? <u>Contact CA in Mumbai</u> today!