

FOREIGN EXCHANGE MANAGEMENT ACT, 1999

**Regularisation, Compounding, Late
Submission Fees, Investigation,
Adjudication and Appeal**

Name of Authorities

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graph TD; A[Name of Authorities] --> B[Reserve Bank of India]; A --> C[Directorate of Enforcement]; B --- B1[Regularization]; B --- B2[Compounding]; B --- B3[Late Submission Fees]; C --- C1[Investigation Proceedings]; C --- C2[Adjudication Proceedings]; C --- C3[Appeal];
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Reserve Bank of India

Regularization

Compounding

Late
Submission
Fees

Directorate of Enforcement

Investigation
Proceedings

Adjudication
Proceedings

Appeal

LATE SUBMISSION FEES

LSF only for reporting delays

❖ Foreign Investment

transactions with effect from November 07, 2017

❖ External Commercial Borrowings

transactions with effect from January 16, 2019

❖ Overseas Investment

transactions with effect from August 22, 2022

Sr. No.	Nature of reporting delays	Type of reporting delays
1.	Foreign Investment	<ul style="list-style-type: none"> • FC-GPR • FLA Returns • FC-TRS • Form ESOP • Form LLP(I) • Form LLP(II) • Form CN • Form InVi
2.	External Commercial Borrowings	<ul style="list-style-type: none"> • Form ECB • Form ECB-2 • Revised Form ECB
3.	Overseas Investment	<ul style="list-style-type: none"> • Form ODI Part-II/APR • FLA Returns • Form OPI • Evidence of Investment (e.g. Share Certificate) • Form DI • Form ODI-Part I / Form FC • Form ODI-Part III

LSF MATRIX :

Sr. No.	Type of Reporting delays	LSF Amount (INR)
1	Form ODI Part-II/ APR, FCGPR (B), FLA Returns, Form OPI, evidence of investment or any other return which does not capture flows or any other periodical reporting	7500
2	FC-GPR, FCTRS, Form ESOP, Form LLP(I), Form LLP(II), Form CN, Form DI, Form InVi, Form ODI-Part I, Form ODI-Part III, Form FC, Form ECB, Form ECB-2, Revised Form ECB or any other return which captures flows or returns which capture reporting of non-fund transactions or any other transactional reporting	$[7500 + (0.025\% \times A \times n)]$

Notes:

- "n" is the number of years of delay in submission rounded-upwards to the nearest month and expressed up to 2 decimal points.
- "A" is the amount involved in the delayed reporting.
- LSF amount is per return. However, for any number of Form ECB-2 returns, delayed submission for each LRN will be treated as one instance for the fixed component. Further, 'A' for any ECB-2 return will be the gross inflow or outflow (including interest and other charges), whichever is more.
- Maximum LSF amount will be limited to 100 per cent of 'A' and will be rounded upwards to the nearest hundred.
- Where an advice has been issued for payment of LSF and such LSF is not paid within 30 days, such advice shall be considered as null and void and any LSF received beyond this period shall not be accepted. If the applicant subsequently approaches for payment of LSF for the same delayed reporting, the date of receipt of such application shall be treated as the reference date for the purpose of calculation of "n".

Illustrations:-

In case which does not capture flows of funds:-

1. If there is delay in submission of APR for 1 years (say 2009) then LSF payable for APR would be for INR 7,500/- per instances i.e., INR 7,500/-.
2. If there is delay in submission of evidence of Investment for 4 remittances then LSF payable would be INR 7,500/- per instance i.e., INR 30,000/- (7,500 + 7,500 + 7,500 + 7,500).
3. If there is delay in submission of FLA for 3 years (2010, 2015 & 2018) then LSF payable for APR would be for 3 instances i.e., INR 22,500/- (7,500 + 7,500 + 7,500).

Illustrations:-

In case of where capture flows of funds :-

1. If there is a delay of 1 day then it would be taken as 1 Month “n” would be $1 / 12 \text{ Years} = 0.08 \text{ Years}$.
2. If there is a delay of 4 years and 2 days then “n” would be $4 \text{ years} + 2 / 12 \text{ Years} = 4 + 0.17 \text{ years} = 4.17 \text{ Years}$.
3. If LSF amount works out to INR 15261 then it would be rounded upwards to the nearest 100 and LSF to be paid would be INR 15300.

LSF (in case of ODI only) CAN BE PAID BY

FOLLOWING WAYS:-

Demand Draft made out to "Reserve Bank of India" and due at the relevant Regional Office (in line with UIN mapping shown in the table below) may be used to pay the LSF:-

S. No.	UIN with prefix	UIN mapped to
1.	AH	RO Ahmedabad
2.	BG	RO Bengaluru
3.	BL or BY or PJ	RO Mumbai
4.	BN or CA or GA or GH	RO Kolkata
5.	CG or JM or JR or KA or ND or PT or WR	RO New Delhi
6.	HY	RO Hyderabad
7.	KO or MA	RO Chennai

MODE OF PAYMENT AND THEIR REPORTING

NEFT/RTGS can be made using the Account details of concerned Regional offices of RBI as mentioned in the Conditional Acknowledgment email from RBI and their respective regional offices. ***Within 2 hours of making payment through NEFT/RTGS, an email should be sent in response to the Conditional Acknowledgment email in following manner:-***

Sir/ Madam,

This is with reference to the trailing conditional acknowledgement e-mail advising payment of LSF.

2. In this regard, the LSF amount has been paid. Transaction details are as below:

LSF transaction number:

UIN:

NEFT/RTGS Transaction No.:

Name of Account holder:

Sender Account number:

Date of Payment:

3. In view of the above, you are requested to take the aforesaid LSF payment on record.

Regards,

Name of the Applicant

Telephone/Mobile Number of the Applicant

Important Aspects towards limitation under LSF

Sr. No	Nature of reporting delays	Type of reporting delays	Limitation under LSF
1.	Foreign Investment <i>(Foreign Exchange Management (Borrowing & Lending) Regulations, 2016)</i>	<ul style="list-style-type: none"> • FC-GPR • FLA Returns • FC-TRS • Form ESOP • Form LLP(I) • Form LLP(II) • Form CN • Form InVi 	<p>The facility for opting for LSF shall be available up to three years from the due date of reporting/ submission.</p>
2.	External Commercial Borrowings	<ul style="list-style-type: none"> • Form ECB • Form ECB-2 • Revised Form ECB 	<p>The facility for opting for LSF shall be available up to three years from the due date of reporting/ submission.</p>
3.	Overseas Investment	<ul style="list-style-type: none"> • Form ODI Part-II/APR • FLA Returns • Form OPI • Evidence of Investment (e.g. Share Certificate) • Form DI • Form ODI-Part I / Form FC • Form ODI-Part III 	<p>The option of LSF shall also be available for delayed reporting/submissions under the Notification No. FEMA 120/2004-RB and earlier corresponding regulations i.e. Notification No. FEMA19/ RB 2000 dated 3rd May 2000, up to three years from the date of notification Notification No. FEMA 400/2022-RB dated August 22, 2022.</p>

THANK YOU

CA. Deepender Kumar