New Rules Added to the Chapter

ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY IN INDIA

Acquisition and Transfer of Property in India by an Indian Citizen resident outside India.

A person resident outside India who is a citizen of India may—

(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house :

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of

(i) funds received in India through normal banking channels by way of inward remittance from any place outside India or

(ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank :

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller's cheque or by foreign currency notes or by other mode other than those specifically permitted by this clause.

(b) transfer any immovable property in India to a person resident in India, and

(c) transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

Acquisition and Transfer of Property in India by a person of Indian origin.

A person of Indian origin resident outside India may—

(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house :

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of

(i) funds received in India through normal banking channels by way of inward remittance from any place outside India or

(ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank :

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller's cheque or by currency notes of any foreign country or any mode other than those specifically permitted by this clause.

(b) acquire any immovable property in India other than agricultural land/farm house/plantation property by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of Indian origin resident outside India;

(c) acquire any immovable property in India by way of inheritance from a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations or from a person resident in India;

(d) transfer any immovable property in India other than agricultural land/farm house/plantation property, by way of sale to a person resident in India;

(e) transfer agricultural land/farm house/plantation property in India, by way of gift or sale to a person resident in India who is a citizen of India;

(f) transfer residential or commercial property in India by way of gift to a person resident in India or to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

Repatriation of sale proceeds.

A person referred to in sub-section (5) of section 6 of the Act, or his successor shall not,except with the prior permission of the Reserve Bank, repatriate outside India the sale proceeds of any immovable property referred to in that sub-section. In the event of sale of immovable property other than agricultural land/farm house/plantation property in India by a person resident outside India who is a citizen of India or a person of Indian origin, the authorised dealer may allow repatriation of the sale proceeds outside India, provided the following conditions are satisfied, namely :

(i) the immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations;

(ii) the amount to be repatriated does not exceed

(a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in Foreign Currency Non-Resident Account, or

(b) the foreign currency equivalent, as on the date of payment, of the amount paid where such payment was made from the funds held is Non-Resident External account for acquisition of the property; and

(iii) In the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.

ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY OUTSIDE INDIA

Restriction on acquisition or transfer of immovable property outside India.

No person resident in India shall acquire or transfer any immovable property situated outside India without general or special permission of the Reserve Bank.

Nothing contained in the above said regulations shall apply to the property —

(a) held by a person resident in India who is a national of a foreign State;

(b) acquired by a person resident in India on or before 8th July, 1947 and continued to be held by him with the permission of the Reserve Bank.

Acquisition and Transfer of Immovable Property Outside India.

A person resident in India may acquire immovable property outside India,—

a) by way of gift or inheritance from a person referred to in sub-section (4) of section 6 of the Act, or referred to in clause (b) of regulation 4;
b) by way of purchase out of foreign exchange held in Resident Foreign Currency (RFC) account maintained in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000;

A person resident in India, who has acquired immovable property outside India under subregulation (1) of this regulation, may transfer it by way of gift to his relative who is a person resident in India.

A company incorporated in India having overseas offices, may acquire immovable property outside India for its business and for residential purposes of its staff, in accordance with the direction issued by the Reserve Bank of India from time to time.

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