

FC-TRS and FC-GPR

By Dhaval Rughani

Team Mehta & Mehta

Mehta and Mehta *Company Secretaries, Worli*



Introduction

- Every company having foreign investment(FDI), is required to report Reserve Bank Of India. **Below two conditions need to be looked in to in case of FDI:**
 1. Foreign investment must be in compliant to FDI policy.
 2. Securities issued must be in accordance with the Foreign Exchange Management.
- As announced in the First Bi-monthly Monetary Policy Review dated April 5, 2018 that, with the objective of integrating the extant reporting structures of various types of foreign investment in India, it will introduce a **Single Master Form** (SMF) subsuming all the existing reports. The filing of SMF would be online.
- Under the head Single Master form **FC-GPR, FC-TRS**, LLP-I, LLP-II, CN, ESOP, DI, DRR, InVi are to be filed and submitted. The Reserve Bank of India (the “**RBI**”), on September 1, 2018, released a user manual (the “**SMF Manual**”) to clearly set out the procedure for filing a single master form (the “**SMF**”), which it introduced on June 7, 2018, to integrate the existing reporting norms for foreign investment in India.

What is FC-TRS and FC-GPR

FC-TRS

- The literal full form of Form FC-TRS is Foreign Currency Transfer of shares.
- It is a form used by shareholder resident outside India and resident Indian or vice versa when they transfer their shares.
- The form FC-TRS will be submitted to its authorized dealer bank, who will submit the same to the RBI.
- The form FC-TRS has to be filed with the AD bank within sixty days of receipt/ remittance of funds or transfer of capital instruments whichever is earlier.
- The onus of reporting is on the resident (transferor or transferee) or the person resident outside India holding capital instruments on a non-repatriable basis, as the case may be.

FC-GPR

- Form FC-GPR (Foreign Currency-Gross Provisional Return) is Issue of capital instruments by an Indian company to a person resident outside India
- It is a form issued by RBI under Foreign Exchange Management Act,1999. When the company receives the foreign investment and against such investment the company allots shares to such foreign investor then it is the duty of the company to file details of such allotment of shares with The RBI within 30 days and for that company has to use the form FC-GPR for submitting details with RBI.

Steps to file FC-TRS

Detailed steps as to how to file Form FC-TRS with RBI:

The Form FC-TRS can be filed using the following steps:

- Step 1: Registration for Business User
- Step 2: Logging in to firms
- Step 3: Logging in to SMF and reach out to your workspace.
- Step 4: Select the Return type.
- Step 5: Entity details
- Step 6: Common details
- Step 7: Particulars of transfer
- Step 8: Remittance details
- Step 9: Shareholding pattern
- Step 10: Submitting the form

Steps to File FC-GPR

Detailed steps as to how to file Form FC-GPR with RBI:

- The Form FC-GPR can be filed using the following steps:
- Step 1: Registration for Business User.
- Step 2: Logging in to firms.
- Step 3: Logging in to SMF and reach out to your workspace.
- Step 4: Select the Return type.
- Step 5: Common Investment details.
- Step 6: Issue Details.
- Step 7: Foreign Investment Details.
- Step 8: Amount of Issue.
- Step 9: Particulars of Issue.
- Step 10: Shareholding Pattern.
- Step 11: Submitting the Form.


Documents Required to be submitted along with Form FC-TRS

- The following documents must be attached while filling in the FC-TRS electronic form:
- Letter of approval to transfer/receive consideration duly signed by the buyer and seller.
- The pattern of shares in the investing company (“the company whose securities are transferred from one person to another”) before and after a person residing outside India obtains the securities.
- A certificate indicating the fair value of the securities from a chartered accountant.
- The buyer has declared that he is eligible for acquiring compulsory convertible shares / preferred shares compulsorily in accordance with the FDI policy.
- A declaration from the non-resident transferee obtained according to the form provided by the Reserve Bank of India in their SMF-User Manual.
- The Investee Board of Directors' decision to approve and acknowledge the transfer of securities.
- Securities transfer deed in SH 4 form.
- Purchase security agreement, if any.
- FIRC / KYC is received from the AD bank of the transferor/transferee.

Documents Required to be submitted along with Form FC-GPR

- The following documents must be attached while filling in the FC-TRS electronic form:
- Declaration to be attached as other attachments as per the format given in the RBI user manual.
- Certificate from Company Secretary that all the requirements have been complied with as per Companies Act, 2013 to be attached as other attachments as per the format given in the RBI user manual.
- Valuation certificate to be attached in the place of Valuation certificate as prescribed and applicable under FEMA 20(R). However, for the rights issue, the valuation certificate is not required. A declaration in the plain paper can be attached that the rights issue to persons or individual resident outside India is not within the range of price less than the price offered to a person resident in India.
- Appointment of Authorised Representative.
- Board resolution for the Allotment of Securities to be attached as other attachments with the relevant extracts.
- Letter of Debit Authorization.
- FIRC (Foreign Inward Remittance Certificate) and KYC to be attached in the place of the specified attachments.

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Return Type*
--Select--
--Select--
Form FC-GPR
Form FC-TRS
Form LLP-I
Form LLP-II
Form ESOP
Form CN
Form DRR
Form DI
Form InVI

From Date

To Date

Return Reference Number

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Entity Details

Corporate Identification Number (CIN/LLP)*	PAN Number *	Company Name*	Application Date*
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Details of received FDI-Entry Route and Applicable Sectoral Cap:

Entry Route* Automatic Route Government Route (Attach Copy Of Government Approval)

Applicable Sectoral cap/ Statutory ceiling* 20% 26% 49% 51% 74% 100% Others

Whether the foreign investment is received for a specific project/manufacturing unit or manufacturing plant?* Yes No

FC-TRS Form Filing

manufacturing plant? *

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FCTRS Form

Common Details | Particulars of Transfer | Remittance Details | Share Holding Pattern

Transfer by way of * Sale Gift Whether the FC-TRS reporting is * New Subsequent

Whether the change in the shareholding pattern due to this transaction being reported has already been accounted in the pre transaction shareholding pattern: * NO YES

Transfer from * Transfer Type * Date of Transfer *


Nature of Transfer *

Buyer Details:

Name of the buyer * Address * Country *

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Buyer Details:

Name of the buyer *

Address *

Country *

Status * Resident Non-Resident

Constitution / Nature *

Seller Details :

Name of the seller *

Address *

Country *

Status * Resident in India Non-Resident

Constitution / Nature *

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FCTRS Form

Common Details | **Particulars of Transfer** | Remittance Details | Share Holding Pattern

+ Add

Type Of Capital Instrument*

Number of Instruments*

Conversion Ratio*

 :

Number of equity shares on Fully diluted basis*

Face Value*

Transfer Price Per Instrument*

Total Amount Consideration*


Type	Number of Instruments	Face Value	Number of equity shares on Fully diluted basis	Transfer Price Per Instrument	Total Amount Consideration	Conversion Ratio	Delete
No records found.							



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Common Details
Particulars of Transfer
Remittance Details
Share Holding Pattern

Mode of payment- Particulars of Remittance

+ Add

Mode of Payment*

Name of the AD Bank*

Address of the AD Bank*

Amount received/remitted in Rs*

Whether*

Date of Remittance

Tranche Number*

Is Last Tranche

Yes No

Whether the remitter is different from foreign investor

Yes No

Tranche Number	Whether	Total Amount Received	Amount Received	Description Of Multiple payment	Amount in the previous tranche(s)	Previous FCTRS Number	Remittance Date	D
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FCTRS Form

Common Details

Particulars of Transfer

Remittance Details

Share Holding Pattern

Particulars	Pre-Transaction	Post-Transaction
Value of equity shares (on fully diluted basis) other than Foreign Portfolio Investment and indirect foreign investment or Value of Capital contribution/profit shares	99000	100000.000
Foreign Portfolio Investment	0	0.000
Indirect foreign investment- Value of equity shares (on fully diluted basis)	0	0.000
Total	99000.000	100000.000
Percentage	99.00	100.00

Late Submission Fee (LSF) for FC-TRS

- For the transactions undertaken **on or after November 7, 2017**, in case of reporting delays, the person/ entity responsible for filing the reports as provided in Part IV of the Master Direction on Reporting shall be liable for payment of Late Submission Fee (LSF). The payment of LSF is an additional option for regularising reporting delays without undergoing the compounding procedure.

The amount involved in reporting (in Rs.)	Late Submission Fee (LSF) as % of the amount involved *	The maximum amount of LSF applicable
Up to 10 million	0.05 percent	Rs.1 million or 300% of the amount involved, whichever is lower
More than 10 million	0.15 percent	Rs.10 million or 300% of the amount involved, whichever is lower

*** The % of LSF will be doubled every twelve months.
The floor (minimum applicable amount) for LSF will be Rs. 100**

Late Submission Fee (LSF) for FC-GPR

- In case of delay beyond the prescribed time period shall be liable to penalty of 1% of the total amount of investment subject minimum of Rs. 5,000 and Maximum of Rs/. 5,00,000 per month or part for 1st six months of delay and twice that rate thereafter, to be paid online into a designated account in RBI.

Guidance Note on Computation Matrix

Type of contravention	Existing Formula												
<p>1] <u>Reporting Contraventions</u> A) FEMA 20 Para 9(1)(A), 9(1)(B), part B of FC(GPR), FCTRS (Reg. 10) and taking on record FCTRS (Reg. 4)</p>	<p>Fixed amount : Rs10000/- (applied once for each contravention in a compounding application) +</p> <p>Variable amount as under</p> <table> <tr> <td>Up to 10 lakhs:</td> <td>1000 per year</td> </tr> <tr> <td>Above Rs.10 lakhs & below Rs. 40 lakhs:</td> <td>2500 per year</td> </tr> <tr> <td>Rs.40 lakhs or more & below Rs. 100 lakhs:</td> <td>7000 per year</td> </tr> <tr> <td>Rs.1-10 crore:</td> <td>50000 per year</td> </tr> <tr> <td>Rs.10 -100 Crore:</td> <td>100000 per year</td> </tr> <tr> <td>Above Rs.100 Crore:</td> <td>200000 per year</td> </tr> </table>	Up to 10 lakhs:	1000 per year	Above Rs.10 lakhs & below Rs. 40 lakhs:	2500 per year	Rs.40 lakhs or more & below Rs. 100 lakhs:	7000 per year	Rs.1-10 crore:	50000 per year	Rs.10 -100 Crore:	100000 per year	Above Rs.100 Crore:	200000 per year
Up to 10 lakhs:	1000 per year												
Above Rs.10 lakhs & below Rs. 40 lakhs:	2500 per year												
Rs.40 lakhs or more & below Rs. 100 lakhs:	7000 per year												
Rs.1-10 crore:	50000 per year												
Rs.10 -100 Crore:	100000 per year												
Above Rs.100 Crore:	200000 per year												

Compounding of Offences

Delegation of Powers

- As a measure of customer service and in order to facilitate the operational convenience, compounding powers have been delegated to the **Regional Offices/ Sub-Offices of the Reserve Bank of India** and they are accordingly empowered to compound the contraventions of FEMA 20, FEMA 20(R), FEM (NDI) Rules

Process of Compounding

- An Application To The Compounding Authority Needs To Be Submitted Along With The Demand Draft Of Rs. 5000/- Along With The Following:
- Compounding Application: As Per The Format Prescribed In Annexure II Of The Foreign Exchange (Compounding Proceedings) Rules, 2000.
- Details Of Application: In Case Of Contravention Relating To Foreign Direct Investment, External Commercial Borrowings (C)overseas Direct Investment And (D) Branch Office/Liaison Office, The Applicants Are Required To Furnish Details As Per Annexure III Of The Foreign Exchange (Compounding Proceedings) Rules, 2000.
- Undertaking: An Undertaking That The Applicant Is Not Under Any Investigation By Any Agency Such As Doe, CBI Etc.
- Copy Of Memorandum Of Association
- Latest Audited Balance Sheet
- **Time Limit for Completion**
- The application for compounding filed with the RBI for compounding of contravention is required to be disposed off by RBI within 180 days of the receipt of application.

Thank You

Knowledge Management Team

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Legal & Advisory Services

**201-206, Shiv Smriti, 2nd Floor, 49A, Dr. Annie Besant Road,
Above Corporation Bank, Worli, Mumbai – 400 018 |**

B: +91 (22) 6611 9696 | D: +91 (22) 6611 9614 | 98202 23978

E: info@mehta-mehta.com | W: www.mehta-mehta.com |