FEMA permits residents to acquire immovable property overseas jointly with non-resident relatives

- The Foreign Exchange Management Act, 1999 (FEMA) empowers the Reserve Bank of India (RBI) to frame regulations to prohibit, restrict or regulate the acquisition or transfer of immovable property outside India by a person resident in India.

- The regulations governing acquisition and transfer of immovable property outside India were hitherto regulated by Notification No. FEMA 7/2000-RB, dated 3 May 2000, as amended from time to time.

- A recent notification of the Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015¹ (the Regulations) issued by the RBI, which supersedes the earlier notification², now permits acquisition of immovable property outside India by a person resident in India jointly with a relative who is a person resident outside India, on the condition that there is no outflow of funds from India.

Our comments

These Regulations further relax acquisition of property outside India by resident individuals. The notification now amply clarifies that foreigners coming to work in India (who would become a resident for FEMA purposes) can now acquire property outside India, jointly with a person resident outside India. Further, it is a welcome liberalisation for Indian citizens, for acquiring such property outside India.

¹ Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015 No. FEMA 7(R)/2015—RB issued on 21 January 2016
² Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015 No. FEMA 7/2000-RB issued on 3 May 2000
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