NRI?

Have You Complied with Tax & Other Rules?

Becoming an NRI is an opportunity, but it comes with the responsibility of tax compliance in India as well as your country of residence. Raj Pradhan lists what NRIs need to follow. You should avoid violation of FEMA and I-T Act. And, if you return to India, what to do with NRI accounts

Moving out of India can be exciting because it opens up new opportunities. But with opportunities come problems. In the past, one could go abroad without updating one's financial accounts with the new non-resident Indian (NRI) status. You may have violated laws by not showing Indian income in your country of residence when filing tax returns abroad. This was not an issue a few years ago. But, now, such violations can come back to haunt. With higher level of data-sharing between countries and tightening laws around the world, compliance is becoming critical.

It is tough enough paying taxes and complying with tax rules in one country; dealing with those of two countries can be a nightmare. You may want to update information about your address/country of residence for all financial accounts so that proper taxes are withheld. To avoid any taxation and tax compliance in India, you would need to close all financial accounts in India which are subject to Indian taxation. But that is hardly a solution. You do not want to cut off all financial ties in India, to avoid taxation issues. NRIs, OCIs/PIOs (overseas citizens of India/persons of Indian origin) usually have some financial interest in India; hence, dealing with tax laws of both the countries cannot be avoided. If you are a resident of a Gulf country, which has no taxation and does not care about your income from Indian assets, you are lucky!

At the other extreme will be a country like the US which levies tax for US residents/persons on income generated within US as well as global income. US persons include green card-holders and US citizens who may not live in the US. But, there is no double taxation for NRIs, OCIs/PIOs. The taxation is governed by DTAA (Double Taxation Avoidance Agreement) India has with various countries. DTAA is the final word for taxation and tax compliance when assets are in both countries.

DTAA has clear rules about which country can levy taxation for different assets of NRI, OCI/PIO. Work income, property rent, bank FD interest, dividends on stocks and mutual funds (MFs), and capital gains have different rules for taxation as defined under DTAA. For example, if you are a US resident/person having property in India, the rental income is subject to taxation in India. The rental income will have to be reported in the US tax returns and credit taken for the tax paid in India.

As per DTAA rules, if a US resident/person does not pay taxes on equity and equity MF schemes in India (before Budget 2018), there is nothing to offset these when filing US tax returns; hence, these are taxable in US (usually @15%). With Budget 2018 levying 10% tax on long-term capital gains (LTCG) (without indexation) for gains over Rs1 lakh, DTAA will ensure that taxation in US will be its tax rate of 15% minus 10% already paid in India = 5%. Our Cover Story on NRI investment in India was well-received by the NRI community which provided answers to several questions which they were looking for. Read—https://tinyurl.com/y8jb8vvb

In this Cover Story, we focus on the steps NRIs need to take and how to handle financial accounts after returning to India. We also look at property sales gains which may not come into the tax net in India (subject to certain conditions), but can lead to huge capital gains taxation in US. It is one situation wherein you would prefer to not be a US tax resident/person! If you are planning to pass on your property to your US resident/person son or daughter, you may want to read on, to know the issues. Selling property comes with some restrictions under FEMA (Foreign Exchange Management Act), especially for repatriation transactions. The property transaction can generate a high amount of capital gains which can create taxation issues especially for NRIs, depending on the country of residence.

Moving Abroad? What To Do with Your Finances?

Changing the status of your financial accounts from resident to NRI is a major task. It is time-consuming to deal with each financial institution for different types of accounts like bank, PPF (public provident fund), MF, demat, insurance and so on. If you do the conversion before moving abroad, it is easier than trying to accomplish it after you are already abroad. Some experts suggest that a person should do the conversion before moving abroad. It is possible that some financial institutions may even do the conversion before the person moves abroad. But the person is not an NRI before moving abroad even if he/she has long-term visa.

According to Jigar Patel, licensed certified public accountant (CPA) while in USA, chartered accountant (CA, India) and partner at Naresh J Patel & Co, "Having a student or work visa, resident visa or citizenship does not mean the person is an NRI. Having a green card or foreign citizenship is an immigration issue and has nothing to do with residential status. A person needs

> Having a green card or foreign citizenship has nothing to do with residential status. A person needs to be a 'resident outside India' under FEMA before informing the change of residential status
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to be a 'resident outside India' under FEMA before informing the change of residential status to bank, demat or any other organisation. As merely having a visa is not sufficient to claim being an NRI under FEMA, a resident account may not be converted to an NRO (non- resident ordinary) and the visa-holder may not open an NRE (non-resident external) account before moving abroad."

According to RBI/2007-2008/242 Master Circular No. 03 /2007- 08, "When a person resident in India leaves India for a country (other than Nepal or Bhutan) for taking up employment or for carrying on business or vocation outside India or for any other purpose indicating his intention to stay outside India for an uncertain period, his existing account should be designated as a Non- Resident (Ordinary) Account."

Mr Patel adds, "There are many instances where a green card-holder or foreign citizens are living in India. Also, foreign visa-holders may decide not to go abroad. The visa for USA can be for 10 years but the actual visa (number of days/month a person is allowed to stay in USA) can only be allowed by the visa officer at the immigration. In all these instances, the persons are not considered as NRIs. And, if a person is not an NRI, a resident account may not be converted to NRO account."

FEMA *versus* I-T Act 1961

FEMA and income-tax (I-T) laws are different on the same issue. NRIs should know about the FEMA rules as it guides them about what, when, why, where, when, how much an NRI can invest in India and/or remit funds outside India. The Income-tax Act only determines the tax liability of income generated from investments made as per FEMA laws. Mr Patel says, "It is critically important to understand that it is FEMA and not the Income-tax Act that regulates NRI investments, including bank accounts, real estate, equity market, mutual funds, businesses, etc, as well as their transactions, including borrowings, lending, gifts, remittances, repatriation, etc. Only the taxation aspect of their activities in India is regulated by the Income-tax Act."

FEMA and I-T Act have different definitions of NRI. See link for details—https://www.bankofindia.co.in/english/FAQ_nri2.aspx. It can cause a lot of confusion. Consult your CA, if you are unsure of your status for Indian tax filing.

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Mr Patel says, "There are two minor differences between the definitions of a resident under I-T Act and FEMA related to physical stay of 182 days or more *vs* more than 182 days and days during previous year *vs* preceding financial year, respectively. The key difference between I-T Act and FEMA is that of the determining criteria: physical presence (I-T Act) *vs* intention (FEMA). If a person goes out of India for education, employment, carrying on a business or for any purpose that suggests his/her intention to say outside India for an uncertain period, he/she is considered as person resident outside India (NRI) under FEMA.

"While information about the provisions of the I-T Act is easily available, resulting in better awareness of its rules and regulations, there is not enough awareness about the provisions of FEMA. As a result, most NRIs and/or their advisers may search and use the definition or provisions as per the I-T Act and apply them for making decisions relating to foreign exchange or investments in India which is incorrect. A person needs to be a non-resident under FEMA, to open or manage accounts or invest as an NRI."

Convert Resident Demat Account to NRO Demat Account

For existing share investment (which was invested when resident), NRIs need to convert their resident demat account to NRO demat account. It will be linked to the NRO bank account. You cannot buy shares from this account when non-resident; but you can sell the existing shares. NRIs and OCIs/PIOs are allowed to invest in the Indian equity markets under the portfolio investment scheme (PIS) of the RBI. PIS is a foreign investment route to simplify the process of registration and investment for all foreign investors. NRIs/OCIs/PIOs can purchase or sell the shares/convertible debentures of the Indian companies on the stock exchange.

NRI Capital Gains Adjustment against Basic Exemption Limit

The tax-exemption limit for NRIs is Rs2.5 lakh irrespective of age; capital gains tax rate for NRIs is the same as that for resident Indians. NRIs can book profit by selling shares, mutual fund schemes and other assets to earn short-term capital gains (STCG) or LTCG. There will be tax deduction at source (TDS) on such earning. STCG and LTCG due to selling shares cannot be adjusted against the basic exemption limit. It means that even if an NRI has STCG and LTCG below Rs2.5 lakh (the minimum tax slab), he/she cannot adjust the TDS already deducted for capital gains against the basic exemption limit by filing tax returns. The Union Budget 2018 has proposed to tax LTCG on equity and equity-oriented MF schemes at 10% (without indexation), if LTCG exceeds Rs1 lakh in a financial year. Deductions under Sections 80C to 80U will not be allowed for such gains while calculating the tax liability.

STCG on equity and equity MFs: Set-off against the basic tax exemption limit is available for resident Indians, but not to NRIs for STCG of equity shares/equity MFs (defined under Section 111A).

STCG on assets other than equity and equity MFs: Set-off

against basic tax exemption limit of Rs2.5 lakh STCG of sale of debt/real estate/gold, etc (other than equity shares/ equity /MFs), is permitted for resident Indians and NRIs.
LTCG on all assets (equity, equity MFs, debt/real estate/ gold, etc): Resident Indians can set off LTCG against basic tax-exemption limit while NRIs cannot. Only a resident individual/HUF (Hindu undivided family) can adjust the exemption limit against LTCG. Thus, an NRI individual cannot adjust the exemption limit against LTCG.
Set-off against Section 80C and 80U: Resident Indians and NRIs cannot reduce their capital gains by investments under Section 80C or Section 80U. The only exception is STCG on non-equity and non-equity MFs investments.

Convert Resident Bank Account to NRO Account

We get numerous emails from those who are moving abroad. Here is one example. "I have multiple savings accounts. Do I have to change the status of all accounts to NRO?" Are you moving abroad for more than six months or have you already moved abroad? If so, then you may convert all existing resident accounts to NRO accounts after moving abroad. NRO account can have a joint account-holder as a resident. Most banks allow conversion to NRO account, but some may ask you to close the resident account and open a new NRO account. Conversion is easier than closing a resident account and then opening a new NRO account. Check with your bank. Conversion keeps the same account number; only the status is changed from resident to NRI.

You will need to convert resident savings account and FDs (fixed deposits) to NRO savings and NRO FDs. Confi rm with the bank how they handle the existing resident FDs. Banks, usually, do not need resident FDs to be closed to convert to NRO FDs. Most banks should allow the FDs to continue even after the account is converted to NRO. The TDS rate will increase from 10% (for resident) to 30.9% (NRO). To have lower TDS (15% for US resident as per DTAA) for NRO savings and FDs, you will need to submit the TRC (tax residency certificate) from your country of residence.
NRO Repatriation: In an NRO account, you can deposit your rupee earnings from India such as rent, interest, dividends, etc. You can also deposit funds from abroad that are in the form of freely convertible foreign currency. You can repatriate (that is, transfer to a bank account outside India) all current income such as rent, interest, dividends, etc, that you earned in India. Apart from that, if you made any capital account transactions, like sale of property or investments, and if you got the sale proceeds in the NRO account, you can repatriate up to US$1million per calendar year. However, you would need to produce a certificate from your CA declaring that all taxes on the funds have been paid. Only then will the banker permit the repatriation.
Taxation and filing issues: The bank accounts (savings, FD, recurring deposit—RD) will have to be converted to NRO accounts when you become an NRI. The main issue for you will not be investment, but tax filing. TDS will be deducted in India. Depending on your residence, you may have to show the interest generated in India in your country of residence and take credit for the taxes paid in India. For example, if the tax rate in your country of residence is 30% while TDS deducted is 15% (assume that the TRC is submitted), you will have to pay the remaining 15% tax in your country of residence by getting credit for TDS (15%) paid in India. Taxes are recovered by TDS for NRIs and hence conversion of accounts to NRI is important. But you may have to file tax returns, if you need to get any refund. It does add complexity for your taxation and tax filing in both the countries.

You will need to convert resident savings account and FDs to NRO savings and NRO FDs. Confirm with the bank how they handle the existing resident FDs. Banks, usually, do not need resident FDs to be closed to convert to NRO FDs. Most banks should allow the FDs to continue even after the account is changed to NRO

Why NRE Account Is Important

NRE and NRO accounts are different. Funds from an NRE account are fully repatriable (you can reconvert the funds to foreign currency anytime); hence, it is more important than an NRO account. Taxation and tax filings are major issues for NRO accounts. Interest on NRE account balance is tax-free in India and, hence, there is no need to report or pay tax in India. Your country of residence may need you to include NRE interest in your income and pay the tax on it. For example, US-based NRI taxpayers need to add NRE interest in tax returns and pay taxes. So, don't invest in an NRE account for tax evasion. You can make use of NRE funds for investment purposes, the sale consideration of which you want to repatriate.

If you are sending money earned abroad to India for consumption (expenses) in India, you can send to an NRO account. If you are sending money for investment purposes, prefer an NRE account. Open an NRE account with someone resident in India as mandate-holder, to be able to operate from India.

An NRE account can be opened with any bank (public sector bank—PSB—or private bank) with foreign funds. PSBs may give a better currency conversion rate than private banks, but not always. Converting foreign currency into rupee to keep in NRE account carries currency conversion risk as the rupee may appreciate or depreciate in future.

A Resident keeping NRE Account Is a Violation: An NRE account is for sending money you earned abroad for investing in India in rupees. NRE account is not allowed for an Indian resident as it is a violation of FEMA. There are NRIs who maintain an NRE account even after moving back to India and becoming Indian residents. It is done to avoid paying taxes in India. It is a violation which must be avoided. There are times when a person who returns from abroad converts an NRE account to a resident account so that when they go back abroad, the resident account can be converted to NRO. But can an NRO account be converted to an NRE account?

Conversion of NRO Account to NRE Account

NRIs can move money easily from an NRE account to an NRO account, but not *vice versa*. It means getting money into India is easy, but taking it out of India is difficult. Conversion of NRO accounts to NRE accounts was not allowed until the Reserve Bank of India (RBI) notification in May 2012. Don't be surprised if your bank feigns ignorance about it or says that it is impossible to do it. Don't be surprised if different banks have different procedures for transferring funds from NRO accounts to NRE accounts. Check this a popular blog post on NRO to NRE conversion - http://nareshco.com/blog/?p=454

Generally, you will need to follow four steps.

1. Obtain a CA's certificate in Form 15CB. Provide documentation/explanations to the CA who will verify the source of funds and whether I-T is deducted and/or paid. Obtaining CA's certificate is the most important and most time-consuming step. Each CA will have his/her own procedures to verify the source(s) of funds and whether source is tax-exempt and/or I-T is paid. On verification, CA will issue a certificate in the prescribed Form 15CB.
2. Submit Form 15CA online and get acknowledgement.
3. Submit Form 15CA/CB to authorised dealer/bank where the NRE account is maintained and complete any other documentation like FEMA declaration and any other formality.
4. Transfer will be done on verification of submitted documents to credit NRE account from NRO funds.

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Mutual Fund Status Update for NRIs

Once you declare your country of new residence US/Canada to Indian MFs and fill FATCA, some AMCs (asset management companies) may not allow future investment. Read our Cover Story - https://tinyurl.com/yar7hbdq. There are AMCs like UTI, Reliance, etc, which will accept business from you when you are in US/Canada. But, you should avoid investing in Indian AMCs, if you are US resident/person. Read – https://tinyurl.com/y8jb8vvb If the source of your money invested in MF schemes is not an NRE account, MFs can refund redemption money only into NRO (for NRIs) or resident account (for resident Indians). As NRIs will convert resident account to NRO account and also update status to NRI for mutual funds, the refund money from mutual funds can be credited to NRO account. If the source of investment is an NRE account, the AMC can return the money to the NRE account on redemption.

Property Selling Can Trouble You with Capital Gains Abroad

Tax on capital gains from property can be avoided by

PPF Advice Is No Longer Valid

In the past, the advice was to open a PPF account before moving abroad. But times have changed. Government has made NRIs *persona non grata* for PPF investment since 3 October 2017. Under the revised rule, PPF and NSC (national savings scheme) will yield only savings account interest from the day the person becomes an NRI. The PPF notification says that the account will be 'deemed closed' for NRIs with effect from the day he/she becomes a non-resident and interest from that date shall be paid at the rate applicable to post-office savings account up to the last day of the month preceding the month in which the account is actually closed.

For a US resident/person, the interest earned on PPF will be taxable, which makes it less attractive. Many banks need the PPF account-holder to physically come to the branch to close the account. It seems PSBs are stuck in the old mindset. If FDs can be closed without physical presence, why cannot NRIs close the PPF account especially if the corpus is going to be put in the same account-holder's savings account?

According to Mr Patel, "An NRI would need to follow the respective bank or post office's requirements to close the account. While some may insist on physical presence, a signed, notarised or even apostilled form with documents may be okay. However, it would depend on the respective institution."

If you are an NRI planning to move back to India and have not yet closed PPF, do not rely on converting an NRI PPF account to a resident PPF account that would change the interest rate of 4% (savings account) to 7.6% (regular PPF interest). There is no such option in the rules. So, NRIs are better off closing the PPF account and taking away the corpus. If you return to India in future, you can always open a new PPF account.

buying another property or investing in capital gains savings bonds from Rural Electrification Corporation (REC) and National Highways Authority of India (NHAI). But your country of residence may not accept such an arrangement. For example, a foreign resident may save taxes on property sold in India by reinvesting in property or buying such bonds. But it may not be allowed under tax laws of the foreign country where the NRI resides. The capital gains made zero in India may mean that full capital gains will have to be paid in the foreign country.

> Tax on capital gains from property can be avoided by buying another property or investing in capital gains savings bonds from Rural Electrification Corporation (REC) and National Highways Authority of India (NHAI). But your country of residence may not accept such an arrangement

The following example from Jigar Patel, CA, explains how capital gains taxation on property can be calculated for NRIs, OCIs/PIOs from US:

1. Every country offers tax deduction if it benefits her economy. The tax benefits given by one country may not be considered while calculating tax in another country due to certain conditions that need to be met for enjoying the tax benefit. As per Indian I-T laws, the capital gain can be reduced if it is invested in residential property located in India, whereas as per US tax laws, home sale tax exclusion is available on sale of property that was used as a principal residence for two years in a five-year period, subject to other conditions being met for both countries.

2. While the foreign country may not allow indexation benefit, the capital gain is calculated in foreign currency, so an investor would get benefit of rupee depreciation. For example, if a property was bought in 2010-2011 for Rs45 lakh when the exchange rate was Rs45/$ (purchase price US$1 lakh) and is sold for Rs1 crore in 2017-18 when exchange rate is Rs65/$ (selling price US$1.53 lakh), the capital gains in US$ would be US$53,846 (US$1,53,846—US$1,00,000) and not US$84,615 (55,00,000/65). So, rupee depreciation helped to reduce capital gains calculation for US taxation.

For Indian tax calculation, the indexed value of the cost price of Rs45 lakh is Rs73 lakh after seven years. The LTCG after indexation as per Indian I-T would be Rs26,70,659 (100,00,000 - 73,29,341). If an NRI invests in another property or in capital gains tax bonds and reduces his Indian tax liability to zero, he still would need to pay tax on capital gains of US$53,846 in the US. So, investing in bonds or property in India may not help save tax in US.

3. The cost basis for the calculation of capital gains on property acquired as gift or inheritance could be different for different countries. For example, as per Indian tax laws, cost of property of the original owner becomes the cost of property for the person receiving gift/inheritance, whereas as per US tax laws, fair market value on the date of gift /inheritance is considered as cost of property for the person receiving gift/inheritance. Cost basis and capital gains of both countries need to be considered and only after optimising the tax liability, investment in the capital gains tax bonds or in residential property needs to be made.

4. It is important to consider the TDS compliance for NRIs. The TDS rate of 1% on sale of property is applicable only when a property is sold by an Indian resident. If an NRI is selling the property, TDS @20% will apply for LTCG and @30% for STCG. Surcharge and cess would also need to be considered for TDS rate, based on the value of property. An NRI may apply for lower or nil deduction of TDS to his jurisdictional assessing officer.

Returning NRI May Have RNOR Status

NRIs, including OCIs/PIOs may return to India for good. They may have clear intention of continuing to stay in India. NRIs moving back to India may have RNOR (resident but not ordinarily resident) status. You will be considered RNOR in a financial year, if you have been NRI in 9 out of 10 financial years preceding the year OR you have during the seven financial years preceding the year been in India for a period of 729 days or less.

The two conditions may allow NRIs to keep RNOR status for up to three financial years. Here is an example of someone who returned to India in July 2016 after staying abroad for 14 years. He will be RNOR for FY16-17 and FY17-18. For FY18-19, he will not meet the first condition of RNOR definition, but may meet the second condition. Assuming he returned to India on 1 July 2016, he would have completed 637 days in India by 1 April 2018. He will need to calculate the days spent in India in five more financial years. In short, he will need to add the number of days he was in India in the previous seven financial years (FY17-18, FY16-17, FY15-16, FY14-15, FY13-14, FY12-13 and FY11-12). If the total of these seven financial years is 729 days or less in India, he can be considered RNOR for FY18-19. For FY19-20, he will surely be resident Indian if he continues stay in India.

> When you lose your RNOR status, you will not be able to keep your NRE or NRO account. The NRE account, which is tax-free in India, will need to be converted to a resident account or RFC (resident foreign currency). If there are good chances of returning abroad, you should consider converting the NRE account to RFC account

When you lose your RNOR status, you will not be able to keep your NRE or NRO account. The NRE account, which is tax-free in India, will need to be converted to a resident account or RFC (resident foreign currency). If there are good chances of returning abroad, you should consider converting the NRE account to RFC account instead of a resident account. The bank will close the NRE account when you tell them that you have lost your RNOR status. They will put the NRE funds into RFC or resident account which can be created as a new account.

Once you lose the RNOR status, any income which "accrues or arises outside of India" will be taxable in India. If you do not have any income/interest/gains from investment/work abroad, you don't have to worry. But, if you have foreign assets, a resident Indian, you need to include income from it in your ITR.

Resident and NRI Taxability of Income in India

Status	Income Earned in India	Accrues or Arises in India	Accrues or Arises Outside India
Resident	Yes	Yes	Yes
Non-resident	Yes	Yes	No
Resident but not ordinarily resident	Yes	Yes	No

Buy Online Term Plan before Moving Out

A term plan is the best way to buy life insurance. Please read our Cover Story on NRI life insurance -https://tinyurl.com/ycnjfj2t Buying online term plan for NRIs is possible if the insurer does not need medical tests or

Freedom from Annuity Product

Annuity products give customers fixed returns every year for a lifetime. For example, a person of age 50 years making a one-time payment of Rs1 lakh to buy Jeevan Akshay VI product will get 6.24%pa, i.e., Rs6,240 per year for lifetime. The insurance company takes the risk of interest rate movements and longevity of the annuitant.

LIC Jeevan Akshay VI is a popular immediate annuity plan. Annuity offers no liquidity until you die, as there is no surrender feature, usually. Some insurers may return your investment, if there is a specified critical illness or if you are able to show high financial distress. LIC Jeevan Akshay VI specifies an exit clause for those who are shifting permanently to another country.

It says: "If the annuitant is shifting to another country permanently as evidenced in their visa or citizenship documents. The surrender value payable shall depend on the age (last birthday) of the policyholder at the time of surrender of the policy. For all annuity options other than 'Annuity with return of purchase price' surrender shall not be allowed in any case."

Moving to USA?

US taxation goes by calendar year while in India is the fiscal year is April-March. US tax resident requirement says "To satisfy the 183 days requirement, count all of the days you were present in the current year, and one-third of the days you were present in the first year before the current year, and one-sixth of the days you were present in the second year before the current year." US citizens and green card-holders have to file tax returns every year even if they are not residing in US.

There is no double taxation; you just have to comply with DTAA and pay taxes to US or India based on what DTAA says for different investment types. Tax compliance is a bigger issue than investments especially if you have assets in India. US tax filing can be cumbersome with global asset declaration and tedious forms like Foreign Bank and Financial Accounts (FBAR—if you hold money equivalent of over US$10,000 outside of US in assets like bank accounts, MF, stocks, etc) and Form 8938. Form 8938 asks for more information of foreign assets and is needed if you hold money equivalent of over US$50,000 (or US$100,000 if joint tax filing with spouse) outside of US.

you are visiting India (medical tests can be done at that time). It is better to do the medical tests, but it is up to the insurance company underwriting norms. Recently, LIC has allowed buying LIC e-Term for NRIs (not OCIs/PIOs). The country of residence matters, when you apply for life insurance. So, it is best to buy online term plan before you move out of India. Moving to any country after buying life insurance will not have any impact. You just have to notify the life insurance company about your new residence address in a foreign country. But, if you are already abroad when you buy life insurance in India, the country of your residence will have to be acceptable to the insurance company. If you are resident of a war-torn country at the time of buying life insurance, then the company may reject your proposal based on resident country hazard.

Give Power of Attorney to Someone You Trust

Ideally, the person you give your power of attorney (PoA) should be same as the person you trust to have a joint account with. It is better to have PoA registered with the sub-registrar. Without your presence in India, it is important to have the person you trust to manage your bank accounts and other financial transactions.

Opening of a bank account cannot be done by PoA-holder. PoA can help to manage your finances including operating bank and other financial accounts, property matters, signing your tax forms and so on. If you are not planning to sell your property, you do not need to give PoA for selling property. If you want the person to handle matters related to renting out your property, give specific authority only for it. PoA cannot be used to repatriate funds outside India; it can repatriate funds to the foreign bank account of the account-holder.

Mr Patel, says, "There are generally two types of Power of Attorneys (PoA) – general and specific. A general power of attorney gives rights to the holder to conduct a broad number of transactions on behalf of an NRI including banking and real estate transactions, income tax return filing, etc. The specific power of attorney is more restrictive in that each power of attorney defines a specific scope such as power to rent property or power to issue cheques etc. and to be used for that purpose only. It is recommended that you consider both types of PoAs and use them effectively based on the circumstances and situation of the NRI." ■