

Remittance of profit by Foreign Banks operating in India

DBOD.No.IBS.BC. 46/16.13.100/2003-04

November 6, 2003

The Chief Executives of Foreign Banks operating in India

Dear Sir,

Remittance of profit by Foreign Banks operating in India

Please refer to AD (MA series) circular No.15 dated June 4, 1998 and IBS.BC. 99/23.09.01/98-99 dated October 9, 1998 on the captioned subject.

2. On a review of the position, it has now been decided that foreign banks operating in India may remit net profits/surplus (net of tax) earned in a quarter year in the normal course of business arising out of their Indian operations on a quarterly basis, to their Head Offices without prior approval of RBI provided the accounts of the bank are audited on a quarterly basis and appropriate transfer to statutory reserves are made as per the provisions of Section 11(2)(b)(ii) of the Banking Regulation Act, 1949 and the other relevant provisions of the Banking Regulation Act, 1949 and directions issued by RBI in this regard are complied with. In the event of excess remittance, Head Office of foreign banks should immediately make good the shortfall.

3. Full details of the quarterly remittance made may be submitted in the statement (proforma enclosed) to the Chief General Manager-in-Charge, Department of Banking Supervision, Reserve Bank of India, Central Office, Centre 1, World Trade Centre, Cuffe Parade, Colaba, Mumbai 400 005 and to the Chief General Manager-in-Charge, Exchange Control Department, Reserve Bank of India, Central Office, Central Office Building, Fort, Mumbai 400 001.

4. Please acknowledge receipt.

Yours faithfully,

(B. Mahapatra)
Chief General Manager

Remittance of profit to Head Office

Name of the Bank

- i) The quarter for which profits/surplus was remitted
- ii) Net profit as per the Profit and Loss Account
- iii) Income of the bank during the quarter
- iv) Expenditure in India (without provision for H.O. Expenses)
- v) H.O. expenses charged to P & L Account

- vi) Rate at which income/interest tax is payable for the quarter in question
- vii) provision for tax calculated at full rate on the entire amount of surplus (i.e. item (iii) - (iv) + (v))
- viii) Details of various provisions made
 -)
 - (a) Actual provision made for tax
 - (b) For bad and doubtful debts
 - (c) Terminal benefits of the staff
 - (d) Other provisions, if any
- ix) Amount transferred to reserves (give details)
- x) Tax liabilities of previous years if any, remaining unpaid
- xi) Amount, if any, retained in India for meeting CRAR requirements
- xii) Amount of profit/surplus remitted to Head Office and the rate of exchange applied
- xiii) Date of remittance
 -)
- xiv) Capital funds on the date of remittance
 -)
- xv) CRAR on the date of remittance

Certified that -

- i) The entire income of the bank included in the accounts for the quarter had accrued from sources in India and the provisions of B.R. Act 1949 and the directions issued by RBI in this regard have been complied with. (In case a part of the income had accrued outside India, the certificate should clearly indicate that the amount thereof was repatriated to India immediately on realisation).
- ii) The amount set aside as provision for tax is adequate to cover the tax liabilities of branch(es) in India of the bank for the quarter in question.

Chief Executive Officer of the Bank

Auditors of the bank

(Name of the signatory and stamp)

(Name of the signatory and stamp)

Note : If the remittance relates to unremitted profits of earlier periods which have not been retained for capital adequacy but are held for remittance abroad, full details of the related periods furnished.