



Regulatory Alert Delivering Clarity

Single Master Form (SMF) for reporting of Foreign Investment in India

Issue no: RA/12/2018

In this issue:

[Background](#)
[Key highlights](#)
[Conclusion](#)
[Deloitte tax@hand App](#)
[Do you know about Dbriefs?](#)

Background

- Present system of reporting total foreign investment in India made by persons resident outside India through eligible capital instruments in the investee Company or capital contribution in the Limited Liability Partnership (LLP) or investments in other investment vehicles involves use of various forms / platform / modes (online / offline) which leads to disintegrated reporting.
- With the objective of integrating the reporting structures of various types of foreign investment in India, the Reserve Bank of India (RBI) had, in April 2018, proposed to introduce an online reporting facility through Single Master Form (SMF) which would subsume all reporting requirements, irrespective of the capital instrument through which the foreign investment is made.
- RBI has now issued directions under the provisions of the Foreign Exchange Management Act, 1999 (reference A.P (DIR Series) Circular No. 30) on 7 June 2018 (RBI Circular) to lay down the roadmap for implementation of the reporting of foreign investments through SMF.

The key highlights of the RBI Circular are summarized in this alert.

Key highlights

- SMF would provide a facility for reporting total foreign investment by a non-resident in an Indian entity viz. Company, LLP and other investment vehicle viz. Real Estate Investment Trusts (REITs) / Infrastructure Investment Trusts (InvIts) / Alternative Investment Funds (AIFs).
- Prior to implementation of SMF, RBI will provide an online interface to existing Company and LLP (Indian entities) for filing information on total foreign investment for a period of 15 days from 28 June 2018 to 12 July 2018 in a prescribed Entity Master Form.
- Indian entities not complying with this pre-requisite i.e. filing of Entity Master Form will not be able to receive foreign investment (including indirect foreign investment) and will be considered as non-compliant with FEMA and regulations made thereunder.
- In order to comply with the timeframe, RBI has advised Indian entities that have received foreign investments (including indirect foreign investment through downstream investment), to be ready with the details to be provided in the Entity Master Form and SMF as per the formats prescribed. The final form, when hosted by RBI on its website, will be available in the Master Directions – Reporting under FEMA.
- SMF would subsume the following forms for reporting of foreign investment:
 - **Form FC-GPR** - Issue of capital instruments by an Indian company to a person resident outside India
 - **Form FC-TRS** - Transfer of capital instruments between a person resident outside India and a person resident in India
 - **Form LLP-I** - FDI in LLP through capital contribution and profit shares

- **Form LLP-II** - Disinvestment/ transfer of capital contribution and profit shares in LLP
- **Form ESOP** - Issue of ESOPs / sweat equity shares/ shares against exercise of ESOP by an Indian company to an employee resident outside India.
- **Form CN** - Issue or transfer of convertible notes
- **Form DRR** - Issue/transfer of Depository Receipts
- **Form DI** - Reporting of downstream investment (indirect foreign investment) in a company or LLP
- **Form InVi**- Reporting of investment by a person resident outside India in an investment vehicle

Conclusion

Integration of reporting of various types of foreign investment in India into a single form would simplify compliance for Indian entities and is aimed at ensuring consistency and accuracy of data on Foreign Investment reported.

Source: Statement on Developmental and Regulatory Policies dated 5 April 2018 and A.P (DIR Series) Circular No.30 dated 7 June 2018 issued by RBI

Deloitte tax@hand App

Current. Comprehensive. Convenient.

Download [tax@hand](#) app, a secure digital platform for timely global and regional news, perspectives, and resources. Do visit the tax@hand webpage [here](#).



Deloitte.

IOS



Download from App Store

Android



Download from Google Play

Website



Add to favorites

Do you know about Dbriefs?

Dbriefs are live webcasts that give valuable insights on important developments affecting your business. To register, visit the [Dbriefs](#) page.



Download the report





Deloitte makes an impact that matters

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites).

DTTI LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTI LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2018 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited