



Tax alert: Regulation of payment aggregator – Cross border (PA - CB)

8 November 2023

The Reserve Bank of India has issued guidelines to regulate all entities facilitating cross border payment transactions for import and export of permissible goods and services in online mode. Such entities will be treated as Payment Aggregator – Cross Border (PA- CB).

Entities, including Authorised Dealer (AD) banks, PAs, and PAs-CB, involved in processing / settlement of cross-border payment transactions shall comply with these instructions. Authorisation for PA-CB activity may be sought in any of the following activities –

- Export only PA-CB (PA-CB-E)
- Import only PA-CB (PA-CB-I)
- Export and Import PA-CB (PA-CB- E&I)

In a nutshell



RBI authorisation timelines:

- Non-banks not currently authorised as PA and providing PA-CB services - 30 April 2024
- Non-banks authorised/ pending authorisation with RBI as PA and providing/ propose to provide PA-CB services – 30 December 2023
- Non-compliance with the above by existing non-bank PA CB- to wind up by 31 July 2024



Additional compliance:

- Networth INR 150 million (NR 250 million by March 31, 2026/ third financial year of authorisation)
- Per transaction limit restricted to INR 2.5 million



- Adopt framework for governance, merchant on-boarding (KYC), customer grievance redressal and dispute management framework, security, fraud prevention- 3 months from the date of the circular. If not complied, application for authorisation may get refused
- All other instructions regarding PAs shall apply to PA-CBs



Scroll down to read the detailed alert

The rules/requirements across activities of PA CB are as follows:

For Import only PA-CB

- Maintain Import Collection Account ('ICA') with AD-Category I scheduled commercial bank
- Payment for imports to be received in escrow account of PA. Such payments to be then transferred to ICA of PA-CB for onward foreign transfer by debit to ICA
- PA-CB to directly onboard merchants located abroad, carry out merchant due diligence
- If per unit goods / services imported is more than ₹2,50,000, PA-CB to undertake due diligence of buyer also
- PA-CB to not facilitate payment transactions for import of restricted/ prohibited goods and services
- Payments can be carried out using any authorised payment instrument, except small PPIs

For Export only PA-CB

- Maintain Export Collection Account ('ECA') with AD-Category I scheduled commercial bank. ECA for non-INR currency to be maintained separately
- Export proceeds shall be credited to the relevant currency ECA of the PA-CB
- Carry out customer due diligence of merchant, proceeds from ECA to be settled only in the account of merchant
- PA-CB to not facilitate payment transactions for export of restricted/ prohibited goods and services
- Settlement in Non-INR currencies permitted only for merchants directly onboarded by the PA-CB

Separate collection accounts – ICA and ECA to be maintained for facilitating import and export transactions

In case activity category is changed by PA-CB, requirements for new activity to become applicable from date of seeking approval from the RBI

For PA-CB transactions, AD banks to ensure the requirements under FEMA, including for reporting and reconciliation of entries in EDPMS / IDPMS, are adhered to



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.

©2023 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited