



In this issue:

**Summary**

**Key features of the new regulations**

**Road ahead**

**People to Contact**

## GES NewsFlash

# India – Reserve Bank of India (RBI) Relaxes Expatriate Salary Payment Rules

**December 14, 2009**

### Summary

Foreign / Indian nationals employed with a foreign company and on deputation to the office / branch / subsidiary/ joint venture in India can now receive 100% of their salary outside India from their overseas employer subject to the payment of taxes in India. Similarly, foreign nationals who are employed with Indian companies can now remit 100% of their salary to their bank accounts outside India subject to payment of taxes in India.

### Key features of the new regulations

#### Employment with a foreign company

Previously, Foreign / Indian nationals employed by an overseas company and on deputation to the office / branch / subsidiary/ joint venture in India could receive only 75% of their salary outside India. This condition created restrictions for the employees. The notification seeks to address this by permitting such employees to receive the entire salary after payment of Indian income-tax in their overseas bank accounts.

#### Employment with an Indian company

Until now, foreign nationals employed with Indian companies could remit their salary net of statutory deductions outside India for the maintenance of close relatives abroad. The RBI has now removed this requirement, thereby enabling free remittance outside India for any purpose subject to payment of Indian income-tax.

### Road ahead

Employers can revisit their salary payment model to expatriates in the light of the new regulations.

Source: RBI Notification No. FEMA 199/2009-RB dated 30th September 2009

## People to Contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

### **Rajesh Srinivasan**

Tel: +91 (44) 6688 5007

### **Neeru Ahuja**

Tel: +91 (124) 679 2141

### **Homi Mistry**

Tel: +91 (22) 6619 8480

### **Tapati Ghose**

Tel: +91 (80) 6627 6117

This NewsFlash information is now being incorporated into the new, more frequent bi-weekly GES newsletter, Global InSight, which you will receive directly if you are on the central distribution list.

If you are not on the central distribution list and received this communication by some other means, you can follow these few simple steps to be added to the central distribution list.

- Log onto [www.deloitte.com](http://www.deloitte.com)
- Select "Insights" at the top of the page, then select "Email subscriptions" in the drop down menu
- On the next page, under Step 1, select "Tax" and "Global Employer Services"
- Under Step 2, select "Global Insight"
- Under Step 3, fill out your contact information and click "Save my profile"

Be sure to visit us at our Web site: [www.deloitte.com/tax](http://www.deloitte.com/tax)

If you require information about doing business in a specific country, including individual tax considerations, please log on to [www.deloittetaxguides.com](http://www.deloittetaxguides.com) and select the countries of interest. In addition to detailed guides, there are at-a-glance summaries contained in the Snapshot series section.

### **Back to Top**

1633 Broadway  
New York, NY 10019 – 6754  
United States

© 2009 Deloitte Touche Tohmatsu.

Deloitte refers to one or more Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

 [Deloitte RSS feeds](#)

---