



Decoding FLAs

Foreign Liabilities
and Assets —●



Understanding the Purpose of FLA Reporting

The Reserve Bank of India (RBI) mandates annual FLA (Foreign Liabilities and Assets) reporting under the Foreign Exchange Management Act (FEMA) of 1999. This requirement serves two key purposes:

Track Foreign Investment

FLAs provide valuable data to assess foreign investment flows into and out of India.

Ensure FEMA Compliance

FLA reporting helps authorities monitor compliance with foreign exchange regulations established by FEMA.



Key FLA Filing Requirements: Meeting Deadlines & Obligations

Who Needs to File?

Indian companies and LLPs with Foreign Direct Investment (FDI) or Overseas Direct Investment (ODI) during the previous or current year are required to file FLAs.

Reporting Period & Deadline

FLAs are filed annually, reflecting the financial year ending on March 31st. The deadline for submission is July 15th of each year.

Even No Transactions?

If you haven't had new FDI or ODI activity in the current year, you must still file an FLA report indicating your outstanding foreign liabilities and assets as of March 31st.



Key FLA Filing Requirements: A Step-by-Step Guide

01. Data Collection

Compile comprehensive data on your foreign liabilities and assets across various categories as defined by RBI, such as direct investments, portfolio investments, and other investments.

02. Accuracy & Completeness

Ensure the information you provide is accurate and complete. Discrepancies or omissions can attract penalties under FEMA. investments.



Key FLA Filing Requirements: A Step-by-Step Guide

03. Electronic Filing

Submit your FLA return electronically through the RBI's FLAIR (FLA on AIR – Online Reporting System).

04. Supporting Documentation

Maintain proper documentation to support the information reported in your FLA, on any foreign investments activity including:

- Details of foreign investments (shares, debt, etc.);
- Balance sheet and P&L account highlighting foreign investment;
- Any records reflecting changes in shareholding or capital structure or ownership (if applicable).



Consequences of Non-Compliance

01.

Failure to file the FLA return or filing inaccurate information can lead to penalties under FEMA, which may include fines or legal action.

02.

Compliance ensures transparency and adherence to foreign investment policies.



Streamline Your FLA Compliance with Our Expertise

At Treelife

- **Expert Guidance**

Receive clear and up-to-date advice on FLA reporting requirements specific to your situation.

- **Data Consolidation Support**

Our team assists in accurately compiling the necessary foreign liabilities and assets data.

- **FLAIR System Assistance**

Support in filing the FLA return accurately and timely through the RBI's FLAIR system.

- **Ongoing Compliance Support**

Stay compliant with FEMA and RBI regulations.

Contact Us

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