

## **TRANSFER OF ASSETS OF A LOCAL OFFICE OF FOREIGN INVESTOR TO WOS / JV IN INDIA**

---

The Reserve Bank of India, with a view to smoothen the entire process of closure of a Liaison Office/Branch Office/Project Office (LO/BO/PO) of a foreign entity in India, has through circular dated June 12, 2014 decided to delegate the powers relating to transfer of assets of a LO/BO/PO to authorized dealer banks subject to compliance with certain stipulations.

The conditions are as summarized below in brief:

- LO/BOs who are adhering to operational guidelines on establishment of a liaison office or branch office will only be considered for such a proposal;
- This mode of transfer of assets will be allowed only when the foreign entity is closing their LO/BO/PO;
- A certificate is to be submitted from Statutory Auditor furnishing details of the assets to be transferred;
- Assets should have been acquired from inward remittance;
- Intangible assets cannot to be included in the assets to be transferred;
- Revenue Expenses are to be capitalized and transferred to Joint Venture/Wholly Owned Subsidiary;
- The authorized dealer bank to ensure payment of all taxes while permitting transfer of assets; and
- Credits to bank accounts of LO/BO/PO for this purpose will be treated as permissible credits.