

Indian Budget 2019 – Its Impact on NRIs



The Indian government announced its annual budget on 5th July, 2019 and after the recent elections, where Non-Resident Indians (NRIs) played a bigger role in its government's victory, the Indian budget has certainly taken into consideration its NRI brethren. While it has been an ongoing process to incorporate and integrate NRIs within the Indian fabric, the latest budget does outline a couple of benefits specifically aimed at NRIs.

India is expected to reach \$3 trillion economy in the current year, It is the best time to Invest in India to be a part of Indian Economy growth.

At the beginning of the year, the NRI population of over 15.6 million had presented a wish-list for the forthcoming budget announcements. These included –

- Reduced barriers to NRI investments in India
- Ability to bring back internationally earned wealth back to India with minimum penalties
- Better and improved implementation of GST
- Introduction of a financial inclusion initiative (Jan Dhan Yojana) customized for NRIs
- Reduction in taxes on interest income
- Open other forms of investments for NRIs besides the current mutual fund option
- Reduce the customs duty on gold purchased abroad and instead provide some additional concessions in this regard.

How is the Indian Budget 2019 Going to Affect NRIs?

Having made and presented a wish-list, the recent budget plan announced by its first lady Finance Minister India did not disappoint its NRI diaspora. Here are the highlights –

Real Estate Boost for NRIs in India Budget 2019

- Tax deducted at source on rental income is now Rs. 240,000. This increase in the TDS threshold should encourage NRIs to purchase more investment properties in India in a major way. It was originally at Rs. 180,000.
- Additionally, the national rent charge on second homes not occupied by the NRI has been exempted thus encouraging NRI's to buy a second investment property going forward.
- With respect to capital gains on the sale of a property within Rs.20 million, it can now be rolled over into the purchase of two housing units instead of just one and eliminate the capital gains incurred from the sale. This is applicable only once in a lifetime and good news for NRIs who still have large ancestral properties in India.

NRI Taxation with the Indian Budget 2019

- Although may not affect all NRIs equally, across the different income slabs, the new budget offers 100% tax rebate for annual incomes between Rs.500, 000 and Rs. 650,000.
- Under the Foreign Black Money Act, and effective retrospectively from July 1, 2015 all Indian residents who acquired property overseas and unaccounted income but did not pay taxes since they moved abroad and became NRIs will be prosecuted and penalized and imprisonment up to seven years. This could apply if he was a resident in India the prior to buying the property.
- NRI investments in India will get a major boost since the NRI investment portfolio will be merged with the foreign investment portfolio. The proposed Annual Global Investors Meet is going to be a huge pull for NRI investors.

Other Influences of Indian Budget 2019 on NRIs

- NRIs to get Aadhaar card on arrival in India.
- Digital India to take a new facelift with more emphasis on digital payments across the board making it very convenient for NRIs abroad.
- Big improvements in infrastructure with big developments of airports and railway systems making it more welcoming for NRIs in India.