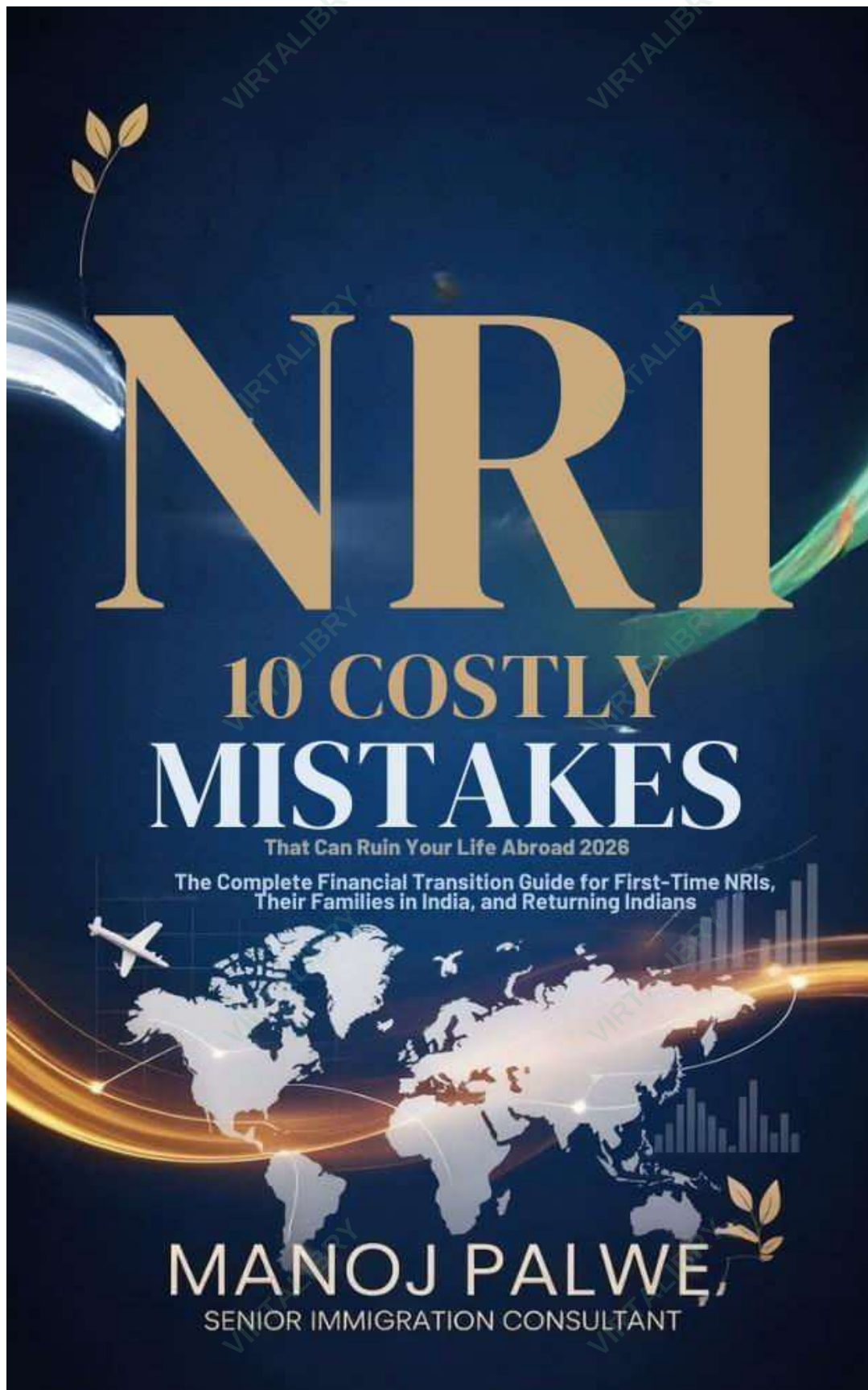




NRI : 10 COSTLY MISTAKES

That Can Ruin Your Life Abroad 2026

The Complete Financial Transition Guide for First-Time NRIs,
Their Families in India, and Returning Indians

By Manoj Palwe

RCIC R422575 | CAPIC Fellow R11592 | MIA Qualified
25+ Years | 10,000+ Families | www.dreamvisas.com

2026 Edition — Updated for Budget 2026 and Finance Act 2025-26

About the Author

Manoj Palwe is one of the most trusted names in immigration consultancy in Canada. With over 25 years of practice since founding Taurus Infotek in 2001, he has helped more than 10,000 families successfully navigate Canadian, Australian, and German immigration — and increasingly, the complex financial transition that every new NRI must undertake.

Operating from offices in Toronto (Canada) and Pune (India), Manoj brings a unique dual perspective: he understands both the excitement of arriving in a new country and the financial traps waiting for those who do not prepare. This guide distils 25 years of hard-won lessons into one practical handbook.

My Philosophy

Every day when I sit in my office, I consider it my first day in consultancy.

I always try to understand my client's viewpoints, dreams, and difficulties —

and suggest a solution that creates a win-win.

The biggest win I can give you today costs nothing: read this book before you leave India.

Professional Credentials

- RCIC License R422575 — Regulated Canadian Immigration Consultant
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- Australian MIA Qualified — Passed Migration Institute of Australia Examination
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This guide is intended for educational and informational purposes only. It does not constitute legal, tax, or financial advice. Immigration laws, tax rules, and banking regulations change frequently. Your residential status can differ under Income Tax and FEMA frameworks.

THIS BOOK IS NOT A SUBSTITUTE FOR ADVICE FROM A CHARTERED ACCOUNTANT OR CROSS-BORDER TAX PROFESSIONAL. Always obtain written professional advice before acting

on any information in this guide — especially for FEMA penalties, DTAA treatment, PFIC consequences, LDC applications, and capital gains calculations.

Rules referred to are current as of Budget 2026 and Finance Act 2025-26. Laws change; always verify the current position with a qualified professional before acting.

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WHO THIS GUIDE IS FOR

This guide is written for:

(1) Indians moving abroad for work — first-time NRIs who have NEVER managed cross-border finances.

(2) Families in India supporting NRIs from back home.

(3) Returning NRIs planning a clean financial re-entry to India.

IMPORTANT: You do NOT need to be a wealthy NRI for these mistakes to hurt you.

Even if your India corpus is Rs. 10-50 lakhs, every one of these mistakes can still cost you several lakhs in avoidable losses. This guide is for every NRI family — not just the affluent.

More practical than a tax-law book and far deeper than a blog — the missing operating manual every first-time NRI should read before leaving India.

FOR PARENTS IN INDIA — Read This If Your Child Has Gone Abroad

Your child is now an NRI. Even if they are managing finances abroad, YOU need to know:

1. Any resident savings account your child held must be converted to NRO within 6 months of departure. If it stays active, it may be frozen without warning — stopping all standing orders.
2. If TDS is suddenly deducted at 30% from their NRO account interest — this is normal for NRIs. Keep all bank statements and Form 26AS. Share them with your child and their CA.
3. If you are selling property and the buyer says '20% TDS on the full sale price' — this is correct for NRI sellers. Do NOT agree to a sale date without a Lower Deduction Certificate (LDC) being applied for first. Ask your child to arrange this 8-10 weeks before any sale.
4. Never accept wire transfer or fund movement instructions from strangers claiming to act on your child's behalf — confirm all instructions directly with your child first.
5. Keep a copy of your child's PAN, passport, and visa documents safely at home.

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Preface: Amit's Story — The Rs. 8.7 Lakh Lesson

A TRUE STORY (Name Changed for Privacy)

Amit was thrilled. After years of hard work at a Pune IT company, he landed a dream offer from a tech firm in Toronto. His salary would jump from Rs. 18 LPA to CAD 95,000. His parents were beaming. His wife was already browsing apartments near good schools. Everything was falling into place — except his financial transition.

What Amit did not know was that his financial transition would cost him Rs. 8.7 lakhs in completely avoidable losses over his first 18 months abroad:

- He kept his HDFC resident savings account running. Six months in, KYC was flagged and his SIPs (Rs. 45,000/month) stopped cold. Three months of paperwork to restart. Missed market gains: Rs. 1.35 lakhs.
- He sent money home via bank wire every month without comparing rates. 2.5% spread + Rs. 1,500 fee vs. Rs. 3,200/month savings available on Wise. Over 18 months: Rs. 57,600 gone.
- His parents sold a flat for Rs. 1.8 crore. No Lower Deduction Certificate was applied for. TDS deducted at 20% on full sale price. Rs. 36 lakhs locked with tax dept for 14 months. Opportunity cost and CA fees: Rs. 2.1 lakhs.
- No Tax Residency Certificate from Canada in Year 1. He paid tax on NRO interest in both India and Canada. Double taxation cost: Rs. 84,000.

Total avoidable losses: Rs. 8.7 lakhs.

In 25 years of consulting, I have seen thousands of families make these exact mistakes. This guide exists so that you do not have to learn them the expensive way.

Mistakes Dashboard — Your Quick Reference

Use this table to identify your most urgent chapter. Jump straight to any mistake that matches your current situation.

Rules cited throughout this guide are current as of Budget 2026 and Finance Act 2025-26. Always verify current rules with your CA before acting.

#	The Mistake	Typical Loss Range	Who Is Most at Risk
1	Not updating residential status	Rs. 45,000+ in penalties, back-taxes, rectification fees	All new NRIs — especially Gulf NRIs (Deemed Resident trap)
2	Keeping resident savings accounts running	Account freeze, SIP failure, FEMA penalty up to 3x balance*	All NRIs who had accounts before departure
3	Wrong NRE/NRO/FCNR structure	Repatriation blocked; excess TDS; FEMA violations	NRIs mixing foreign and Indian income in one account
4	Remitting money blindly via bank wire	Rs. 50,000–2.5 lakhs over 3–5 years in avoidable FX costs	All NRIs who remit monthly to family in India
5	Double taxation & DTAA missteps	Rs. 50,000–2 lakhs in duplicate taxes; large US fines possible*	US, Canada, UAE NRIs with Indian income sources
6	Continuing investments the wrong way	Rs. 1–5 lakhs in missed SIP corpus; PFIC penalties*	NRIs with mutual funds, SIPs, DEMAT from before departure
7	Property income & sale without a plan	Rs. 10–50 lakhs in excess TDS; months of locked liquidity	Any NRI planning to sell or rent Indian property
8	Insurance gaps — India + overseas	Rs. 5–20 lakhs in unplanned medical or claim costs	All NRIs; especially during job or visa changes
9	EPF, PPF, and retirement account mistakes	Inoperative accounts; missed RNOR withdrawal planning	IT professionals with large EPF/PPF balances
10	Estate planning & nomination failures	Rs. 5–20 lakhs in legal fees; years of family stress	Every NRI — regardless of corpus size

** Check current penalty/threshold with your CA — amounts are subject to change with each Finance Act.*

Chapter 1: The 30-Day Pre-Departure Money Plan

Before you board that flight, three things must be done. Every NRI who skips them pays for it later.

A. Build Your NRI Financial Folder

Identity & Travel Documents

- Passport (all pages scanned), Visa / PR document copies
- PAN card + Aadhaar card, OCI card if applicable

Financial Inventory

- List of ALL bank accounts: branch, IFSC, account number, type — every single one
- List of all investments: mutual funds, shares, FDs, PPF, EPF — with folio/account numbers
- List of all insurance policies with policy numbers and premium due dates

Power of Attorney

Appoint a trusted family member in India as your registered Power of Attorney before departure. A registered PoA is essential — notarised PoA alone is insufficient for many transactions including property dealings and large bank operations.

B. The Two-Account Rule — Open Before You Leave

Account	Purpose	Tax on Interest (India)	Repatriability	Best For
NRE	Park foreign earnings in India	Tax-free in India	Fully repatriable (no cap)	Savings from abroad; later repatriation
NRO	Manage India-source income	Taxable at 30%+	Up to USD 1M/year (with CA cert)	Rent, dividends, pension, sale proceeds
FCNR	Fixed deposit in foreign currency	Tax-free in India	Fully repatriable (no cap)	Avoiding INR depreciation risk

C. Set Your Remittance System

Choose your remittance provider before you leave. Even a 0.5% improvement on a monthly Rs. 50,000 transfer saves Rs. 3,000/year — over five years compounding that matters.

ACTION STEPS

1. Create your NRI Financial Folder with all document scans
2. Execute a registered Power of Attorney for a trusted family member
3. Open both NRE and NRO accounts before departure — simpler from India
4. Sign up with one comparison-rate remittance service (Wise/Remitly) and test it
5. Inform your CA of your departure date immediately — begin ITR planning

Mistake #1: Not Updating Your Residential Status

REAL CASE

Priya moved to London on a work visa in April 2023. She spent 12 days in India that year.

She did not update her residential status and continued filing as a resident. In AY 2025-26,

her bank flagged her UK address on an incoming wire and froze her resident account. Her CA

discovered she had been incorrectly filing for two years. Penalty and rectification fees: Rs. 45,000.

KEY TAKEAWAYS

✓ Residential status is determined by physical presence in India — NOT by citizenship or visa type

✓ Two tests apply each year: the 182-day test and the 60+365-day combined test

✓ FEMA and Income Tax use different definitions — you can be NRI under one but not the other

✓ The Deemed Resident rule (Section 6(1A)) catches Gulf NRIs who pay zero tax overseas

✓ NOR/RNOR status offers a 2-3 year tax buffer for returning Indians — time your return carefully

SIMPLE RULE

If days in India this year > 182, assume 'Resident' until your CA confirms otherwise. Do not guess. Check current rules with your CA — additional conditions apply for Indian citizens employed abroad.

The Day-Count Tests

Test 1: The 182-Day Test

You are a Resident if you spent 182 days or more in India during the financial year. Fewer than 182 days? Proceed to Test 2.

Test 2: The 60+365 Test

You are a Resident if you spent 60+ days in India this year AND 365+ days across the previous four years combined. If both tests fail, you are NRI for that year. Always verify with your CA — additional rules apply.

NOR/RNOR Status — The Returning NRI's Tax Shield

When you return to India permanently, you pass through a transitional NOR/RNOR phase (typically 2-3 years) during which only Indian-sourced income is taxed. Overseas pension, 401(k)/RRSP withdrawals, and foreign salary are protected. Plan your return date carefully.

WARNING

DEEMED RESIDENT RULE — Finance Act 2020 (Section 6(1A))

If you are an Indian citizen with total Indian income exceeding Rs. 15 lakhs in a financial year,
AND you pay no income tax in any other country (common for UAE, Qatar, Saudi Arabia NRIs),
India treats you as a 'Deemed Resident'. Your Indian income is taxed even if you spent fewer
than 182 days in India that year.

Gulf-based NRIs must check this rule with their CA every year. Check current thresholds with
your CA — they may change with each Finance Act. Penalty for incorrect filing: up to 3x tax due
+ interest. Always get written CA advice before filing. (Check current penalty with your CA.)

Deemed Resident Flowchart — Gulf NRIs: Am I Caught?

DECISION FLOWCHART: Section 6(1A) — Deemed Resident Test (Verify with CA)

STEP 1: Are you an Indian citizen?

YES → proceed to Step 2 | NO → Section 6(1A) does not apply to you

STEP 2: Did you spend fewer than 182 days in India this financial year?

YES → proceed to Step 3		NO → You are already a Resident under the 182-day test
STEP 3: Is your total Indian income (from Indian sources) above Rs. 15 lakhs this year?		
YES → proceed to Step 4		NO → You are NRI for this year. Section 6(1A) does not apply.
STEP 4: Did you pay income tax in ANY other country this year?		
YES → You are NRI. DTAA protection likely applies. Confirm with CA.		
NO → You are a DEEMED RESIDENT under Section 6(1A).		
Your Indian income is taxable in India even though you spent <182 days here.		
Your overseas income remains exempt — but Indian income is fully taxable.		
ACTION: Consult CA immediately. File ITR as Resident (RNOR or Ordinary Resident depending on previous history). Check current rules with CA — thresholds may change.		

MYTH vs FACT

MYTH: I have lived in Canada for 5 years. I am definitely NRI every year.

FACT: Residential status must be re-evaluated EVERY financial year based on days spent in India. An extended India visit in any year may temporarily make you Resident — with significant tax consequences.

ACTION STEPS

1. Count actual days in India for every financial year since departure (passport stamps/boarding passes)
2. Get a written residential status opinion from your CA — under both Income Tax AND FEMA
3. Gulf NRIs: check the Deemed Resident rule (Section 6(1A)) with CA annually
4. Ensure all bank accounts reflect correct NRI status within 6 months of becoming NRI
5. Keep a travel diary as day-count proof — it can be the difference in a penalty dispute

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Get a WRITTEN residential status opinion from your CA for EVERY financial year. Filing as the wrong status costs far more than the CA fee to confirm the right one.

Mistake #2: Keeping Resident Savings Accounts Running

REAL CASE

Rakesh left for the US in June 2022. He kept his SBI savings account active, thinking he would deal with it 'later'. In October 2023, his bank froze the account after a routine KYC review flagged his US address. His standing instructions for electricity, society maintenance, and his parents' monthly allowance all stopped simultaneously. It took 6 weeks and two branch visits to resolve.

KEY TAKEAWAYS

- ✓ A resident savings account must be converted or closed within a reasonable period of becoming NRI
- ✓ Continuing to operate a resident account as NRI violates FEMA — penalty up to 3x the balance*
- ✓ SIPs linked to resident accounts will fail silently after KYC is flagged — often with no notice
- ✓ The conversion process is simpler than feared — most banks allow it in-branch or via NRI portal

SIMPLE RULE

Any account you used before going abroad is a candidate for conversion or closure within 6 months. Write the list now, before your flight. Do not leave it to 'later'.

What Happens When You Do Not Convert

Banks must monitor account classification under FEMA. When your address changes overseas, their system flags a mismatch. The account may be frozen, standing instructions cancelled, and SIPs halted — all without notice. Loan EMI deductions, utility payments, and family transfers can fail simultaneously.

Action	Timeline	Who to Contact	What to Bring
Convert resident savings to NRO	Within 6 months of becoming NRI	Your bank branch or NRI desk	Passport, visa/PR copy, overseas address proof
Stop or convert SIPs	Before KYC flags — ideally before departure	Each mutual fund AMC separately	NRI KYC form, NRO/NRE account details
Update DEMAT account	Within 6 months	Your broker / CDSL/NSDL DP	Same + PIS permission letter if needed
Notify insurance companies	Within 3 months	Each insurer's NRI desk	Address change + overseas bank account details

ACTION STEPS

1. List every resident bank account and every standing instruction linked to it
2. Submit NRI conversion request to your primary bank before or immediately after departure
3. Contact each mutual fund AMC to update KYC to NRI status and link to NRO/NRE
4. Update all loan accounts with your overseas address to prevent communication failures
5. Treat any account not converted within 3 months of departure as an urgent compliance matter

SOP: MY ACCOUNT HAS BEEN FROZEN — What to Do Right Now

A frozen account is stressful but fixable. Follow these three steps immediately:

STEP 1 — NOTIFY (Do this within 24 hours)

Call the bank's NRI helpline (not the branch — the dedicated NRI desk).

Say exactly: 'My account has been frozen due to residential status mismatch.'

I am an NRI and I need to initiate a conversion to NRO. What documents do you need?'

Get the case/complaint reference number in writing.

STEP 2 — GATHER DOCUMENTS (Do this within 48 hours)

Collect: Passport copy (all pages), Visa/Work Permit/PR copy,

Overseas address proof (utility bill or foreign bank statement — dated within 3 months),

PAN card copy, Recent Form 26AS printout.

If you cannot travel to India: arrange your registered PoA to submit originals at the branch.

STEP 3 — PROTECT STANDING INSTRUCTIONS (Do this on the same day as Step 1)

List every standing instruction linked to the frozen account (insurance, SIPs, EMIs, utilities).

Manually arrange payment for each one immediately — do not wait for the account to unfreeze.

Inform your parents/PoA so they can manage any India-side payments in the interim.

Typical unfreeze timeline once documents are submitted: 3-7 business days.

If unfreezing is delayed beyond 10 days, escalate via the bank's Nodal Officer / RBI Banking Ombudsman.

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Convert resident accounts to NRO/NRE within 6 months of becoming NRI. After that, every month of delay is a FEMA violation waiting to surface — and a potential 3x penalty. Check current penalties with your CA.

Mistake #3: Using the Wrong NRE/NRO/FCNR Structure

REAL CASE

Sunil in Dubai deposited everything — UAE salary remittances AND India rent income — into a single NRO account. Three years later, when he wanted CAD 80,000 for a Canadian down payment, his banker told him NRO repatriation is capped at USD 1 million/year AND requires CA certification for each transfer. The mixed-source account created months of paperwork. His NRE account, opened the same week, sat empty the entire time.

KEY TAKEAWAYS

- ✓ NRE = foreign earnings brought to India — fully repatriable, interest tax-free in India
- ✓ NRO = India-source income (rent, dividends, pension) — repatriation capped at USD 1M/year*
- ✓ FCNR = fixed deposit in foreign currency — no INR risk, fully repatriable
- ✓ Mixing foreign and Indian income in one account creates permanent repatriation complexity
- ✓ NRE interest is tax-free in India; NRO interest is taxed at 30% + surcharge + cess

SIMPLE RULE

Foreign salary goes to NRE. Indian rent/dividends/pension go to NRO. Never mix them. That single discipline saves enormous repatriation paperwork later.

NRE vs NRO vs FCNR: Complete Comparison

Feature	NRE Account	NRO Account	FCNR Deposit
Currency	INR	INR	Foreign (USD/GBP/EUR/CAD/AUD/JPY)
Source of Funds	Foreign earnings only	Indian income (rent, dividends)	Foreign earnings only

Feature	NRE Account	NRO Account	FCNR Deposit
Repatriability	Fully repatriable (principal + interest)	Up to USD 1M/year* (with CA cert)	Fully repatriable
Interest Tax (India)	Exempt from Indian income tax	30% + surcharge + cess (TDS deducted)	Exempt from Indian income tax
Exchange Rate Risk	Yes — held in INR	Yes — held in INR	No — held in foreign currency
Joint Account	With another NRI only	With NRI or resident Indian	With another NRI only

* Check current repatriation limits and procedures with your CA — RBI guidelines are updated periodically.

CRITICAL: Joint NRO Account Mandate — 'Former or Survivor' vs 'Either or Survivor'

When you open a joint NRO account with a resident parent (as the NRI primary holder), the mandate type determines what happens if the NRI holder becomes unavailable.

FORMER OR SURVIVOR:

Only the primary account holder (the NRI) can operate the account during their lifetime.

The resident parent (survivor) can access funds ONLY after the NRI's death.

This mandate is common for NRO accounts — and it means your parent CANNOT conduct transactions on your behalf even in an emergency. A registered PoA is the correct solution for day-to-day Indian operations — not a joint account.

EITHER OR SURVIVOR:

Both holders can operate the account independently at any time.

For NRO accounts: the RESIDENT joint holder can transact, but FEMA restricts the resident holder from using NRO funds for purposes not permitted under FEMA rules.

CRITICAL RISK DURING THE 6-MONTH CONVERSION WINDOW:

If your resident savings account is jointly held with a parent and you are converting it to NRO, ensure the mandate is reviewed as part of the conversion process.

A 'Former or Survivor' mandate on a converting account may block your parent from managing payments on your behalf precisely when you most need them to.

ACTION: At the time of NRO conversion, explicitly discuss the mandate type with your bank's NRI desk. Decide whether a registered PoA or mandate change better serves your needs. Check current RBI guidelines on NRO joint account mandates with your CA.

ACTION STEPS

1. Open NRE account before departure (simpler from India — bring passport + departure details)
2. Route ALL foreign income (overseas salary remittances) to NRE only — never to NRO
3. Route ALL Indian income (rent, dividends, pension, sale proceeds) to NRO only
4. Consider FCNR for funds you will need in foreign currency within 1-3 years
5. Never deposit Indian rent or dividends into NRE — this violates FEMA

NEED EXPERT HELP?

Unsure about your residential status, bank account structure, or DTAA claim?

Book a 30-minute paid review with a qualified cross-border CA through Dreamvisas.

Contact: manoj@dreamvisas.com | +91 98220 33225 | www.dreamvisas.com

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Open both NRE and NRO accounts before your flight. Use NRE for foreign money, NRO for Indian money. Never mix them — the repatriation consequences are severe and long-lasting.

Mistake #4: Remitting Money Blindly

REAL CASE

Anita in Toronto sent CAD 2,500 home every month via her Canadian bank's wire service.

Her bank charged a 2.2% FX spread above mid-market rate plus CAD 25 per wire.

She lost approximately CAD 80/month in hidden costs — CAD 960/year.

When her colleague showed her Wise, she switched and cut that to under CAD 12/month.

Five-year savings: approximately CAD 4,440 — enough for a short holiday.

KEY TAKEAWAYS

- ✓ Bank wire is almost never the cheapest option for international remittances
- ✓ The 'exchange rate' your bank quotes already contains a spread of 1-3% above mid-market
- ✓ On Rs. 1 crore remitted over 5 years, a 1.5% improvement saves Rs. 1.5 lakhs
- ✓ Keep documentary proof of every transfer — required for FEMA compliance and ITR filing
- ✓ LRS (Liberalised Remittance Scheme) restricts resident Indians sending money OUT — it does NOT restrict NRIs sending money back to India

SIMPLE RULE

Before every transfer above USD/CAD/AED 1,000: check xe.com for the mid-market rate, then compare your bank vs. Wise or Remitly. Takes 3 minutes. Saves lakhs over 5 years.

WORKED EXAMPLE: The Cost of Not Comparing

Monthly transfer: CAD 3,000

Bank spread: 2.2% above mid-market + CAD 25 fee per transfer

Annual bank cost: $(\text{CAD } 3,000 \times 2.2\% \times 12) + (\text{CAD } 25 \times 12) = \text{CAD } 792 + \text{CAD } 300 = \text{CAD } 1,092$

Wise/Remitly typical cost for same route: ~0.4% spread + ~CAD 3 fee = ~CAD 180/year

Annual saving by switching: CAD 912 | Over 5 years: CAD 4,560 (~Rs. 2.8 lakhs at current rates)

The FX rate your bank quotes is NOT the 'real' rate. The real rate is at [xe.com](https://www.xe.com).

The difference is the bank's legal margin — but you do not have to pay it.

The FX Discipline Method

- Fix a monthly transfer date — do not try to time the INR rate. Systematic beats emotional every time.
- Compare at least 2 providers every quarter. Rates shift; your bank may occasionally be competitive.
- Keep proof of every transfer: amount, rate, fees, date, recipient account — needed for ITR and FEMA.

ACTION STEPS

1. Set a fixed monthly transfer date and stick to it — same day, every month
2. Compare at least 2 providers for every transfer above USD/CAD/AED 1,000
3. Save all transfer confirmations in your NRI Financial Folder
4. Track your average FX rate achieved each quarter vs. mid-market ([xe.com](https://www.xe.com))
5. Set a quarterly calendar reminder to re-compare providers — provider rates shift

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Compare remittance providers before every large transfer. Over 5 years, the difference between your bank rate and Wise/Remitly can exceed Rs. 2 lakhs on a typical Indian NRI transfer volume.

Mistake #5: Double Taxation & DTAA Missteps

REAL CASE

Vikram in Toronto had NRO FD interest of Rs. 3.2 lakhs and mutual fund gains of Rs. 1.8 lakhs. India deducted TDS on both. He then reported the same income on his Canadian T1 return — because his Indian CA did not know about the Canadian filing obligation. He paid tax twice. A cross-border CA later retrieved the overpayment via DTAA credit, but the correction fee alone was Rs. 28,000 — on top of two years of stress.

KEY TAKEAWAYS

- ✓ DTAA = Double Taxation Avoidance Agreement — India has them with 90+ countries
- ✓ TRC (Tax Residency Certificate) from your overseas country is the primary document required
- ✓ Form 10F supplements TRC when it lacks required particulars — can often be filed online
- ✓ Without TRC, you may pay full tax in both countries on the same income
- ✓ Your Indian CA and overseas accountant must be aligned — they rarely coordinate by default

SIMPLE RULE

Ask your CA every year before ITR season: 'Do we need TRC + Form 10F this year?' That one question, asked in time, saves thousands every year.

How Double Taxation Works

India taxes NRIs on income arising or received in India (NRO interest, rent, capital gains, dividends). Your overseas country may also tax your worldwide income — including Indian income. Without DTAA documentation, you pay tax twice on the same rupees.

CANADA-SPECIFIC NOTE

Canada taxes worldwide income. Report all Indian income on your T1 return.

Claim a Foreign Tax Credit (Form T2209) for taxes already paid in India.

Retain Form 26AS and TDS certificates as proof.

Your Indian CA and Canadian accountant must be aligned — brief them both at the start of each tax year.

Canadian tax rules described here are illustrative — thresholds and forms change frequently.

Consult a qualified Canadian tax professional for current rules.

UAE / GULF-SPECIFIC NOTE

The UAE levies no personal income tax. The India-UAE DTAA still applies to protect

UAE-based NRIs from Indian tax on UAE-sourced income. Obtain your UAE TRC from the UAE Ministry of Finance portal — requires 183+ days of UAE stay.

Gulf NRIs who spend time in India must check Deemed Resident status (Mistake #1) annually.

UAE TRC process and requirements are subject to change — verify with your UAE tax advisor.

WARNING

US-BASED NRIs — FBAR + FATCA

If aggregate balance in ALL foreign accounts exceeded USD 10,000 at any point during the year:

File FBAR (FinCEN Form 114) by April 15 (auto-extended to Oct 15).

Form 8938 (FATCA) may also apply at higher thresholds.

Failure to file: potentially severe penalties.

US FBAR/FATCA rules described here are illustrative, NOT authoritative. Thresholds, forms, and penalties change frequently. Always consult a US CPA specialising in expat/NRI taxation for current rules before acting. Check current thresholds and penalties with your US CPA.

NEED EXPERT HELP?

Unsure about your DTAA claim, TRC process, or cross-border tax filing obligations?

Dreamvisas can refer you to trusted cross-border CA specialists for your corridor.

Contact: manoj@dreamvisas.com | +91 98220 33225 | www.dreamvisas.com

ACTION STEPS

1. Identify all taxable India income sources (NRO interest, rent, capital gains, dividends)
2. Ask your CA annually: 'Do we need TRC + Form 10F this year?' — before ITR filing season
3. Obtain TRC from your overseas tax authority before the Indian ITR deadline
4. Keep TRC + Form 10F + Form 26AS in your NRI Financial Folder every year
5. For US NRIs: file FBAR by April 15 (auto-extended Oct 15) — check current threshold with US CPA
6. For Canada NRIs: report Indian income on T1 and claim foreign tax credit via T2209
7. For UAE NRIs: verify 183-day UAE residency before applying for UAE TRC

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Your Indian CA and your overseas accountant must talk to each other — or both report to you with full visibility of the other's work. Silence between them is exactly how double taxation happens.

Mistake #6: Continuing Investments the Wrong Way

REAL CASE

Deepa moved to Germany in January 2023. She had five SIPs totalling Rs. 40,000/month linked to her HDFC resident savings account. She meant to update KYC 'in a few weeks'.

By August, KYC was flagged and all five SIPs failed silently. She discovered it only when fund balances had not grown as expected. Restarting from Germany took 11 weeks.

She missed seven months of SIP investments during a market rally — lost corpus: ~Rs. 3.8 lakhs.

KEY TAKEAWAYS

- ✓ SIPs from resident accounts fail silently — often with no notification to you
- ✓ Mutual fund KYC must be updated to NRI status at each AMC separately — not once centrally
- ✓ DEMAT accounts need NRI conversion — PIS route may apply for active direct equity trading
- ✓ US and Canada NRIs face PFIC complications for Indian mutual funds — check current rules*
- ✓ Start conversion before departure — the process takes 2-8 weeks per institution

SIMPLE RULE

List every SIP, mutual fund, and DEMAT account. Contact each institution BEFORE you leave India. Converting from abroad takes 3x as long — and SIPs fail silently while you wait.

WARNING

US AND CANADA NRIs — PFIC RISK

Indian mutual funds may be classified as Passive Foreign Investment Companies (PFICs) under US/Canadian tax law. Gains can be taxed at the highest marginal rate plus an interest charge.

Many top Indian AMCs explicitly exclude US and Canada residents from new investments.

PFIC rules described here are illustrative, NOT authoritative. US/Canadian PFIC treatment, thresholds, and reporting requirements change frequently. Check current US/Canadian rules with a cross-border tax advisor BEFORE continuing or starting any Indian mutual fund SIPs.

NRI Investment Conversion Checklist

Investment	Action Required	Timeline	Key Watch-Out
Mutual Funds	Update KYC to NRI + link to NRO/NRE	2-4 weeks per AMC	US/Canada: check PFIC rules first
DEMAT Account	Convert to NRI DEMAT (PIS or non-PIS)	2-6 weeks	PIS needed for active equity trading
Direct Equity	May need PIS permission from RBI via bank	4-8 weeks	Non-PIS route for delivery-only holdings
SIPs	Stop old SIPs; restart from NRO/NRE after KYC	Immediate + 2-4 wks restart	Some AMCs do not accept US/Canada NRIs
Fixed Deposits	Convert to NRO FD or NRE FD by source	1-2 weeks	NRE FD only for foreign-sourced funds
PPF	No fresh NRI contributions; existing continues to maturity	N/A	Extension after maturity not permitted for NRIs

ACTION STEPS

1. List all mutual fund folios, DEMAT, and broker accounts before departure
2. For each institution, ask: 'What is your NRI conversion process and timeline?' Get it in writing
3. Link all investments to NRO or NRE accounts as appropriate for source of funds
4. Update KYC with overseas address and NRI status at every AMC separately — not just one
5. US/Canada NRIs: get written PFIC advice from a cross-border CPA before continuing any SIPs

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Contact every mutual fund AMC and your DEMAT broker before you leave India. The conversion that takes 3 days from India takes 3 months from overseas — and SIPs fail silently while you wait.

Special Topic: Digital Nomads & Remote Work — The Tax Grey Zone

The rise of remote work has created a new category of NRI: the Indian employee working for an Indian company from overseas, or the Indian freelancer serving global clients from a foreign country. The tax rules for this group are frequently misunderstood — and the mistakes are expensive.

REAL CASE

Kavya, a software engineer at a Bengaluru startup, began working fully remote from Amsterdam in 2023. Her salary continued to credit to her Indian savings account. Her employer did not change her payroll setup. Her CA filed her as NRI for AY 2024-25. The Income Tax department sent a notice: her Indian salary was taxable in India regardless of where she physically worked, because her employer was Indian and the source of income was India. Her CA had missed this. Additional tax + interest: Rs. 1.85 lakhs.

KEY TAKEAWAYS

- ✓ If your EMPLOYER is Indian and salary is paid from India — it is generally taxable in India regardless of where you physically work
- ✓ The 'place of service' matters but so does the 'place of accrual' — both determine Indian tax exposure
- ✓ Remote workers for foreign employers with salary paid to an overseas account are usually not taxed in India
- ✓ Freelancers serving global clients from overseas: income taxability depends on residency status and whether services are rendered from abroad
- ✓ Employer ESOP/RSU grants from Indian companies: separate tax event in India — do not ignore

Scenario 1: NRI Working Remotely for an Indian Employer

If you are an NRI and your salary is paid by an Indian company into an Indian account, the salary is likely taxable in India — because the source and payer are both Indian. The DTAA between India and your country of residence may provide partial relief, but this scenario requires specialist cross-border advice to manage correctly.

Scenario 2: NRI Working for a Foreign Employer (salary to overseas account)

If your employer is foreign, your salary is credited to an overseas bank account, and you work from that overseas country, the salary is generally NOT taxable in India — provided you are correctly classified as NRI for that financial year. The critical point: if you spend too many days in India, you may lose NRI status and your overseas salary becomes taxable in India.

Scenario 3: Indian Freelancer Working Abroad for Global Clients

If you are a self-employed NRI providing services to overseas clients from your overseas location, income received outside India is generally not taxable in India while you are NRI. However, if the contract is executed through an Indian entity, or invoices are raised through an Indian company, the Indian entity's income is taxable in India regardless of your personal NRI status.

PLACE OF SERVICE vs PLACE OF ACCRUAL — The Key Distinction

Indian tax law taxes income that ACCRUES or ARISES in India — even if received outside India.

Salary paid by an Indian employer to an NRI: accrues in India = taxable in India.

Salary paid by a foreign employer for services rendered outside India: accrues outside India = not taxable in India.

The test is NOT where you physically sit when you work.

The test IS where the income originates and who the payer is.

If your payslip is from an Indian company, assume Indian tax applies until CA confirms otherwise.

Check current rules with your CA — CBDT has issued circulars on this topic that may affect your position.

ESOPs and RSUs from Indian Employer

If your Indian employer has granted you ESOPs (Employee Stock Option Plans) or RSUs (Restricted Stock Units), these create a separate Indian tax event at the time of vesting — regardless of whether you are NRI at that point. The perquisite value (market price minus exercise price) is taxable as salary in India. Do not ignore ESOP vesting events while abroad.

WARNING

DIGITAL NOMAD VISA HOLDERS — SPECIAL RISK

Several countries (Portugal, Spain, Georgia, UAE) now offer Digital Nomad visas.

Holding a Digital Nomad visa does NOT automatically resolve your Indian tax position.

You must still satisfy the Income Tax day-count tests for India AND the host country's tax residency tests. In some cases, you may be tax-resident in neither country — creating a tax-compliance gap that is harder to explain if questioned by authorities later.

If you hold or are applying for a Digital Nomad visa, get written cross-border CA advice before your first payroll date in the new country.

ACTION STEPS

1. Identify who your legal employer is and where your salary is paid — this determines Indian tax exposure
2. If your Indian employer has not changed your payroll setup after your overseas move, raise it immediately
3. Inform your CA of your exact employment structure: Indian employer / foreign employer / freelance
4. For ESOP/RSU holders: share your vesting schedule with your CA before each vesting event
5. For Digital Nomad visa holders: get written cross-border CA advice before starting work
6. Do not rely on general NRI status to exempt Indian employer salary from Indian tax

IF YOU REMEMBER ONE THING FROM THIS SPECIAL TOPIC

NRI status protects overseas income from Indian tax — but if your EMPLOYER is Indian and salary

is paid from India, it is generally still taxable in India. NRI status is about where income ARISES,

not just where you live. Get written CA confirmation of your specific employment structure.

Mistake #7: Property Income & Sale Without a Plan

REAL CASE

Ramesh (UAE NRI) sold an inherited Pune flat for Rs. 2.1 crore in 2024 — held 21 years.

No Lower Deduction Certificate was applied for. The buyer deducted TDS at 20% on Rs. 2.1

crore = Rs. 42 lakhs. Ramesh's actual LTCG tax: ~Rs. 9 lakhs. Rs. 33 lakhs sat with the

Income Tax department for 19 months before the refund arrived.

Conservative opportunity cost: Rs. 3.9 lakhs.

KEY TAKEAWAYS

✓ TDS on NRI property sale: 20% LTCG (held >2 years) or 30% STCG (held <2 years) on FULL sale price

✓ A Lower Deduction Certificate (Section 197) can reduce TDS to your actual capital gains tax liability

✓ Apply for LDC at least 8-10 weeks BEFORE the sale date — not after

✓ Budget 2026: buyer no longer needs TAN — PAN-based challan now permitted (from Oct 1, 2026)*

✓ Capital gains indexation benefit removed for property sold after July 23, 2024 — recalculate LTCG

✓ NRO repatriation cap: USD 1M/year — plan large property sales with at least 1-3 months lead time

SIMPLE RULE

Planning to sell Indian property as NRI? Think: LDC (apply 8-10 weeks before) + repatriation plan + 2-3 month timeline. Miss any one of these three and it costs lakhs.

Why NRI Property Sales Are Different

When a resident Indian sells property, the buyer deducts only 1% TDS under Section 194-IA. When an NRI sells, TDS falls under Section 195 at dramatically higher rates — applied on the FULL sale consideration, not just the gains.

Type of Gain	Holding Period	TDS Rate	Applied On	Worked Example
Long-Term Capital Gain (LTCG)	Property held >2 years	20% + surcharge + cess (~23% effective)	FULL sale consideration	Rs. 2 crore sale → TDS Rs. 46 lakhs (before LDC)
Short-Term Capital Gain (STCG)	Property held <2 years	30% + surcharge + cess (~35% effective)	FULL sale consideration	Rs. 2 crore sale → TDS Rs. 70 lakhs (before LDC)

WARNING

CRITICAL: LOWER DEDUCTION CERTIFICATE — Apply BEFORE the Sale Date

Without LDC (Section 197), buyer MUST deduct TDS on the FULL SALE PRICE.

On a Rs. 2 crore property purchased for Rs. 1.5 crore in 2005:

Without LDC: TDS = 20% of Rs. 2 crore = Rs. 40 lakhs locked for 12-18 months

With LDC: TDS = ~8% of Rs. 50 lakh actual gain = Rs. 4 lakhs

Apply via TRACES portal (Form 13) with your CA. Allow 8-10 weeks minimum.

Check current LDC processing time and rules with your CA before proceeding.

INDEXATION UPDATE — Budget 2024:

For property sold AFTER July 23, 2024, indexation benefit for LTCG has been removed.

Cost of acquisition = original cost. This significantly increases LTCG for long-held property.

Check current rules with your CA — this is one of the highest-impact recent changes for NRIs.

Budget 2026 Update: TAN No Longer Required

The Union Budget 2026-27 removed the mandatory requirement for buyers to obtain a TAN when purchasing property from NRIs. From October 1, 2026, buyers can deposit TDS using a

PAN-based challan. Verify current implementation status with your CA as the effective date may change.

NEED EXPERT HELP?

Planning a significant NRI property sale, repatriation, or estate planning exercise?

Dreamvisas coordinates with your CA and lawyer to create an integrated plan across both countries.

Contact: manoj@dreamvisas.com | +91 98220 33225 | www.dreamvisas.com

Capital Gains Exemptions Available

- Section 54: Reinvest in new residential property in India within 1 year before or 2 years after sale
- Section 54EC: Invest up to Rs. 50 lakhs in NHAI/REC bonds within 6 months of sale
- Section 54F: Reinvest net sale consideration in residential property (for non-residential property sales)

ACTION STEPS

1. Before renting or selling: get a full CA plan covering taxation, TDS, LDC, and repatriation steps
2. If selling: apply for LDC (Form 13 via TRACES) at least 8-10 weeks before the agreed sale date
3. Inform buyer about NRI TDS rates and new PAN-based challan process (Budget 2026)
4. For post-July 2024 sales: recalculate LTCG without indexation benefit with your CA
5. Keep all documents: sale deed, tax payment proofs, bank certificates, Form 26AS
6. Budget 1-3 months for repatriation — not 2 weeks

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Never agree to a property sale date until your LDC application has been submitted. The 8-10 week LDC timeline is the controlling constraint. Everything else works backwards from it.

Mistake #8: Insurance Gaps — India + Overseas

REAL CASE

Kavitha (UK NRI) assumed her employer group health insurance covered her parents in India. It did not.

Her father had a cardiac event requiring Rs. 8.5 lakhs of treatment. Her Indian health policy

had lapsed — premium missed when her resident account was frozen (Mistake #2).

Total unplanned cost: Rs. 8.5 lakhs treatment + Rs. 1.2 lakhs in emergency wire transfer costs.

KEY TAKEAWAYS

✓ Employer group health insurance almost never covers family members remaining in India

✓ Indian health policies lapse if premium auto-debits from a frozen resident account

✓ Parents' health cover should be Rs. 10-25 lakhs minimum — especially for ages 60+

✓ Review ALL insurance during every job change, visa change, or country change

✓ Life insurance: reassign beneficiary and ensure overseas nominee is valid under Indian Succession Act

SIMPLE RULE

Insurance review = every time your life changes (new job, new country, new visa). Set a 15-minute calendar reminder for every such change. This is a Rs. 10+ lakh risk prevention step.

Coverage Benchmarks

Coverage Type	Recommended Minimum	NRI-Specific Action
Personal life (term)	15-20x annual income	Inform insurer of NRI status; confirm beneficiary valid under Indian Succession Act
Personal health (overseas)	USD/CAD 5-10 lakh equivalent	Confirm policy covers India visits and pre-existing conditions
Parents' health (India)	Rs. 10-25 lakhs per parent	Senior citizen plans available; set premium auto-debit from NRO account

Coverage Type	Recommended Minimum	NRI-Specific Action
Critical illness rider	Rs. 50 lakhs - Rs. 1 crore	Covers gap between health policy payout and actual treatment cost
Property (India)	Full reinstatement value	Required if property is rented out; most NRIs forget this entirely

WARNING

INSURANCE LAPSE TRAP

If your Indian insurance premium is auto-debited from a resident savings account that gets frozen (Mistake #2), your policy will lapse without any warning.

Set up ALL Indian insurance premium payments from your NRO account immediately after opening it.

Inform each insurer of your NRI status and overseas address — claim denial is possible if not done.

ACTION STEPS

1. Create your one-page insurance inventory — all policies, India and overseas, on one document
2. Update ALL Indian insurance premium payment mandates to NRO account
3. Inform every insurer of your NRI status and current overseas address
4. Review parents' health coverage — upgrade to Rs. 15+ lakhs if currently lower
5. Check overseas employer plan: does it cover India visits? Does it have a repatriation clause?

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Your parents' health insurance premium must auto-debit from your NRO account. If it debits from a frozen resident account, the policy lapses. This is a Rs. 10+ lakh mistake waiting to happen.

Mistake #9: EPF, PPF, and Retirement Account Mistakes

REAL CASE

Suresh left Bengaluru for Singapore. His EPF balance was Rs. 14.2 lakhs.

Three years later, he tried to withdraw and found the account classified as 'inoperative'.

Reactivation + withdrawal took 7 months and multiple EPFO office visits by his father (PoA).

He also missed his RNOR benefits on the withdrawal — he had already returned to Indian

Resident status by then, which meant the withdrawal was fully taxable in India.

KEY TAKEAWAYS

✓ EPF: NRIs cannot make fresh contributions unless on Indian payroll — but existing balance earns interest

✓ PPF: NRIs cannot open new accounts; existing accounts continue till maturity (no extension permitted)

✓ NPS: NRIs CAN open and contribute — useful for India-linked retirement planning

✓ EPF accounts become 'inoperative' after 3 years of no contribution — monitor actively

✓ Timing RRSP/401k/Super withdrawals around your RNOR window can save significant tax

SIMPLE RULE

List every retirement bucket (EPF, PPF, NPS, 401k, RRSP, Super) with current balance and institution — one table, one page. Review it every April alongside your ITR filing.

EPF, PPF, and NPS: NRI Rules at a Glance

Account	Can NRI Open?	Can NRI Contribute?	What Happens	Key Concern
EPF	No (new accounts)	Only if on Indian payroll	Balance earns interest; withdraw after 2+ months unemployment	Inoperative after 3 years — check status actively

Account	Can NRI Open?	Can NRI Contribute?	What Happens	Key Concern
PPF	No (new accounts)	No fresh contributions	Continues to maturity (15 years); no extension for NRIs	Interest tax-free at maturity if held full term
NPS	Yes — NRIs can open	Yes, NRIs can contribute	Same exit rules as residents; annuity requirement applies	Useful for India-linked retirement planning

Overseas Retirement Accounts

- **USA 401(k)/IRA:** India does not tax withdrawals unless you are Indian Resident when received. Time withdrawals relative to your return date and RNOR window. Check current US rules with a US CPA.
- **Canada RRSP:** Withdrawals are taxable Canadian income. Returning to India during Indian residency may create dual-reporting obligations. Plan drawdown sequence with a cross-border advisor.
- **Australia Superannuation:** Departing Australia Superannuation Payment (DASP) allows withdrawal on permanent departure, but with a currently high tax rate. Consider carefully before claiming DASP. Check current ATO rules.

NOTE ON NON-INDIAN REGULATIONS

Rules for US 401(k), Canadian RRSP, and Australian Super described above are illustrative.

Tax treatment, thresholds, and withdrawal rules change frequently in each jurisdiction.

Always consult a qualified tax professional in the relevant country BEFORE any withdrawal action.

PRO TIP

Before returning to India permanently: consult a cross-border tax specialist about overseas retirement accounts. Timing your return (which financial year you arrive back) and planning withdrawals around your RNOR window can save substantial tax. RNOR typically lasts 2-3 years — during which foreign-source pension and retirement income is generally not taxed in India. Check RNOR rules with your CA as they can change with Finance Act amendments.

ACTION STEPS

1. List every retirement bucket (EPF, PPF, NPS, 401k, RRSP, Super) with balance and institution
2. Check EPF account for 'inoperative' status — activate via EPFO portal or through your PoA
3. Get country-specific advice on overseas retirement accounts before any withdrawal decision
4. Understand tax implications of withdrawals in BOTH countries before acting
5. If returning to India: plan retirement account withdrawals around your RNOR window
6. Keep all retirement account statements updated in your NRI Financial Folder — review annually

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Check your EPF account status annually. Accounts become 'inoperative' after 3 years of no contribution — and reactivating an inoperative EPF account from overseas is a months-long ordeal requiring your Indian PoA.

Mistake #10: Estate Planning & Nomination Failures

The Silent Wealth Destroyer

REAL CASE

Rajesh (Canada NRI), passed away at 52. Assets in India (NRO account, two properties, mutual funds) and Canada (RRSP, TFSA, joint property). No Indian will. Nominees on Indian accounts were outdated — his mother, who had also passed away. His Canadian will did not address Indian assets. Family spent 2 years and Rs. 12 lakhs in legal fees obtaining succession certificates and navigating probate across two jurisdictions.

KEY TAKEAWAYS

- ✓ Outdated nominations are shockingly common — and legally devastating when discovered
- ✓ A nominee is NOT the same as an heir — without a will, legal heirs can contest the nominee
- ✓ Assets across two countries need two coordinated wills — one can inadvertently revoke the other
- ✓ A simple asset map shared with family is the single most protective step you can take today
- ✓ Cost of proper estate planning: Rs. 25,000-50,000. Cost of NOT doing it: Rs. 12+ lakhs and years

SIMPLE RULE

Cost of proper estate planning: Rs. 25,000-50,000 in total. Cost of NOT doing it: Rs. 12+ lakhs and 2 years of family stress. Update nominations and create your asset map this month.

Step 1: Update All Nominations — This Week

- Bank accounts: savings, NRE, NRO, FCNR — every account separately
- DEMAT accounts and mutual fund folios — each folio separately, not just the AMC
- Insurance policies: life and health — including critical illness if held separately
- PPF, EPF, NPS accounts
- Overseas accounts: check if beneficiary designation is available in your country

Step 2: Create Your One-Page Asset Map

One document listing all accounts and assets across both countries. Share with your spouse or one trusted family member. Update every April.

Account Type	Institution	Approx. Value	Nominee/Beneficiary	Country
NRE Savings	SBI / HDFC / ICICI	Rs. XX lakhs	[Name + relationship]	India
NRO Savings	Your bank	Rs. XX lakhs	[Name + relationship]	India
Mutual Funds	[AMC Name]	Rs. XX lakhs	[Name + relationship]	India
RRSP / 401k	[Bank/Broker]	CAD/USD XX	[Name + relationship]	Overseas
Property	[Full address]	Rs. XX crore	N/A — covered by Will	India
Life Insurance	[Insurer]	Rs. XX lakhs assured	[Name + relationship]	India

Step 3: Consider a Will — or Two

- Indian Will: covers all Indian assets (property, bank accounts, investments). Governed by the Indian Succession Act. Ideally registered at the Sub-Registrar's office for maximum enforceability.
- Overseas Will: covers assets in your country of residence. Each jurisdiction has its own succession laws — name the executor correctly and seek local legal advice.

WARNING

Do NOT use a general 'I revoke all previous wills' clause in your overseas will.

This can inadvertently revoke your Indian will.

Use lawyers in BOTH jurisdictions who explicitly know about each other's documents.

Include a specific savings clause in each will:

'This will does not revoke my [Indian/Canadian/US] will dated [date].'

For NRIs with minor children abroad: appoint a guardian explicitly in your overseas will.

Indian succession law may default differently for children born and residing overseas.

NEED EXPERT HELP?

Planning cross-border estate, significant property sale, or integrated immigration + financial plan?

Dreamvisas coordinates with your CA and lawyer across both countries for a joined-up approach.

Contact: manoj@dreamvisas.com | +91 98220 33225 | www.dreamvisas.com

ACTION STEPS

1. Update nominee on every single financial account — India and overseas — this week
2. Create your one-page asset map and share with your spouse or one trusted family member
3. Execute a registered Indian will covering all Indian assets
4. Consider a separate overseas will for assets in your country of residence
5. Use lawyers in both jurisdictions who are explicitly aware of each other's wills
6. Review nominations, asset map, and will every April — immediately after any major life event

IF YOU REMEMBER ONE THING FROM THIS CHAPTER

Share your asset map with your spouse or one trusted family member — today. Every week you delay is a week that Rs. 12+ lakhs in legal fees are one accident away.

Your Year-1 Abroad Operating System

Most NRI financial disasters happen in the first 18 months. Here is your structured operating rhythm to prevent them.

Monthly Tasks (30 Minutes)

- Transfer remittance on your fixed date using your comparison-rate provider
- Check that all SIPs ran successfully — log into each mutual fund platform
- Review NRO account balance for any unexpected TDS deductions
- Save transfer confirmation and rate in your NRI Financial Folder

Quarterly Tasks

- Compare FX providers — benchmark your average rate against mid-market (xe.com)
- Review Form 26AS on the Income Tax portal — check for unexpected TDS entries
- Confirm all insurance premium payments ran successfully from NRO account
- Update your asset map if any balance or account has changed significantly

Annual Tasks

- File Indian ITR — coordinate your CA with overseas accountant; provide TRC before ITR season
- Review residential status — recalculate days in India for the year (passport stamps)
- Renew TRC from your overseas tax authority before it expires for that year
- Review and update Will + all nominations — immediately after any major life event
- Check EPF/PPF account status — ensure accounts are not classified as inoperative
- If returning to India: get RNOR planning advice at least 6 months before planned return date

Templates & Checklists

Pre-Departure Checklist

COMPLETE BEFORE YOUR FLIGHT
☐ Registered Power of Attorney executed for trusted family member in India
☐ NRE account opened at preferred bank
☐ NRO account opened at preferred bank
☐ All resident savings accounts flagged for NRO conversion (within 6 months)
☐ Remittance provider account created and tested with a small transfer
☐ All insurance policy premiums linked to NRO account
☐ Complete list of all investments with conversion plan noted for each
☐ Copies of all property documents / loan documents provided to PoA
☐ CA introduced to overseas accountant (or briefed on your departure date and corridor)
☐ NRI Financial Folder created with all document scans — cloud + physical copy
☐ Passport copy, visa/PR document copy — with PoA and in cloud storage

30-Day NRI Financial Activation Calendar

Week	Action	Who to Contact	Expected Timeline
Week 1	Convert resident savings account to NRO	Your bank NRI desk	2-5 business days
Week 1-2	Notify each mutual fund AMC of NRI status change; submit NRI KYC form	Each AMC separately	1-3 weeks per AMC
Week 2	Open FCNR deposit if foreign currency surplus available	Your bank NRI desk	3-5 business days
Week 2-3	Convert DEMAT account to NRI DEMAT; apply for PIS if needed	Your broker / DP	2-6 weeks

Week	Action	Who to Contact	Expected Timeline
Week 3	Notify all insurance companies of NRI status; update premium debit to NRO	Each insurer's NRI helpline	1-2 weeks
Week 4	Set up fixed remittance date and test first transfer via comparison provider	Wise / Remitly / bank	Immediate
Month 2	Verify all SIPs running from NRO/NRE; check Form 26AS for TDS entries	AMC portals + IT portal	Ongoing
Month 3	Book cross-border CA consultation: ITR, DTAA, TRC requirements	Your CA + overseas accountant	Before ITR season

Bank Conversion Email Template

TEMPLATE: Email to Your Bank NRI Desk
Subject: Request for Residential Status Update — Account No. XXXXXXXXXX
Dear NRI Services Team,
I am writing to inform you that my residential status has changed from Resident Indian to Non-Resident Indian (NRI) with effect from [DATE], as I have moved abroad for employment/residence purposes.
I request you to:
1. Convert my existing Resident Savings Account No. [XXXXXXXX] to an NRO Savings Account
2. Update my KYC records with my overseas address: [FULL OVERSEAS ADDRESS]
3. Provide the process to open an NRE Savings Account
Attached: Passport copy Visa/PR document copy Overseas address proof (utility bill/bank statement)

Please confirm receipt and advise on next steps.
Contact: [EMAIL] [PHONE] PAN: [XXXXXXXXXX]
Regards, [Your Full Name]

Frequently Asked Questions

Q: Can I hold my old PPF account even as an NRI?

Yes. If you opened a PPF account as a resident, it continues until maturity (15 years). NRIs cannot make fresh deposits, and the 5-year extension block available to residents is NOT permitted for NRIs. Let the account mature then withdraw — maturity proceeds are tax-free.

Q: My EPF contributions stopped when I left India. Can I still withdraw?

Yes. NRIs can withdraw EPF after leaving Indian employment. The condition: at least two continuous months of unemployment before applying for full withdrawal. File Form 19 and Form 10C via the EPFO Unified portal or through your Indian PoA. Verify current EPFO withdrawal procedures as rules are updated periodically.

Q: What is the maximum I can repatriate from India to my overseas account?

From NRE account: no limit — fully repatriable. From NRO account: up to USD 1 million per financial year (April-March), subject to tax clearance and CA certification (Form 15CA/15CB). Amounts above USD 1 million require RBI approval. Check current RBI guidelines with your CA as these may be updated.

Q: I am returning to India permanently. What financial steps should I take first?

First, understand your RNOR window (typically 2-3 years) and time your return to maximise it. Second, do not rush to close overseas accounts — foreign income received during RNOR phase is generally not taxed in India. Third, convert NRE and NRO accounts to resident accounts within 6 months of becoming Resident. Fourth, consult a cross-border CA about overseas retirement account withdrawal timing. Fifth, update your Will for your new Resident status.

Q: Are digital assets (cryptocurrency) covered under Indian reporting for NRIs?

Yes. Indian tax law requires NRIs to report foreign assets in Schedule FA of the Indian ITR, including foreign digital assets held in overseas wallets or exchanges. Gains from cryptocurrency are taxed at 30% in India for NRIs under the VDA (Virtual Digital Asset) tax regime. This is a rapidly evolving area — consult your CA before any crypto transactions.

Q: Even if my India corpus is small (Rs. 10-20 lakhs), do these mistakes apply to me?

Absolutely yes. Mistakes #1 (residential status), #2 (account freezes), #5 (DTAA), and #10 (estate planning) have largely flat costs independent of corpus size. A Rs. 45,000 penalty for incorrect status filing hurts a Rs. 10 lakh corpus proportionally far more than a Rs. 5 crore one. Every single mistake in this guide applies to every NRI family regardless of wealth level.

Real-World Case Studies

Case Study 1: The SIP Silence

Situation	Mistake	Cost	Prevention
Monika (UK NRI), 4 SIPs of Rs. 40,000/month linked to resident HDFC account; continued 9 months after departure	Did not update AMC KYC; SIPs failed silently in month 5 after address mismatch flagged	Rs. 2.1 lakhs in missed SIP corpus during a bull market rally	Update KYC at every AMC before departure; link to NRO account in advance

Case Study 2: The Property Sale Repatriation Shock

Situation	Mistake	Cost	Prevention
Sundar (Canada NRI), sold Hyderabad flat for Rs. 1.9 crore in 2024 to fund Canadian property purchase	No LDC applied; 20% TDS on full sale = Rs. 38 lakhs locked. Post-July 2024 indexation removal increased LTCG	Rs. 38 lakhs locked 16 months; higher than anticipated LTCG; Canadian purchase delayed by one year	Apply for LDC 8-10 weeks before sale; model LTCG without indexation for post-July 2024 sales with CA

Case Study 3: The Double Taxation Trap

Situation	Mistake	Cost	Prevention
Meera (US NRI), NRO FD interest Rs. 2.8 lakhs + dividend income Rs. 90,000 — TDS deducted in India	No IRS TRC obtained; Indian CA did not claim DTAA; US CPA taxed same income on Form 1040	Rs. 1.15 lakhs + USD 4,200 paid unnecessarily. CA rectification fee to fix: Rs. 35,000	Obtain IRS TRC annually; brief Indian CA and US CPA together; keep Form 26AS as proof of India taxes

Case Study 4: The Insurance Gap During Job Change

Situation	Mistake	Cost	Prevention
Arjun (Canada NRI), switched employers; 60-day gap between	Assumed gap insurance covered India visits; parents' Indian policy	Emergency medical treatment in India: Rs. 7.2 lakhs + Rs.	Maintain independent personal health policy not linked to employer; parents'

Situation	Mistake	Cost	Prevention
group health plans; India trip fell in gap period	lapsed from frozen resident account	45,000 wire and CA fees	premiums from NRO account

Case Study 5: The Estate Planning Nightmare

Situation	Mistake	Cost	Prevention
Rajesh (Canada NRI), died at 52; assets across India and Canada; no Indian will; nominees outdated (deceased mother)	Canadian will did not address Indian assets; no asset map existed; family unaware of 2 India properties	2 years + Rs. 12 lakhs in legal fees, succession certificates, and cross-jurisdiction probate	Execute Indian will + overseas will (coordinated); update nominees annually; share asset map with family

Annex A: Cross-Border Tax & DTAA Reference Notes

This annex provides condensed reference information for the most common NRI corridors. Rules here are current as of Budget 2026 and Finance Act 2025-26. Always verify with a qualified professional in each country before acting.

A1. India-Canada Corridor

- DTAA: India-Canada DTAA (signed 1996) prevents double taxation on dividends, interest, royalties, capital gains, and employment income.
- TRC: Obtain from Canada Revenue Agency (CRA). Typically a letter confirming your Canadian tax residence for the relevant year.
- Foreign Tax Credit: Report Indian income on Canadian T1 return; claim credits via Form T2209 for taxes paid in India.
- RRSP: Canada-India tax treatment of RRSP withdrawals post-return requires specialist advice. Timing around your RNOR window is critical.
- FEMA compliance: Canadian bank accounts must be reported in Schedule FA of Indian ITR (Form TR-FA). Check current reporting thresholds with your CA.

A2. India-United States Corridor

- DTAA: India-US DTAA (1989) covers most income types. However, the US 'savings clause' means the US taxes its citizens and residents on worldwide income regardless of treaty.
- FBAR: Foreign Bank Account Report (FinCEN Form 114). Required if aggregate foreign account balances exceeded USD 10,000 at any point during the year. Due April 15 (auto-extended October 15). Check current threshold and penalties with your US CPA.
- FATCA: Form 8938 (Statement of Specified Foreign Financial Assets). Applies at higher thresholds than FBAR. Check current thresholds with your US CPA.
- PFIC: Indian mutual funds may be classified as PFICs under US tax law. Punitive tax treatment possible. Check with US CPA before continuing any Indian mutual fund SIPs.
- US rules described above are illustrative. Thresholds, forms, and penalties change frequently. Always consult a US CPA specialising in expat/NRI taxation for current authoritative rules.

A3. India-UAE and Gulf Corridor

- UAE has no personal income tax. However, the India-UAE DTAA (1993, revised) still applies to protect UAE-based NRIs from Indian tax on UAE-sourced income.
- UAE TRC: Obtain from UAE Ministry of Finance portal. Requires 183+ days of UAE physical presence. Process and requirements subject to change — verify with UAE tax advisor.

- Deemed Resident risk (Section 6(1A)): Gulf NRIs earning >Rs. 15 lakhs in Indian income with zero overseas tax are caught. Check annually with CA.
- Qatar, Saudi Arabia, Bahrain, Kuwait, Oman: Similar principle applies — no local income tax creates Deemed Resident exposure for Indian citizens. Check current rules with CA.

A4. India-Australia Corridor

- DTAA: India-Australia DTAA (1991) applies to most income types.
- Superannuation: DASP (Departing Australia Superannuation Payment) allows withdrawal on permanent departure. Currently taxed at a high rate. Check current ATO rules before claiming.
- Australian tax rules described above are illustrative. Rates and rules change. Check with a registered Australian tax agent for current authoritative advice.

Annex B: NRI Property Tax & Repatriation Reference

This annex condenses the key NRI property transaction steps. Current as of Budget 2026 and Finance Act 2025-26. Always verify current rules with your CA before acting.

B1. TDS Rates on NRI Property Sale

Type	Holding Period	TDS Rate (approx.)	Applied On	LDC Available?
LTCG	Held >2 years	20% + surcharge + cess (~23%)	Full sale consideration	Yes — Section 197
STCG	Held <2 years	30% + surcharge + cess (~35%)	Full sale consideration	Yes — Section 197

B2. Lower Deduction Certificate (LDC) — Step by Step

- Step 1: Engage CA with property sale details, cost of acquisition, and expected sale price.
- Step 2: CA calculates actual capital gains tax liability and prepares Form 13.
- Step 3: File Form 13 on TRACES portal (NRI seller must have TRACES login).
- Step 4: Income Tax Assessing Officer processes and issues LDC — typically 6-10 weeks (verify current processing time with CA).
- Step 5: Provide LDC to buyer before registration. Buyer deducts TDS at the LDC rate — not the standard 20%/30%.
- Step 6: TDS deposited by buyer within 30 days of deduction.

B3. NRO Repatriation Step by Step

- Repatriation cap: USD 1 million per financial year from NRO account. Check current RBI limits.
- Documents required: sale deed, Form 26AS, tax payment challan, CA certificate.
- Forms required: Form 15CA (filed online by NRI) and Form 15CB (CA certificate) — verify current applicability threshold with your CA.
- Typical processing timeline: 1-3 months for large repatriations. Plan accordingly.

B4. Capital Gains Exemption Sections (Quick Reference)

Section	Type of Gain	Reinvestment Required	Deadline	Cap
54	LTCG on residential property	New residential property in India	2 yrs after (or 1 yr before)	One property
54EC	LTCG on any capital asset	NHAI/REC specified bonds	6 months after sale	Rs. 50 lakhs
54F	LTCG on non-residential asset	New residential property in India	2 yrs after (or 1 yr before)	Net consideration

Check current exemption limits, bond availability, and reinvestment conditions with your CA before planning any property sale around these sections.

Glossary of Key Terms

Term	Full Form & Meaning
CA	Chartered Accountant — your qualified tax advisor in India
CRS	Common Reporting Standard — global automatic exchange of financial account information between tax authorities
DASP	Departing Australia Superannuation Payment — allows permanent emigrants to claim Australian Super with applicable tax (check current ATO rates)
DEMAT	Dematerialised Account — holds shares and securities in electronic form
DTAA	Double Taxation Avoidance Agreement — treaty preventing same income from being taxed twice in two countries
EPF	Employees' Provident Fund — retirement savings from Indian employment
FBAR	Foreign Bank Account Report (FinCEN Form 114) — US requirement for foreign accounts; check current threshold with US CPA
FATCA	Foreign Account Tax Compliance Act — US law requiring foreign banks to report US person accounts to the IRS
FCNR	Foreign Currency Non-Resident — fixed deposit in foreign currency held in Indian bank; fully repatriable
FEMA	Foreign Exchange Management Act — Indian law governing foreign exchange; violations carry penalty up to 3x amount (check current with CA)
ITR	Income Tax Return — annual tax filing with India's Income Tax Department
KYC	Know Your Customer — identity and address verification required by all financial institutions
LDC	Lower Deduction Certificate — certificate under Section 197 reducing TDS rate on NRI property sale; apply via TRACES portal
LRS	Liberalised Remittance Scheme — allows resident Indians to remit up to USD 250,000/year overseas. Does NOT apply to NRIs remitting to India.
LTCG	Long-Term Capital Gains — gains from assets held beyond the specified holding period
NOR/RNOR	Not Ordinarily Resident / Resident but Not Ordinarily Resident — transitional tax status for returning NRIs; foreign income generally not taxed for 2-3 years
NPS	National Pension System — government pension scheme open to NRIs
NRE	Non-Resident External — bank account for overseas earnings; interest tax-free in India; fully repatriable
NRI	Non-Resident Indian — defined by physical presence in India under Income Tax Act; also defined separately under FEMA
NRO	Non-Resident Ordinary — bank account for India-source income; repatriation capped at USD 1M/year

Term	Full Form & Meaning
OCI	Overseas Citizen of India — lifelong visa for persons of Indian origin with foreign citizenship; different FEMA property rules from NRI
PAN	Permanent Account Number — Indian tax identification number; mandatory for financial transactions
PFIC	Passive Foreign Investment Company — US/Canadian tax classification for foreign mutual funds; check current rules with cross-border CPA
PIS	Portfolio Investment Scheme — RBI route for NRIs to buy/sell shares on Indian stock exchanges
PoA	Power of Attorney — legal document authorising someone to act on your behalf in India
PPF	Public Provident Fund — 15-year government savings scheme; NRIs cannot make fresh contributions
SIP	Systematic Investment Plan — periodic investment in mutual funds
STCG	Short-Term Capital Gains — gains from assets sold within the short-term holding period
TDS	Tax Deducted at Source — tax withheld by the payer at the time of payment
TRC	Tax Residency Certificate — document from overseas tax authority proving tax residence; required for DTAA claims in India
VDA	Virtual Digital Asset — includes cryptocurrency and NFTs; taxed at 30% in India (check current rate with CA)

Thank You for Reading

Thank you for investing your time in this guide. My goal was simple: to save you from the financial mistakes that cost thousands of NRI families lakhs of rupees every year.

If even one chapter of this book saves you from a costly error — an LDC not filed, an RNOR window missed, a nomination not updated — it has done its job many times over.

Immigration is a journey of hope, courage, and planning. Whether your India corpus is Rs. 10 lakhs or Rs. 10 crore, your financial transition deserves the same care and preparation as your visa application. The families I have worked with who prepared properly are the ones who look back on their NRI journey with pride — not regret.

Best wishes for your journey!

Manoj Palwe | RCIC R422575 | CAPIC Fellow R11592 | MIA Qualified | www.dreamvisas.com

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DISCLAIMER: This book is an educational resource only. For personalised advice on your specific NRI financial and immigration situation, always consult a qualified CA and licensed RCIC.

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Thank you for reading!

Best wishes for your journey.

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