July 2019

Annual return on Foreign Liabilities and Assets (FLA return) – Change in system of reporting

The Reserve Bank of India (RBI)[1] has operationalised a web-based system online reporting portal – Foreign Liabilities and Assets Information Reporting (FLAIR) system for submission of foreign liabilities and assets (FLA) return by 15 July of every year, to enhance the security-level in data submission and improve data quality. This replaces the present email-based reporting system for submission of FLA return.

The main features of the FLAIR system are as follows:

1. FLA return is required to be submitted by the following entities, which have received foreign direct investment and/ or made overseas investment:

- A Company within the meaning of section 1(4) of the Companies Act, 2013.

- A limited liability partnership registered under the Limited Liability Partnership Act, 2008

- Others, including SEBI-registered Alternative Investment Funds (AIFs), Partnership Firms, Investment Vehicles, Public Private Partnerships, etc.

The circular now specifically mentions AIFs and Investment Vehicles as reporting entities required to file FLA return.

2. Reporting entities must create a login-name and password and register themselves on the following web portal**: https://flair.rbi.org.in**

3. The existing mechanism of email-based submission of FLA forms will be discontinued.

4. These directions will come into force with immediate effect and would be applicable for reporting information for the financial year 2018-19, i.e. FLA due on 15 July 2019 also needs to be filed on the new portal.

5. The FAQs issued by RBI in this regard provide that RBI approval would be required in case an entity wants to –

- File FLA return beyond the due date or file FLA return for any previous years;

- Delete or modify the previous version of FLA return.

The RBI approval may be obtained by sending an email to:- **surveyfla@rbi.org.in**.

6. Indian entities not complying with above will be treated as non-compliant with the Foreign Exchange Management Act, 1999 and regulations made thereunder.

The RBI has issued a user manual containing step-by-step instructions for registration and data entry, and FAQs, both of which can be downloaded from the FLAIR portal (https://flair.rbi.org.in)

[1] A.P. (DIR Series) Circular No. 37 dated 28 June 2019

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PwC TRS Team

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