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**REPRESENTATION TO THE
RESERVE BANK OF INDIA**
By
Bombay Chartered Accountants' Society
&
The Chamber of Tax Consultants

Date: 16th July, 2018

The Chief General Manager-in-charge,
Reserve Bank of India,
Foreign Exchange Department,
Foreign Investment Division,
Mumbai – 400 001

Subject: Issues relating to filing of Entity Master File

We appreciate Reserve Bank of India's (RBI's) effort to simplify reporting under Foreign Exchange and Management Act, 1999 (FEMA). However, in the process of simplifying the compliance procedures, technical impediments and procedural hitches have cropped up in filing the Entity Master Form (EMF). The most pressing issues which need to be addressed immediately by the RBI are as follows:

Key technical impediments:

1. A company is required to report inflow from the inception of the company. Moreover, the RBI has also mentioned that if there is no Foreign Direct Investment (FDI) currently, then FDI has to be reported as NIL. However, the RBI needs to provide clarity on two aspects:

“Whether foreign investments received under Foreign Exchange Regulation Act, 1973 (FERA) regime are required to be reported?”

“If a company has NIL FDI today, whether previous foreign investments received needs to be reported?”

It is pertinent to note that obtaining such historic data may be arduous. Also it is not possible to collate data for an indefinite past.

2. Provide guidance on companies in the process of liquidation:

“Whether an entity with FDI is required to file EMF even if it is under liquidation?”

It is important to recognize that it is difficult to obtain such data as an official Liquidator.

3. Provide clarity in the cases of companies undergoing a scheme of amalgamation / de-merger :

“Whether separate reporting is required for the merged or demerged entity or the resulting company should prepare a consolidated report?”

4. Provide guidance on reporting venture capital from foreign investors:

“How to report investment by Foreign Venture Capital Investor (FVCI) and whether investment by FVCI needs to be reported even for those cases where Form FC-GPR has not been filed earlier?”

Key procedural hindrances:

1. The website¹ for filing EMF is functioning slowly. The website keeps crashing and it takes at-least 30 minutes before the website starts responding again. The signing up procedure which requires validation of an entity user by the RBI consumes valuable time. The sign up procedure can be streamlined by allowing the Directors of the company to be the entity user for filing of EMF.

¹ <https://firms.rbi.org.in/firms/faces/pages/login.xhtml>

2. The EMF website does not provide for "Save as Draft" option i.e. all the information is required to be submitted at one go. The only solution is a "Reset" button which is available to reset the wrong inputs. Additionally, there is no "timer" for letting the entity user know when the session expires. The EMF was available only a week before and therefore it is a herculean task for any client to collate the data immediately and submit all the data in one go. It is recommended that a "Save as Draft" option be immediately implemented to ensure unencumbered reporting.

In view of the above mentioned hardships, we request your good selves to extend the deadline to submit the EMF to **31st August, 2018.**

We would be glad to meet in person to explain the above points and some other relevant issues which will help RBI to implement the new requirement seamlessly. We request for an appointment at any convenient time to your good selves.

Thanking You,

For **The Chamber of Tax Consultants**

For **Bombay Chartered Accountants' Society**

Sd/-
CA Hinesh Doshi
President

Sd/-
CA Sunil Gabhawalla
President