

All about ‘Special Non-Resident Rupee’ (SNRR) Account in India



1. What is SNRR account?

It is a type of Current account which any person resident outside India (Individual or Corporate) *and* having a business interest in India may open with an Authorized Dealer (AD) Bank in India for the purpose of undertaking certain prescribed transactions in Indian Rupees (INR).

2. Who is authorized to open SNRR account in India?

Only those persons resident outside India (Individual or Corporate) that have some kind of business interest in India can open SNRR account.

3. What are the permitted transactions for which SNRR account can be opened?

SNRR account can be opened exclusively for the following INR transactions:

- Investments made in India in accordance with Foreign Exchange Management Regulations, 2019 (both Debt and Non-Debt Instruments)
- Trade (Export / Import) invoicing in INR;
- External Commercial Borrowings (ECBs) in INR;
- Trade Credits in INR;
- Business related transactions undertaken by International Financial Service Centre (IFSC) units at Gujarat International Finance Tec-City (GIFT City) such as administrative expenses in INR, amount from sale of scrap in INR, government incentives in INR, etc.

Transactions under the Liberalized Remittance Scheme (LRS) of RBI cannot be routed through SNRR account.

4. Whether single SNRR account is required to be maintained for all category of permitted transactions or separate SNRR accounts need to be maintained for each category of transaction?

Indian Bank may, at its discretion, maintain separate SNRR account for each category of transactions *or* a single SNRR Account for a person resident outside India engaged in multiple categories of transactions provided it is able to identify / segregate and account them category-wise.

5. Whether interest can be earned on SNRR account balances?

No interest can be earned on SNRR account balance.

6. What kind of transactions / operations are prohibited / restricted through SNRR account?

The operations in SNRR account shall not result in the SNRR account holder making available foreign exchange to any person resident in India

Any transfer from Non-Resident Ordinary (NRO) account to SNRR account is prohibited

Opening of SNRR accounts by Pakistan and Bangladesh nationals / entities requires prior approval of RBI

7. Whether transfer from one SNRR account to another SNRR account is permitted?

Permitted only for transfers between SNRR accounts of the same non-resident person.

8. Is tax payable on SNRR account transactions?

Yes, all applicable taxes in India must be paid.

9. What is the status of SNRR account if the non-resident account holder becomes resident in India?

SNRR account may be re-designated as resident rupee account on the account holder becoming a resident in India.

10. Is the balance in SNRR account eligible for repatriation?

Yes.

11. What is the tenure for which SNRR account be opened?

The tenure of the SNRR account should be concurrent to the tenure of the contract / period of operation. The maximum permissible tenure is 7 years except the following cases for which no limit is prescribed due to time-consuming nature of the said transactions.

- Trade (Export / Import) invoicing in INR;
- ECBs in INR;
- Trade Credits in INR;
- Business related transactions undertaken by International Financial Service Centre (IFSC) units at Gujarat International Finance Tec-City (GIFT City) such as administrative expenses in INR, amount from sale of scrap in INR, government incentives in INR, etc.

It is possible to renew SNRR account after 7 years by obtaining prior approval from RBI.

12. What are the processes to be adopted for transactions undertaken through SNRR account?

- *Payments initiated to the Debit of SNRR account* - While handling INR payments to the debit of SNRR account favouring a person resident in India, AD Bank shall ensure that the transaction is communicated as SNRR transaction (including purpose code and country details, if applicable) to the recipient Bank, either through electronic means or manually
- *Payments received for Credit to SNRR account* - AD Bank holding SNRR account shall ensure that any domestic inward remittance received for credit to SNRR account should be confirmed as SNRR transaction
- AD Banks shall ensure compliance with applicable FEMA provisions



13. Who is responsible for FEMA compliance for transactions routed through SNRR account?

- *For Debit to SNRR account (for onward credit domestically)* - In case of receipt of Export proceeds by an Indian party by debit to SNRR account of the overseas buyer:
 - ✓ As in case of any inward remittance received for export payment, the AD Bank of the exporter shall ensure compliance with all export related rules prescribed under FEMA
 - ✓ The AD Bank maintaining SNRR account shall be responsible for performing due diligence of the overseas client and related FEMA compliances. Further, it shall, while transferring the funds to the AD Bank of the Indian exporter, provide complete KYC details of the account holder, purpose of remittance, currency and amount of remittance, name and account number of the beneficiary etc. so as to close the entries with the respective remittance.
- *For Credit to SNRR account (received from a domestic account)* - In case of payment for Imports by an Indian party by credit to the SNRR account of the overseas seller:
 - ✓ As in case of any outward remittance sent for import payment, the AD Bank of the Importer shall ensure compliance with all related import rules/regulations/guidelines prescribed under FEMA.
- Similarly, in case of ECBs, Trade credits, foreign investments, etc., the designated AD Bank maintaining the resident customer's account will be responsible for ensuring compliance with FEMA provisions, including issuance of Foreign Inward Remittance Certificate (FIRC), wherever applicable, on the same lines as it would have done in case of money received in freely convertible currency through an inward remittance.

14. Whether A2 reporting has to be undertaken by Bank remitting the funds?

Yes, any underlying transaction by a domestic Indian party, which requires A2 reporting for overseas remittance overseas will require the same in case of any domestic remittance resulting in credit to an SNRR account.



15. What is the major difference between SNRR, NRO, NRE and FCNR account?

SNRR account	NRO account	NRE account	FCNR account
Can be opened by any person resident outside India (Individual or Corporate) having some sort of business interest in India	Can be opened by any person resident outside India for managing his / her income in India (such as rent, dividend, pension, interest etc.)	Can be opened by any NRI or PIO to park his / her foreign earnings in India	Can be opened by any NRI or PIO to save foreign exchange earned overseas in a term deposit in India
Current account	Savings / Current / Recurring / Fixed Deposit account		Fixed Deposit account
Only INR transactions are permitted			Transactions in any freely convertible foreign currency is permitted
Non-interest bearing	Interest bearing		
Repatriable account, i.e., account holders can move their money from India to their country of origin	Non-repatriable account	Repatriable account	

16. How popular are SNRR accounts in India?

SNRR account can be opened only for certain categories of transactions as mentioned in FAQ no.3 above. Moreover, transactions routed through SNRR account are subject to restrictions as mentioned in FAQ no.6 above. Due to this reason, this form of bank account has not yet gained widespread popularity in India. RBI needs to come up with more relaxations to make SNRR form of bank account more attractive for foreign investors.

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