



Property Ownership In India Made Easy For NRIs

If you've recently invested in property in India as a Non-resident Indian (NRI) or plan to invest in real estate soon, here's a checklist to ensure a hassle-free experience

Investing in real estate in India as a Non-resident Indian (NRI) comes with its share of worries, particularly if you are not able to frequently visit your property. The last thing you'd want is to find it encroached or mired in legal disputes. There are solutions to prevent these situations. Here's a quick guide to follow after you've sealed the deal on your property as an NRI.

Repayment of Home Loan

If you are an NRI and have borrowed a home loan from an Indian bank to buy property in India, there are ways to repay your loan from your present country of residence. Any NRI buying property in India can repay the loan only through their NRE (Non-resident External), NRO (Non-resident Ordinary), or Foreign Currency Non-Resident (FCNR) accounts. Upon returning to India, an NRI can continue to repay the home loan through Equated Monthly Instalments (EMIs) from any of these accounts. In fact, if an NRI runs out of funds to repay the home loan, a residential Indian can transfer money to the NRI's NRE or NRO account to enable them to repay the loan.

Appointing A Power of Attorney

This should be one of the top priorities on your checklist if you've just bought property in India. As an NRI you will be living out of the country most of the time, so it's difficult to keep constant vigil over your

land, house, or property. There are also chances of illegal encroachment. Further, it is possible that the person you've entrusted the property to for safekeeping based on goodwill could suddenly claim ownership of the property in your absence. Or perhaps, rent it out secretly and pocket the rental income. You will then need to seek legal resolution in an Indian court which means a drain on your time and money. To prevent all this, it's a wise move to hand over the power of attorney (POA) to a trusted person or professional property management firm to handle all your property matters in India. You must then register the POA at the local sub-registrar's office where your property is located.

Registration of the Property

As an NRI, you must register your asset in line with the property purchase procedure in India. This will ensure that you are legally recognised as the owner of the property even during your long absence from the country. As the legal owner of the property, you must register all the documents at the local sub-registrar's office which is based in the property location or with the concerned area authority. The property registration process involves the submission of all the original property documents, property card, proof of payment of stamp duty, etc. If you are unable to register your property while in India, then your POA can fulfil the registration process since the physical presence of an NRI property owner is not mandatory.

Taxes and Exemptions

Even if you are an NRI, it is mandatory to file your income tax returns as a purchaser of property—home or land—in India. It is certain that you will have used your Permanent Account Number (PAN) card while buying the property. Following the purchase, your PAN card is further required to file your income tax returns on your investment in India.

As an NRI, the same taxation rules that apply to Indian citizens govern your real estate investment in India. You can also claim tax benefits under Section 80C of the Income Tax Act, 1961 (ITA). If you have bought the property for self-use, it is exempt from taxation. However, if you're renting it out, it will be deemed a taxable asset. Similarly, as an NRI, if you invest in more than two properties, you can only declare one property for self-use to enjoy the tax benefits.

Key Pointers For An NRI Purchasing Property

Repay your home loan taken in India

Appoint a power of attorney

Register the property locally

Check the tax implications under the ITA

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