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PROJECT OFFICE



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PROJECT OFFICE

To just execute a project, a foreign company starts a Project office in India, i.e., a temporary office setup to execute a specific project or contract. For executing a contract a foreign company can establish business in India without the prior permission of RBI with following constraints:

1. Funding is by a bilateral or multilateral international Financing Agency
2. Funding is by an inward remittance from abroad
3. An appropriate authority clears the project.
4. The company/entity in India responsible for the contract is awarded term loan by a public financial institution or a bank in India for the project Or else RBI approval is compulsory to start a Project office.



Income and Outcome

A Project office can open and operate a bank account including a foreign currency account in India. The expenses must be dealt only by out of inward remittances from the head office, or rupee amounts received locally under the approved contract(s). Outward remittances from the bank account are permitted subject to certain compliance requirements.

TAX payments

A project office is considered as the extension of a foreign company in India and thus the income is Taxable as the taxation provisions applicable to foreign companies under Income-tax Act, 1961 ("Act").

Closure

Closure takes a time period of 5-6 weeks. A closure application along with required documents is submitted to regional office of RBI if it is established under the approval route or is submitted to Authorized Dealer if it is established under the general permission.