

PFRDA permitted Overseas Citizen of India to enroll in NPS at par with Non-Resident Indians

Pension Fund Regulatory and Development Authority (PFRDA) has now permitted Overseas Citizen of India (OCI) to enroll in National Pension Scheme (NPS) at par with Non-Resident Indians vide Circular No: PFRDA/2019/19/PDES/3 dated 29th October 2019. The Government vide notification S.O. 3732(E) dated 17th October, 2019 on Foreign Exchange Management (Non-debt Instruments) Rules, 2019 of Dept. of Economic Affairs, has specified that an OCI may subscribe to the National Pension System governed and administered by PFRDA, provided such person is eligible to invest as per the provisions of the PFRDA Act and the annuity/accumulated saving will be repatriable, subject to FEMA guidelines.

Contributions made towards NPS are eligible for an additional tax deduction under section 80CCD(1B) upto Rs. 50,000 which is over and above the Rs 1,50,000 limit of deduction available under sec 80CCD(1). In the Union Budget 2019, the tax exemption limit for lumpsum withdrawal on exit/maturity from NPS has been increased from the present 40% to 60% under section 10(12A) of the IT Act and the remaining 40% of the corpus is already tax-exempt as it is mandatorily utilized for annuity purchase.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at kritika.bhasin@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spharma@phdcci.in and Ms Megha Kaul, Economist at megha@phdcci.in, PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India



Tel: +91 49545454
Fax: +91 11 26855450
Email: spsharma@phdcci.in
Website: www.phdcci.in

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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