



CLOSURE OF LIAISON OFFICE/BRANCH OFFICE/PROJECT OFFICE



BACKGROUND

The purpose of this presentation is to highlight the brief procedure of closure of Liaison Office/Branch Office/Project office as per the Master Directions issued by Reserve Bank of India and relevant sections of Companies Act, 2013 and other various statutory laws as applicable in India.



BACKGROUND

The validity period of an LO is generally for 3 years and can be renewed further for 3 years and so on and for PO till the tenure of the project. In the events where their validity has been expired or their foreign companies are desirous to close their place of business in India (LO/BO/PO), in such scenarios there is a provision under the Master Directions issued by Reserve Bank of India and relevant sections of Companies Act, 2013 and other various statutory laws as applicable in India to undertake such closures.

The LO/BO/PO needs to be closed in the records of ROC and AD Bank

REGISTRAR OF COMPANIES ("ROC")

If any foreign company has its place of establishment in India via LO/BO/PO and intends to close the same, first the application is required to be filed with ROC for such closure. Before making such request with ROC, a company must ensure that all the annual compliance are completed and updated in the records of ROC.

AUTHORIZED DEALER ("AD") BANK

Once the certificate for closure from ROC is received, the application along with other documents needs to be filed with AD Bank in order to close the LO/BO/PO and its bank accounts maintained with such AD Bank. Before making such application, all the annual compliance needs to be completed and updated in the records of AD Bank.





PROCEDURE FOR CLOSURE OF LO/BO/PO IN ROC

Steps for closure of LO/BO/PO in ROC

- Step 1** *Drafting of board resolution passed by foreign company and other relevant documents for closure of their business presence in India.*
- Step 2** *Execution and signing of documents. Since the board resolution shall be executed by the foreign company in its native country, the same needs to be notarized and apostilled.*
- Step 3** *Upon receipt of the executed documents, respective e-form is to be filed with ROC for closure of LO/BO/PO in India.*
- Step 4** *ROC scrutinizes the e-form and other documents annexed to it and if found in order, shall issue certificate for closure of LO/BO/PO.*





PROCEDURE FOR CLOSURE OF LO/BO/PO IN AD BANK RECORDS

Steps for closure of LO/BO/PO in AD Bank records

- Step 1** *Drafting and preparation of application for closure of LO/BO/PO along with other relevant documents for closure of bank account in this regard and also obtaining certificate from Chartered Accountant as per the prescribed format as given in master directions issued by RBI.*
- Step 2** *Execution and signing of documents.*
All the documents executing and signing outside India needs to be notarized and apostilled.
- Step 3** *Upon receipt of the executed documents, submission of application and other documents along with certificate from Chartered Accountant and certificate of closure as issued by ROC with AD Bank.*
- Step 4** *The AD Bank may forward the whole set of documents to RBI for their approval, if required and may ask for some additional documents in this respect.*
- Step 5** *The AD Bank scrutinizes all the documents and if found in order, shall close the LO/BO/PO along with bank account in their records.*



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