

## **REGULATORY UPDATE**

**Revision in Guidelines for consideration of proposals for acceptance of foreign hospitality under the Foreign Contribution**



**Revised Guidelines for consideration of proposals for acceptance of foreign hospitality under the Foreign Contribution (Regulation) Act, 2010**

**The Foreign Contribution (Regulation) Act, 2010 ('Act')** was enacted to consolidate the laws regulating the acceptance and utilization of foreign contribution or foreign hospitality. In the year 2011, the **Ministry of Home Affairs ('MHA')** issued Guidelines for consideration of proposals for acceptance of foreign hospitality under the Act through an Office Memorandum. Over the years, there have been numerous amendments in the Act and **the Foreign Contribution (Regulation) Rules, 2011 ('Rules')**.

In order to streamline the amendments brought in the Act and the Rules made thereunder with the Guidelines issued in the year 2011, MHA has issued revised Guidelines for consideration of proposals for acceptance of foreign hospitality under the Act.

Certain key provisions amended to do away with the existing ambiguity are as follows:

**1. Definition of Foreign Source**

Foreign Company shall not be considered as a Foreign Source where the nominal value of share capital is within the limits specified for foreign investment under the Foreign Exchange Management Act, 1999 (42 of 1999), or the rules or regulations made thereunder, notwithstanding the fact that the nominal value of share capital of a company being more than one-half of such value held by a Foreign Company, at the time of making the contribution

**2. Central Government to prohibit receipt of foreign contribution**

Revised guidelines include widening of the powers of the Central Government as provided under Section 9 of the Act, The revised guidelines incorporate entire set of powers under Section 9 of the Act, whereby the Central Government has the power to prohibit or to seek

permission on acceptance of any foreign contribution or direct furnishing of information on such foreign contribution by any such person not provided under relevant provisions of the Act.

### **3. Submission of application for the grant of permission**

Each application submitted for grant of permission to accept foreign hospitality, should be complete in all respects. Further, it should be submitted in online portal ordinarily two weeks before the proposed date of onward journey.

**Conclusion:** The Changes have been brought about to streamline the amendments brought in the Act and the Rules with the Guidelines issued in the year 2011.

Link of the Guidelines for consideration of proposals for acceptance of foreign hospitality under the Foreign Contribution (Regulation) Act, 2010 is as follows- [https://fcraonline.nic.in/home/PDF\\_Doc/Guid-ForeignHospitality.pdf](https://fcraonline.nic.in/home/PDF_Doc/Guid-ForeignHospitality.pdf)

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