

# 15CA & 15CB Compliance Kit for International Payments (2025 Edition)

This comprehensive guide provides a detailed roadmap for navigating Forms 15CA and 15CB compliance when making cross-border payments from India. Designed for businesses and individuals handling international remittances, this playbook covers decision flowcharts, document checklists, filing procedures, penalty prevention strategies, and the latest regulatory updates for 2025.

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# Decision Flowchart: When Are Forms 15CA & 15CB Required?

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## Step 1: Identify Exempt Transactions

Check if payment falls under Rule 37BB exempt list (33 specified remittance types) or if an individual is remitting under LRS with no RBI approval needed. If yes, no Forms 15CA/15CB required.

2

## Step 2: Determine Taxability

For non-exempt payments, assess if the payment is chargeable to tax in India. If not taxable (under Income Tax Act or tax treaty), file Form 15CA Part D only. If taxable, proceed to Step 3.

3

## Step 3: Check Remittance Amount

Add up this remittance and prior taxable remittances to the same recipient during the fiscal year. If total does not exceed ₹5,00,000, use Form 15CA Part A (no CA certificate needed).

4

## Step 4: For Amounts >₹5,00,000

If you have an Income Tax Department order under Section 195/197, file Form 15CA Part B. Otherwise, obtain a CA's certificate (Form 15CB) and file Form 15CA Part C.

Always file the required forms before executing the remittance. The bank will typically insist on Form 15CA acknowledgment (and Form 15CB if applicable) before processing the foreign exchange transfer.

# Form 15CA Document Checklist & Filing Procedure

## Required Documents

- Remitter details: Name, PAN/TAN, address, status, residential status
- Remittee details: Name, country, address, status, tax ID (if available)
- Remittance details: Amount, currency, date, purpose, RBI code
- Bank details: Name, branch, BSR code
- Tax details: Section, rate, amount deducted, challan information

## Filing Steps

1. Login to Income Tax Portal using remitter's PAN
2. Navigate to e-File > Income Tax Forms > File Form 15CA
3. Select applicable Part (A, B, C, or D) based on scenario
4. Fill remitter, remittee, and remittance information
5. For Part C, assign to CA and attach Form 15CB
6. Verify, submit, and download acknowledgment

Remember that Form 15CA can be withdrawn within 7 days of submission if errors are discovered. After submission, provide the acknowledgment to your bank for processing the remittance.

# Form 15CB Document Checklist & Filing Procedure

Form 15CB is a Chartered Accountant's tax determination certificate required when a taxable remittance exceeds ₹5 lakh in the FY and no lower-TDS order is available.

## Required Documents

- All Form 15CA details (remitter, remittee, bank, amount)
- Invoice or agreement for the transaction
- Tax Residency Certificate (TRC) of foreign beneficiary
- Form 10F (if claiming treaty benefits)
- No-PE Declaration from foreign party
- Tax calculation working with applicable sections and rates
- Exchange rate information for currency conversion

## Filing Steps (By CA)

1. Receive assignment from taxpayer on e-filing portal
2. Login to portal using CA credentials
3. Fill Form 15CB with remittee details, remittance information
4. Analyze taxability under Income Tax Act and DTAA
5. Determine applicable tax rate and amount
6. Generate UDIN and digitally sign the certificate
7. Submit Form 15CB online and share acknowledgment

The taxpayer must accept the Form 15CB in the portal after CA submission. Both Form 15CA and 15CB must be provided to the bank for remittance processing. Form 15CB has no separate deadline but must be obtained before filing Form 15CA Part C.

# Penalty-Proof Filing Guide

Non-compliance with Form 15CA/15CB requirements can lead to penalties up to ₹1,00,000 under Section 271-I, tax demands, and remittance delays. Here are common errors and how to avoid them:

## Misjudging Taxability

Perform thorough analysis of payment nature, check domestic law and DTAA. When in doubt, get professional advice on whether it's taxable in India. Document your analysis to justify your position.

## Wrong Form Part

Follow the decision flow carefully. Double-check total remittances to that payee in the year. If a mistake is realized after filing, withdraw within 7 days and re-file with the correct Part.

## Missing CA Certificate

Never split payments to evade threshold; the ₹5L is aggregate per FY. Engage a CA early when planning large remittances. Banks won't proceed without 15CB for amounts over threshold.

Remember that under Section 271-I, a penalty of up to ₹1,00,000 may be levied per default. There's no reduction for unintentional mistakes – the onus is on the remitter to comply correctly.

# More Penalty Prevention Strategies

## **Incorrect Remittance Details**

Double-check every field before submission. Cross-verify the form against the actual invoice and remittance request. Use the Preview feature to review details. Common items to verify: PAN, bank BSR code, currency/amount, spelling of names.

## **Missing DTAA Documentation**

Always obtain a Tax Residency Certificate (TRC) from the remittee before remittance if applying a DTAA rate. Ensure Form 10F is e-filed if required. Secure a No Permanent Establishment declaration as well.

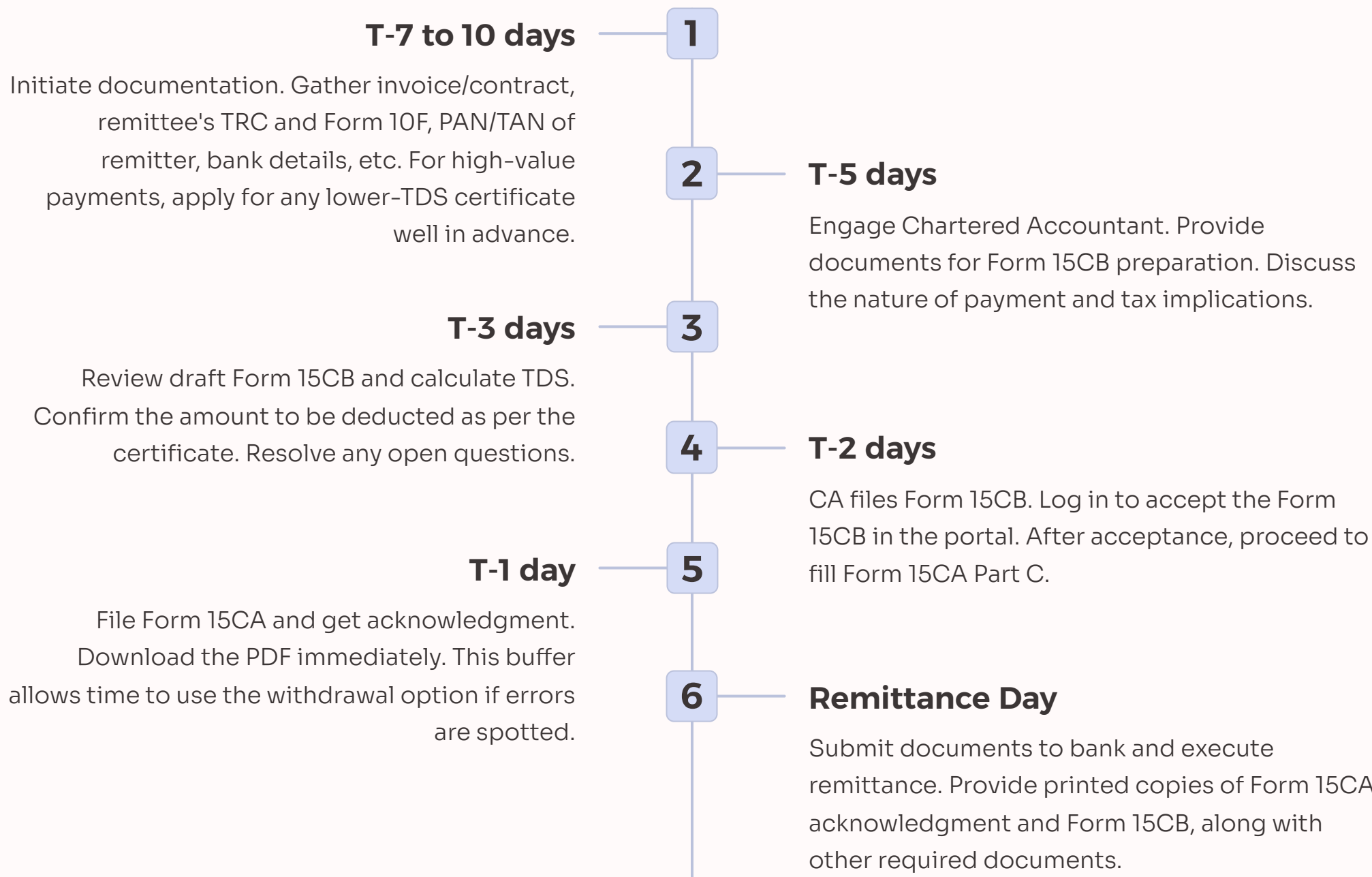
## **Delayed Filing**

Integrate Form 15CA/CB into your payment process. Mark a reminder for any foreign payment: "Has Form 15CA (and 15CB) been filed?" Do not release funds until you have the forms' acknowledgments.

If tax was required to be deducted and wasn't, interest under Section 201 will also be charged, and the expenditure could be disallowed in your tax computation (Sec 40(a)(i)) until rectified.

# Filing Timeline Tracker

While Forms 15CA/15CB are event-based rather than recurring on fixed dates, managing a timeline for each remittance ensures smooth processing:



The key is to start early – give yourself and your CA enough lead time. Banks typically do not allow foreign remittances unless forms are in order.



# Sample Form 15CA - Part A (Taxable Remittance ≤ ₹5,00,000)

This sample illustrates a properly completed Form 15CA Part A for a small taxable remittance:

## Scenario

XYZ Pvt. Ltd. (India) is remitting USD 5,000 (approx ₹4,10,000) to Mr. John Doe (USA) for freelance design services. This is the first payment in the FY to John and it is taxable as Fees for Technical Services.

Remitter Details	XYZ Pvt. Ltd., PAN: AAACX4321K, Mumbai, Maharashtra
Remittee Details	John Doe, USA, Individual (Non-Resident)
Remittance Details	USD 5,000 (₹4,10,000), Date: 20/07/2025, Purpose: Graphic design service fees, RBI Code: S0905
Tax Details	Section 195, Rate: 10%, Tax Deducted: ₹41,000

Part A is used because the total taxable remittances to John in the FY do not exceed ₹5 lakh, so no Form 15CB (CA certificate) is needed.

# Sample Form 15CA - Parts B, C, and D

1

## Part B (With AO Certificate)

**Scenario:** ABC Limited remitting EUR 50,000 ( $\approx$  ₹44,00,000) to DEF GmbH (Germany) for software royalty with an order u/s 195(2) allowing 5% TDS instead of 10%.

**Key Fields:** AO Certificate No., reduced rate (5%), tax amount (₹2,20,000). No Form 15CB needed as AO's determination suffices.

2

## Part C (With CA Certificate)

**Scenario:** Universal Industries remitting USD 200,000 ( $\approx$  ₹1.64 crore) to Global Consulting Inc. (Canada) for management consulting services.

**Key Fields:** Form 15CB Acknowledgment No., CA details, tax rate (10% DTAA rate), tax amount (₹16,40,000). Form 15CB required and linked.

3

## Part D (Not Taxable)

**Scenario:** Rahul Mehta sending GBP 15,000 ( $\approx$  ₹15 lakh) to his daughter in UK for education expenses.

**Key Fields:** Declaration that remittance is not taxable, reason code (education expenses under Rule 37BB exempt list). No Form 15CB needed.

Each part serves a specific purpose based on the nature of the remittance, its taxability, and whether special certificates or determinations are involved.

# Sample Form 15CB (CA Certificate)

Using the same scenario as Form 15CA Part C (Universal Industries paying Global Consulting Inc.), here's what a completed Form 15CB contains:

## Certificate Contents

- Certification by Accountant with UDIN
- Remittee Details: Global Consulting Inc., Canada
- Remitter Details: Universal Industries Ltd.
- Remittance Details: USD 200,000 (₹1,64,00,000)
- Nature: Management consultancy fees

## Tax Analysis

- Taxability under Income Tax Act: Section 9(1)(vii), Rate 10.4% (with cess)
- Taxability under DTAA: Article 12, Rate 10%
- Conditions for DTAA: TRC provided, Form 10F provided, No PE declaration
- Tax Liability: ₹16,40,000 (10% of ₹1.64 Cr)
- Accountant's Signature with UDIN

This Form 15CB essentially states: "I have verified this transaction is taxable. As per Indian law rate is 10.4%, as per treaty 10%. Treaty rate is applied, so ₹16.4L to be deducted. All conditions are satisfied."

# Top Non-Compliance Cases and Preventive Actions

## Penalty for Not Filing Forms

ABC Co. failed to file Form 15CA/CB for a \$20,000 taxable payment, resulting in a ₹1,00,000 penalty under Section 271-I.

**Prevention:** Implement a company policy that no foreign payment goes out without tax team clearance and 15CA check.

## Treaty Benefit Denied

ACME Services applied 10% DTAA rate but couldn't produce TRC during audit, resulting in additional tax demand.

**Prevention:** Always request TRC well in advance. If unavailable, consider withholding at full rate and later refunding.



## Misclassified Transaction

XYZ Ltd. mistook a software license fee (royalty) for goods import, skipping forms by citing exempt purpose code.

**Prevention:** Carefully analyze composite contracts. If part is taxable (royalty/fees) and part exempt (goods), segregate them.

## Bank Blocks Repatriation

An NRI's ₹1 crore transfer from NRO account was delayed when bank required Form 15CA/CB, causing adverse currency movement.

**Prevention:** Check with your bank on documentation needed in advance, especially for large sums.

These cases demonstrate that vigilance and proper documentation are non-negotiable. Non-compliance risks monetary penalties, reputational harm, and operational delays.

# 2025 Updates Summary - Regulatory Changes



## Enhanced Digital Integration

The Income Tax e-filing portal now directly links Form 15CB to Form 15CA Part C online. Taxpayers must "assign" the form to their CA and then accept the uploaded Form 15CB. Ensure your CA is registered on the portal and familiar with the utility.

Stay informed about these regulatory changes to ensure your compliance processes remain up-to-date and effective. The updates aim to streamline compliance while plugging loopholes in documentation and tracking of remittances.



## UDIN Verification Mandate

Banks in 2025 strictly verify UDINs of Form 15CB as standard practice to ensure certificate authenticity. Always obtain the final 15CB showing the UDIN. Some banks require a physical letterhead copy in addition to e-filing proof.



## Exempt List Clarifications

Recent tribunal ruling (Kalathiya Impex vs ACIT) reaffirmed that payments for import of goods are exempt from Form 15CA/CB compliance. Be cautious in correctly categorizing payments to ensure they truly fall in exempt purpose codes.

# More 2025 Updates and Compliance Changes

## Form 10F Electronic Filing

Starting July 2022, non-residents claiming treaty benefits must file Form 10F electronically if they have a PAN in India. As of October 2023, all non-residents (even those without PAN) must comply electronically through the portal's "non-PAN login" feature.

**Implication:** Foreign vendors/recipients should be guided to file Form 10F through the new process. Without an electronically filed Form 10F, treaty claims could be considered incomplete.

The 2025 landscape for Form 15CA & 15CB is characterized by greater digital oversight and enforcement, but also clearer guidance. Staying compliant means staying informed and incorporating these changes into your workflow.

## Reporting and Audit Trail Emphasis

The Income Tax Department has integrated Form 15CA/CB data with annual information statements. Greater scrutiny is placed on mismatches between expenses claimed and corresponding 15CA/CB filings.

**Implication:** Maintain consistency across all filings. If you deduct TDS on a foreign payment, that should reflect in your TDS return with corresponding 15CA/CB documentation.

# Conclusion: Ensuring Smooth International Payments

**₹1L**

## Maximum Penalty

Per instance of non-compliance under Section 271-I

**₹5L**

## Form 15CB Threshold

Aggregate remittance amount requiring CA certificate

**7 days**

## Withdrawal Window

Time limit to withdraw incorrect Form 15CA

**33**

## Exempt Categories

Number of specified remittance types under Rule 37BB

By following this playbook, you are equipped to handle foreign remittance compliance with confidence. Timely and accurate compliance is not just about avoiding penalties – it gives you peace of mind to conduct international transactions knowing there won't be surprises down the road.

Remember the key principles: start early, document thoroughly, verify carefully, and stay informed about regulatory changes. Here's to smooth and compliant international payments in 2025!

# Contact Us

For any further assistance regarding your 15CA & 15CB compliance or international payment queries, our team of experts is ready to help. Reach out to us through the details below for personalized guidance and support.

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**Streamlining workflows**

Connect with our specialists for comprehensive solutions and peace of mind in your global transactions.

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