

Money Matters Before Moving Abroad

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Executive Summary - *There are many things on the financial front to be taken care of before you move abroad for a job or business on a long term. You have to manage your debts, update contact details with relevant companies, take care of insurance, manage investments and taxation. This will help you stay out of legal trouble and ensure financial matters are transparent whether you continue to stay abroad or decide to come back home.*

Going abroad for a new job, long-term assignment or to pursue higher studies is exciting but also a challenge. There are lot of things to be taken care of back home and that includes the financial front. You should take care of finances and make arrangements for various monetary matters so that they are not neglected or forgotten and when you are back, it will be a smooth transition -

Managing Debts - List out the debts that you have. You should pay off credit card debts. You should ensure that EMIs on other loans are taken care of. You can either set up automated payments through your bank account or give post dated cheques. But the bank account that is connected to these accounts should have money else you could fall in trouble. If you are going abroad for a different job or quitting the current one, the salary account used to make payments might not be replenished with money automatically. You have to ensure that sufficient funds are present in the account from which the payments would be made.

Contact Details - You should update your contact details like email, address and phone number with financial institutions like banks, Mutual fund houses where you have investments and Insurance companies from where you have bought policies. If possible, a local address should be given of a trusted relative/friend as letters may not be posted to international addresses.

Insurance - If you have a term insurance plan, you might want to continue it unless you have a better option in the country that you will reside. Medical insurance can be continued as it can be useful when you are back either for trips or for good. It may be possible that you avail of treatment in India. In this case, medical insurance is usually valid. You should inform the insurance company about change of residence and confirm with them regarding validity conditions.

Investments - If you hold shares, bonds or other securities, one should inform the company about change of status (e.g. from resident Indian to NRI). You are allowed to own property and earn rental or sell the property when you are abroad. If you have a demat account, it has to be changed into a

NRO demat account and the investments have to be transferred in that account before taking further action on those investments. You can make investments in MFs using Portfolio Investment Schemes (PIS). You should check with the fund houses if you can invest in their schemes if you are an NRI. You should have a NRO, NRE and/or FCNR savings/fixed deposit account for transactions in India.

Taxation - Any income earned in India either by way of interest in deposits, salary, capital gains, and investment income is taxable for NRIs. They should ensure that they take benefit of the Double Tax Avoidance Agreement (DTAA) but apart from that are liable to pay tax as applicable. NRIs get an exemption up to an income of Rs. 2,50,000. They also get exemptions available under the domestic tax laws (except any specifically not applicable to NRIs) such as Section 80C. NRIs also get benefits in tax laws and you should use them to your advantage.

Other important notes

1. If you have SIP transactions and want to continue them, ensure that the automatic debit facility is enabled in an account where there will be money.
2. If you have automatic payments for Utilities, Magazine subscriptions etc. evaluate the expense and change the auto payment schedule as per your requirements.
3. You need to file your returns irrespective of your residential status if your income in India is
 - > *Rs 2,00,000 (if you are less than 60 yrs old).*
 - > *Rs 2,50,000 (if 60-80yrs old)*
 - and*
 - > *Rs 5,00,000 (if more than 80 years old).*
4. You might want to deactivate some of the credit cards that you have else you will have to pay annual fees on many of them which you may not use abroad.
5. You might want to open an NRE/NRO account to transfer money to India. You can know more about this [here](#).
6. You should think about what you plan to do with your car/motorbike if you have any.
7. You should have a plan of action for Provident Fund with the company if there is any.
8. These are some financial matters that should be taken care of before moving abroad. If you are aware of all the steps to be taken and the legalities involved, your shift will be smooth and help you when you are planning to be back as well.