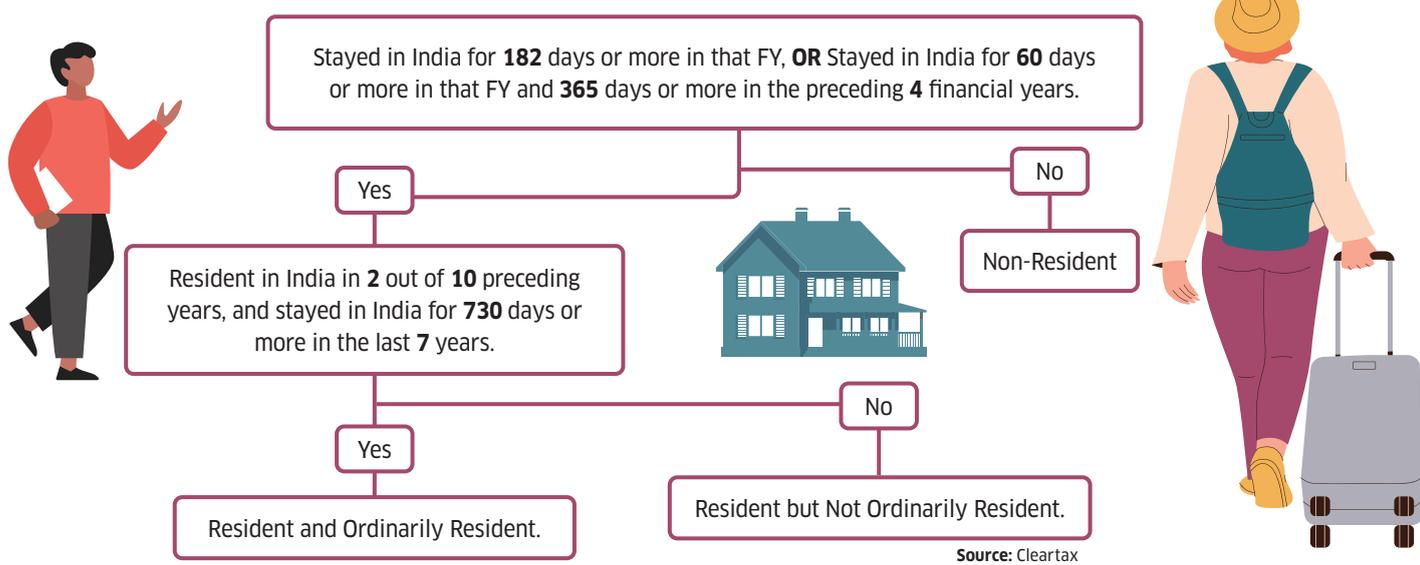


# How your residency status changes

Your residency status determines what privileges you enjoy.



Source: Cleartax

find your feet back home,” remarks Dhawan.

## Bridging the divide

Lifestyle is an area where expectations can deviate from reality. Financial advisers and returning NRIs warn against equating the lifestyle abroad with what you'll encounter back home. Don't expect to immediately feel at home in your new surroundings. "Settling back in after so many years abroad will take time," Gupta warns.

Aadam Mamaji, now 31, never planned to come back when he left for Canada at 18 years to pursue engineering. His plan was to put down roots for life. He even came close to buying his own house in Vancouver. But pangs of isolation and the feeling of hitting a ceiling at his job made him uneasy. Meanwhile, visits to his family back home in Mumbai revealed an aspirational, high-growth India that aroused FOMO, or the fear of missing out. A nudge from his family last year made him mull a switch, but it wasn't a quick yes. Ultimately, the pull of family prevailed. While he misses the proximity to nature and the quality of life that Canada provides, he thrives in the luxuries India offers—easy availability of manpower, house help and professional services. It allows him to truly focus on his work. His advice to others: "If you keep expectations very high when you come back, you are setting yourself up for disappointment."

Financially, things may look very different on the other side. Salaries on offer in India may be significantly lower. Even as cost of living is relatively modest, inflation is much higher, sending expenses soaring quickly. Experts insist that NRIs make necessary adjustments in their financial plan. "If you will be earning in rupees, your cash flows must be realigned and projections revised," urges Tarun Birani, Founder, TBNG Capital Advisors. He advises parking at least 12-18 months' equivalent of expenses in a contingency fund. If you are moving from a zero-tax jurisdiction like the UAE, your income profile will be very different in India, points out Dhawan. You may need to redo your financial plan accordingly.

Make sure you map the broad contours of your financial plan well ahead of your move, experts say. Don't defer this exercise until you plant roots firmly on new ground. Palak Chauhan, 37, left for the US with her husband soon after marriage in 2014. But she was always keen to return one day. After exploring all that the US has to offer, Chauhan now feels the time is right to return to her roots for good. She feels strongly about raising their five-year-old daughter closer to the doting grandparents, on a healthy diet of culture and values. With her toddler starting first grade next year, Chauhan feels the timing is right for a move—one that won't put

mindset, you will be fine," he says.

After nearly 10 years in the US, Ronak Gala, 34, shifted back with his wife and two kids, aged 3 and 5 years, in December 2024. Initially planning only a short visit to India, the family made an impulsive call to make the trip an outright switch of residence. The move was prompted by a void—of not having family around. They identified and bought a house in a locality near both sets of parents in Mumbai.

Ronak continues to work remotely from home as a consultant for US clients, while his wife arranges for spiritual healing for individuals and corporate teams. Yet, Ronak and family are unconvinced about a long term stay in India. "We are still in the phase of discovery," insists Ronak, acknowledging the shift in mentality needed to adjust to the new environment. Some aspects of life in India are overwhelming for the returning family, such as the traffic, pollution and littering. At the same time, seeing the kids happier around grandparents emboldens them to push on. Still, they have kept the door open for a return to the US. "Our longer term stay depends on the kids' needs being met as also the social life we build," Ronak mentions.

There is no single blueprint or playbook for NRIs contemplating a return. Everyone's journey will be different—guided by personal circumstances and shaped by multiple variables.

Don't simply try to ape others who have come before you. "What worked for your NRI friend or neighbour abroad may not work for you," asserts Vishal Dhawan, Co-Founder, Plan Ahead Wealth Advisors.

Your approach must be tailored to your situation. Are you shifting for jobs, raising children or for retirement? "It is important that you work out why you want to move back, and not blindly copy others," insists Gupta. Are you firm in your resolve to shift base permanently or are you testing the waters and keeping your options open?

A lot of the planning and moves that you make could vary depending on which side of the lens you are looking from.

"If making it permanent, you will look to untangle much of what you did in your previous residency. But if you are unsure, you may want to do very little changes initially and later make bolder moves when you

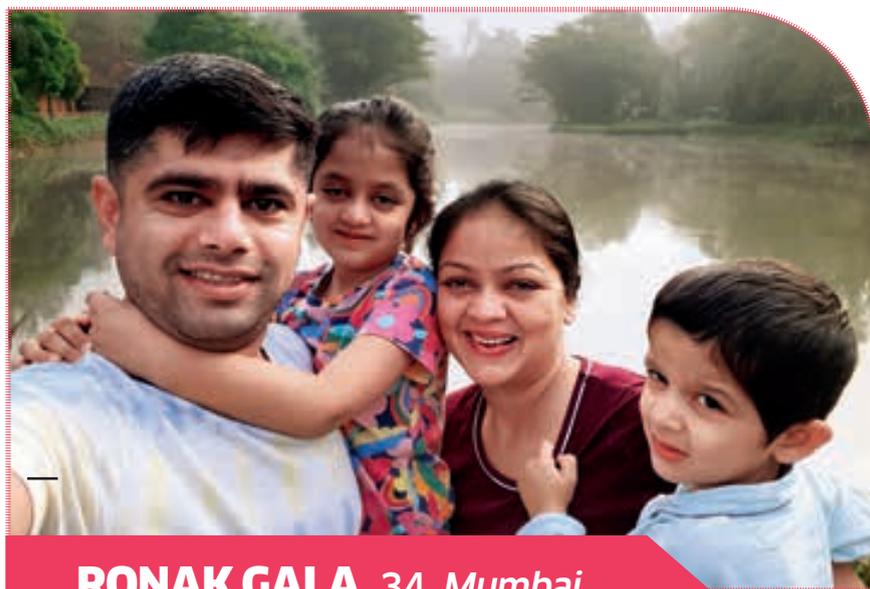
## Mind your tax residency status

Your taxability depends on whether you qualify to be an RNOR or an ROR.



Particulars	NRI	RNOR	ROR
Income accruing or arising, or deemed to accrue or arise in India.	Taxable	Taxable	Taxable
Income received or is deemed to be received in India.	Taxable	Taxable	Taxable
Income accrues or arises outside of India.	Non-taxable	Non taxable	Taxable

Source: ICICI Bank.



**RONAK GALA, 34, Mumbai**

**Lived for 10 years in US**  
Returned in 2024`

**Reason for shifting**  
To be closer to family.



**His story**

- Initially planning only a short trip, decided to switch residency outright.
- Bought house close to parents'.
- Still settling in, has kept doors open for a return

**"Our longer term stay depends on the kids' needs being met as also the social life we build."**

a house should not be a priority, insist experts. “Take your time before putting money down on the new house,” urges Maheshwari. “You may find the locality doesn’t suit your tastes or is inconvenient.” If you have the option of staying at an ancestral property, take it until you can identify a suitable location, she says. Finding a suitable school for the kids is also a big piece of the puzzle.

NRI returnees must prioritise a few things within a few days of turning resident. Get in touch with your banker and convert your NRE (Non-Resident External)/NRO (Non-Resident Ordinary) accounts to a resident savings account, or close them as per RBI guidelines. “Move funds from NRE, FCNR (Foreign Currency Non-Resident), NRO to local accounts to avoid tax leakages,” Birani says. You can, however, continue to hold your FCNR (B) fixed deposits until maturity. Post that, you will have to convert it into a resident rupee deposit account (maintained in local currency) or a resident foreign currency (RFC) account if you wish to continue holding the foreign currency.

Update KYC details in all Indian bank accounts with residential status. If you are holding an NRE FD, it would be converted into a domestic resident FD account, for the same promised rate of interest. “You may continue to hold the NRE FD, but the interest earned would become taxable as per your income tax slab,” points out Beniwal.

Next, update your residency status and KYC with asset management companies and stock broker. If you have invested stocks under NRI status, you need to close your portfolio investment services (PIS) account and open a normal brokerage or Demat account. Further, get your nominations done across

“if you are unsure, you may want to do very little changes initially and later make bolder moves when you find your feet back home.”



**VISHAL DHAWAN**  
CO-FOUNDER, PLAN  
AHEAD WEALTH  
ADVISORS

all investments at the earliest. Secure your insurance coverage. “The insurance policy bought in a foreign country will not cover you in India. Buy comprehensive health and life coverage for you and your family,” Dhawan asserts. Finally, make a will locally even if you had made one previously. Wills executed in foreign jurisdictions will not apply in India, Birani points out.

The decision to return is complex. Plan ahead and consult with financial experts well-versed in both the financial landscapes of India and the country of your residence. Be prepared for a settling in period for you and your family.