

INVESTOR PERSPECTIVES / SEPTEMBER 2026

India to U.S. Real Estate

A practical roadmap from investment conviction to a compliant, documented allocation.

AL T E R R A E Q U I T I E S

RESEARCH & INSIGHTS

06

THE INVESTMENT QUESTION

How can an Indian investor translate a global allocation thesis into a structure that actually works?

For India-resident high-net-worth investors and their wealth, tax and legal advisors.

Executive perspective

A sound cross-border investment requires two successful decisions: selecting the asset and establishing a workable ownership, funding and tax structure.

For an investor with rupee assets and international goals, U.S. exposure can address a real portfolio need. That need does not establish that a particular private fund is eligible for investment, that the intended remittance is permitted, or that the advertised distribution is the amount ultimately received.

Decision layer	Question to resolve before subscription
Investor status	Who invests: the individual, a company, a trust or another vehicle? Which residence rules apply?
Indian permission	How is this exact instrument classified, and which current overseas investment rules govern it?
U.S. ownership	What entity and tax classification will hold the investment? What filings and withholding follow?
Net economics	What remains after fees, taxes, withholding timing, conversion and recurring administration?
Execution	Can the bank, sponsor and advisors document funding, ownership and future capital calls?

The central distinction

The RBI's Liberalised Remittance Scheme sets a framework for permitted remittances by resident individuals. Its annual monetary limit is not a blanket approval for every U.S. LLC, partnership or private fund interest. [1, 2]

This roadmap is designed to organize an advisor discussion. It does not certify any Alterra vehicle, overseas investment route or investor as eligible. The actual subscription documents and current rules must be reviewed together.

01 / Establish the permitted route

The RBI’s published LRS FAQ describes a limit of US\$250,000 per resident individual per Indian financial year, April through March, for permitted current and capital account transactions in aggregate. It states that the scheme is not available to corporates, partnership firms, HUFs or trusts. Other remittances can consume the same annual allowance. [1]

A U.S. property purchase, an equity interest in an operating entity and an interest in an investment fund are different instruments. The framework distinguishes overseas direct investment (ODI) and overseas portfolio investment (OPI). The June 2024 amendment permits eligible resident individuals to invest as OPI in units or other instruments of a qualifying overseas fund, including funds regulated through their manager. [2] A U.S. LLC or LP label alone does not establish eligibility.

Bring to the bank and counsel	Why it matters
Structure chart down to the property and operating entities	Identifies the actual instrument, foreign entity activities and additional layers.
Constitutional and subscription documents	Shows ownership rights, control, commitments, transfers and funding obligations.
Fund and manager regulatory details, if relevant	Allows the advisor to test the applicable route against the current rules and amendments.
Investor residence and current-year remittance history	Establishes eligibility and remaining capacity under the relevant route.

Request written confirmation from the authorised dealer bank and Indian counsel addressing the proposed instrument and funding schedule. The June 2024 amendment broadens the fund-instrument wording; it does not approve every private vehicle. Confirm the fund’s regulatory status, applicable limits and current reporting duties.

An Indian citizen living in Dubai is not automatically an India-resident LRS investor. Citizenship, FEMA residence and income-tax residence are different questions. Resolve the applicable status before selecting a funding route.

02 / Budget the full cash commitment

The subscription amount is only one component of the cash plan. Conversion spreads, transfer charges, professional fees, any applicable tax collection at source (TCS), reporting costs and reserves for future capital calls can affect the amount the investor must keep available.

TCS should be modeled using the current purpose classification, threshold, rate and the investor’s credit or refund position. This paper does not assign a TCS rate: obtain a dated calculation from the remitting bank and tax advisor. A recoverable collection can still create a material cash-flow and timing cost.

Illustrative planning exercise	Amount or treatment
Proposed subscription	\$150,000
Other remittances already using this year’s assumed LRS limit	\$60,000
Remaining limit after both, if all qualify under the same \$250,000 framework	\$40,000
Potential future capital call	\$50,000: exceeds that illustrative remaining capacity by \$10,000
Additional rupee cash needs	Conversion costs, fees, applicable collections and advisor reserves must be added separately.

The example assumes no special approval or different route. A future call can be difficult to honor even when the initial contribution fits within a limit. Ask whether future calls can be deferred, whether default can dilute or forfeit the interest, and how the funding plan survives changes in residence or regulations.

Document the round trip

Before money leaves India, identify the evidence required for distributions, sale proceeds, reinvestment, repatriation and annual reporting. Keep bank advice, tax certificates, capital-account statements and the signed ownership documents in one record.

Family contributions require separate eligibility analysis. The RBI FAQ conditions capital-account clubbing on ownership participation; it is not a way around the rules. [1]

03 / Map the U.S. tax and exit position

A foreign investor in a U.S. partnership may face withholding on allocated effectively connected taxable income even when cash distributions differ. A transfer of a partnership interest can trigger a separate withholding regime. [3] Withholding is a payment mechanism; it is not a complete statement of the investor's final tax liability.

For a foreign person disposing of a U.S. real property interest, FIRPTA generally requires withholding of 15% of the amount realized, subject to exceptions and possible reductions. [4] The base is generally sale consideration, not simply profit. Do not apply this rule indiscriminately to every transaction in a multilayer structure.

Layer to model	Evidence required
Operating years	Federal and state tax estimates, withholding policy, distribution assumptions and filing responsibility.
Sale or redemption	Property-sale versus interest-transfer treatment, withholding certificates and refund timing.
India reporting	Appropriate return, foreign-asset and income schedules where applicable, credit eligibility and supporting records.
Treaty position	Investor and income eligibility under the U.S.-India treaty; do not assume exemption.
Succession	U.S. estate exposure, asset situs, ownership structure and the family's succession plan.

The IRS publishes the U.S.-India income tax treaty documents. [5] Treaty relief requires analysis of the actual investor, entity, income and limitations. The Indian tax portal also identifies foreign-income and foreign-asset conditions that prevent use of the simplified ITR-1, and describes Form 67 for foreign tax credit claims. [6]

Non-U.S.-citizen, non-U.S.-domiciled investors need estate advice before ownership is established. IRS Form 706-NA instructions include a filing test involving more than \$60,000 of U.S.-situated assets, with specified adjustments. This is not a universal \$60,000 tax exemption; asset situs and structure require separate analysis. [7]

04 / The advisor review memorandum

A concise written memorandum should connect the portfolio rationale with the legal route and net cash flows. A favorable asset opinion from a wealth manager does not replace the bank's remittance review or the tax advisor's entity analysis.

Owner of the review	Deliverable
Wealth manager / investor	Purpose of the allocation, portfolio concentration, liquidity reserve and downside capacity.
Indian counsel and authorised dealer bank	Current legal route for the exact instrument, funding conditions and reporting calendar.
Indian tax advisor	Residence determination, cash collections, reporting, foreign tax credits and net rupee outcomes.
U.S. tax and estate advisors	Entity classification, annual and exit taxes, filing burden and succession implications.
Sponsor / administrator	Executed documents, fee schedule, capital calls, tax reporting timetable and distribution policy.

Compare at least three outcomes: the base investment case; a delayed exit with reduced operating distributions; and a case with rupee appreciation against the dollar. Add a withholding-and-refund schedule rather than treating withheld tax as either permanently lost or immediately recovered.

The appropriate conclusion may be to proceed, change the ownership structure, use a different investment vehicle, reduce the commitment or decline. The benefit of preparation is a decision that remains workable after the subscription has closed.

Alterra perspective

The case for international exposure becomes more credible when investors can see the complete path from permitted funding to after-tax proceeds. Transparent implementation is part of the investment proposition.

Sources, methodology & important information

Scope: educational implementation framework, not a current-law eligibility opinion for a particular U.S. vehicle. The RBI's June 2024 fund amendment is included; the exact instrument and later changes must be verified before funding. No TCS rate, treaty exemption or approved remittance route is promised. The cash-budget example is hypothetical.

Primary sources

[1] RBI: Liberalised Remittance Scheme FAQ

Published FAQ dated April 6, 2023: resident-individual limit, scope and family-clubbing conditions.

[2] RBI: Investments in Overseas Funds, June 7, 2024

Amends the Overseas Investment Directions: fund instruments and regulation through a fund manager. Actual eligibility requires bank/counsel review.

[3] IRS: Partnership withholding

Sections 1446(a) and 1446(f), including allocated income and transfers.

[4] IRS: FIRPTA withholding

General amount-realized withholding framework and exceptions.

[5] IRS: India tax treaty documents

Official convention and explanatory materials; no treaty rate is assumed here.

[6] Income Tax Department: Salaried individuals, AY 2026-27

ITR-1 limitations and Form 67 overview; investor-specific schedules require advice.

[7] IRS: Instructions for Form 706-NA

Nonresident, noncitizen estate filing framework and U.S.-situs analysis.

Use of this paper

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Sources accessed September 11, 2026. Data cutoffs and dated rules are identified where used. Verify later changes and the investor-specific position before a transaction. Analytical frameworks and uncited worked examples are Alterra's original educational analysis; source organizations do not endorse this paper.

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