



Invest ₹9 crore and secure a US green card: Here's how

High net-worth Indians eye EB5 visa as an alternative to traditional US immigration routes

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As US visa options tighten and competition intensifies, wealthy Indian families are increasingly eyeing the EB5 investor visa programme. This approach to US residency needs significant financial commitments, but offers a more secure and defined route to a green card especially for those trying to establish their children's future in America. The EB5 visa programme, which involves investing in US projects generating jobs, gained traction as a viable alternative to traditional visa routes, despite its high costs and complexities.

Investor visa programmes
Several countries, including the US, offer "investor visa" programmes that offer residency in exchange for significant investments. For instance, the US investor visa programme, known as the EB-5, allows individuals to get a green card, granting them the right to live indefinitely in the US.

Know the EB5 visa
This programme entails an investment in a US project, generally in real estate, that generates at least 10 jobs. To participate, investors must work with asset managers, or "regional centres" (RCs) that are recognized by the US Citizenship and Immigration Services (USCIS). Some of these RCs have offices or representatives in India, making the process accessible to Indian investors. RCs offer developers in the US access to low-cost funding, which is a win-win for Indian investors and the developer. One can also directly invest in a project that qualifies for the EB5 programme, but note that such direct investments come with high risks. It is best avoided, according to immigration experts.

"Generally, parents invest in EB-5 for their children either studying in the US or have just graduated. More importantly, it (green card) is a very well-defined path to US residency for individuals who intend to build a career in the US post-college," Arindam Sengupta, the co-founder of Edufund, an education planning app, said.

"Students in US colleges get to do an optional practical training (OPT) for 1-3 years after graduation, depending on the type of degree programme. Essentially, they can work for a few years, but after that they must get an H1B visa to continue working and the H1B system is a lottery with a limited chance of getting a visa even if you find an employer. This is why many HNI (high net-worth individual) parents in India opt for the EB5 route," Sengupta runs the wealth management business focused on education and offers EB5 consultancy.

The EB-5 programme has seen backlogs, particularly for applications under the old version of the programme, with some applications dating back to 2021. However, the new version of the programme, launched in 2022, is not backlogged, more so for "rural projects" in areas of the US with a population below 20,000. The US issues 10,000 EB5 visas annually, with a maximum of 7% allocated to every country. This means that Indian passport holders could be allocated up to 700 visas every year.

While the quota for applicants from China is often oversubscribed, new EB5 quota for India remains available, but may fill up in the coming months.

How the finances work
The cost of participating in the EB-5

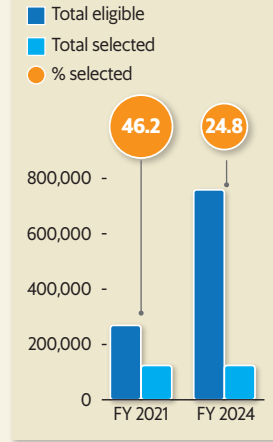
EB5 visa: In a nutshell

Amid stricter US immigration policies, this visa programme is a secure pathway to US residency

Parents send their kids to US to take advantage of optional practical training
12 months
Non-STEM* degree
36 months
STEM degree
*Science, technology, engineering and mathematics

But it may not ensure employment or residency

H1B lottery rate is low



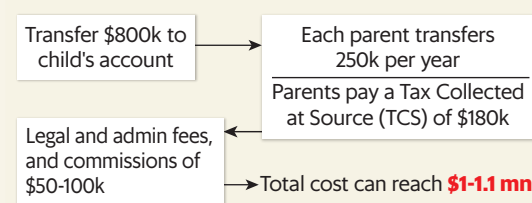
How the system works

- US issues 10,000 EB5 visas every year
- Each country is capped at 7% of the total limit
- Indians can receive a maximum of 700 visas per year
- The US revamped the EB-5 visa programme in 2022
- Increased the minimum investment to \$800,000
- Older applications have a four-year backlog
- New applications have no backlog



US green card: \$1.1 million (₹9 crore) route

Mr & Mrs A's child studies in the US



How to identify an eligible project

- Identify 'regional centres' with a good track record
- Invest in project through regional centre
- Typically these are real estate projects
- If all goes well, you get your money back within 5 years
- Do not expect returns of more than 1%
- USCIS offers a list of eligible regional centres
- Some centres have representatives in India
- Wealth managers may have tie ups with them
- Deal only with an agent registered with USCIS

Examples of regional centres

LCR Capital Partners CanAm Enterprises **mint**

EB5: A step-by-step guide

- Parents approach a USCIS-registered regional centre
- US attorney does due diligence on source of funds (1-2 months)
- Child invests 800k in EB5 eligible project
- Child files for I 526 or I 526 E with USCIS
- If child is in US, child gets temporary work & travel permit in 3-4 months (Adjustment of status)
- USCIS approves I 526 E within 1-2 years
- Child applies for I 485 along with temp work permit or if not in the US, DS 260 (conditional green card)
- Project generates 10 jobs
- Within 2 years, child files for unconditional green card (Form I 829)
- Total time taken is 5-7 yrs

programme is \$800,000, up from the earlier \$500,000 under the revamped 2022 programme. Under the Reserve Bank of India (RBI)'s liberalised remittance scheme (LRS), individuals can remit up to \$250,000 a year. A married couple can combine their remittances to reach \$1 million by making transfers in March and April, taking advantage of two financial years within a period of two months. The funds can be transferred to a child's account in the US as a gift, allowing the child to invest in an EB5 project.

"However, before you invest, do ensure that your source of funds has been vetted by a competent US EB5 specialist immigration attorney," said Shilpa Menon, senior director at LCR Capital Partners, a US-based private investment and advisory services firm that manages EB5 funds under the regional centre programme.

"The immigration attorney should be independent and not affiliated with any regional centre or registered agent. After you select and invest in a project, your attorney will file the I-526E (EB5 petition) along with your source of funds documents, project documents and proof of investment. Typically, the USCIS takes 12-18 months to approve the petition, depending on the type of project you invest in," Menon added.

Once approved, investors can apply

for a conditional green card using Form I-485 if the child is already in the US, or DS-260 if outside the country. While waiting for the I-526E approval, she/he may be eligible for temporary work and travel permit, which can be obtained within two-three months.

If the project generates at least 10 jobs, an application for unconditional green card can be submitted within two years using Form I-289. After you get it, the investment can be redeemed, subject to a lock-in period imposed by the regional centre.

A list of the approved regional centres is available on the USCIS website. It is also advisable to consult a wealth manager or specialized immigration lawyer in the US who has connections in India.

Including various legal fees, the total cost of EB5 programme may increase by an additional \$50,000 to \$100,000. That apart, investors must also pay a 20% tax collected at source (TCS) on remitted funds, which can be adjusted against their tax liability or claimed as a refund when filing their income tax returns. Including the TCS, the upfront cost for the EB5 programme amounts to around ₹9 crore, or \$1.1 million.

Key considerations
Families considering the EB5 programme should be prepared for thorough checks and due diligence, an

investment advisor who declined to be named told *Mint*. The regional centre will suggest US-licensed immigration lawyers who will check the source of funds, requiring a paper trail that confirms the legitimacy of the funds. Background checks, including a review of criminal history, are also part of the vetting process, which can take two to three months.

It is important to ensure that the agent involved is registered with USCIS and that the regional centre is large and well-established. This increases the likelihood of getting the initial I-526E approval and the conditional visa. Otherwise, you may not be able to show you've generated at least 10 jobs, and you may not get your money back. Sometimes, the project might fail, but you will get your money back. The best outcome is getting your visa and money back.

Once you obtain a conditional green card, you must travel to the US and cannot stay outside the country for over 180 days at a stretch. This requirement can be met by making multiple trips per year. The green card is granted to the child, spouse and children, but not to parents unless they apply separately.



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Compare your bank FD rates

Bank fixed deposits (FDs) continue to be popular investment products not just among senior citizens, who are looking for guaranteed income, but also among investors who can't stomach risk. But overexposure to FDs is not good, and you need to assess your asset allocation and goals to decide how much money you should park in them. For instance, saving for your child's higher education that's 15 years away through FDs may not be effective as the post-tax interest rate of an FD may not give you a real return (return that's above the rate of inflation). But if you plan to take a holiday in two years, an FD can help. Before choosing an FD, you should compare the interest rates on offer. Here is a list of banks that offer the highest FD rates for deposits up to ₹1 crore over various tenures.



Interest rates (%) for fixed deposits up to ₹1 crore					
	6 months to < 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	5 years and above
DCB Bank	6.20-7.25	7.10-8.05	7.50-7.55	7.40-7.75	7.25-7.65
Axis Bank	5.75-6.00	6.70-7.20	7.10	7.10	7.00
HDFC Bank	4.50-6.00	6.60-7.25	7.00-7.35	7.00-7.40	7.00
IndusInd Bank	5.00-6.50	7.75	7.25-7.75	7.25	7.00-7.25
IDFC First Bank	4.50-5.75	6.50-7.75	7.25-7.50	7.00-7.25	7.00
RBL Bank	4.75-6.05	7.50-8.10	7.50-8.00	7.10-7.50	7.00-7.10
YES Bank	5.00-6.35	7.25-8.00	7.25	7.25	7.00-7.25
ICICI Bank	4.75-6.00	6.70-7.25	7.00-7.25	7.00	6.90-7.00
Canara Bank	6.15-6.25	6.85-7.25	6.85	6.80	6.70
Dhanlaxmi Bank	5.00	6.75-7.25	6.50-6.75	6.50-7.25	6.60-7.25
Federal Bank	5.00-6.00	6.80-7.35	7.05-7.40	7.00-7.40	6.60
Bank of Baroda	5.60-7.15	6.85-7.25	7.15	6.50-7.15	6.50
Bank of Maharashtra	5.25-6.90	6.50-7.15	6.50-7.25	6.50	6.50
Central Bank of India	6.00-6.25	6.85-7.45	6.50-7.00	6.75	6.50
Indian Overseas Bank	5.75	7.10-7.30	6.80	6.50	6.50
State Bank of India	6.25-6.50	6.80-7.25	7.00	6.75	6.50
Union Bank of India	5.00-7.40	6.60-7.25	6.40-6.60	6.50-6.70	6.50

Data taken from respective bank's website as on 22 August 2024; Only main entity of the merged banks are taken. Banks which merged with its main entity are removed from the table; The list of 15 banks is based on highest fixed deposit rates available for 5 years and above
Source: www.Bankbazaar.com

Indexation benefits for NRIs: What has changed in 2024?

Harshal Bhuta

Is it true that non-resident Indians can no longer avail of the indexation benefits on capital gains, while residents could still enjoy the benefits following recent changes in the rules? Could you please clarify.

—Name withheld on request

Vide The Finance (No. 2) Act 2024, there have been significant revisions to the scheme of taxation for capital gains.

Taxpayers can continue to use the fair market value as on 1 April 2001 for assets acquired before that date.

However, the benefits of indexation for the purpose of computing long-term capital gains, arising on or after 23 July 2024, has been removed for all taxpayers except under one circumstance.

Indexation benefit has been retained for the purpose of determining the tax payment on the long-term capital gains arising from the sale of land or building in the hands of resident individuals and Hindu undivided families, or HUFs, provided such land or building was acquired before 23 July 2024.

The process works as follows: Resident individuals or



My brother, who has been residing in India, informed me recently that it is mandatory for all taxpayers to disclose all their residential properties located outside India when filing their income tax returns (ITR). As a non-resident Indian (NRI), am I also required to disclose all the properties I have bought or invested in while filing my tax return in India?

—Name withheld on request

ASK MINT NRI TAXATION

HUFs must calculate the tax on long-term capital gains from such asset at 12.5%, and compare it with tax calculated at 20% using indexation.

They will then pay tax on the lower of the two amounts. If applying the indexation benefit results in a loss, the loss will be disregarded.

To this extent, it creates a discrepancy between the tax treatment of long-term capital gains from sale of land or building (acquired pre-23 July 2024) by resident individuals or HUFs, and other taxpayers.

I am settled in Canada for many years and have yet to file my tax return in India.

The Schedule FA (Foreign Assets) is the relevant schedule in income tax return under which details of foreign assets and foreign source incomes need to be disclosed.

However, this is applicable only if you are a 'resident and ordinary resident'. Assuming that you are NRI, you do not have any obligation to disclose your Canadian house property under Schedule FA since it is not applicable to NRIs.

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NAVIGATING THE 12.5% LTCG TAX: WHAT IT MEANS FOR YOUR INVESTMENT STRATEGY



We welcome your views and comments at mintmoney@livemint.com

The topic of increased 12.5% LTCG tax on equities' needs no introduction now. Most equity investors have already registered their anger, in one form or another, on different social media and forums. In fact, the initial pain has now paved the way for what we Indians do best—adjustment.

While still upset, we have adjusted. While we would love to go back to the pre-2018 days of 0% tax or at least remain in the 2018-24 era of 10% tax, there is not much we can do. We equity investors (both in mutual funds and stocks) must now shell out more tax on our long-term gains. But will this remain at 12.5%? We don't know, to be honest.

But if we look at the trajectory, over the last 6+ years, the LTCG (long-term capital gains) tax on equity has increased from 0% to 10% to 12.5%. So, it won't be a surprise if it again sees an up move after a few years to bring it closer to middle-tax slabs. This is just speculation or a wild guess. But no doubt, as of now, the trajectory

is upward-sloping. So, if the future holds more taxes(!) for us, what should we equity investors do?

We rely on equity's potential to generate inflation-beating post-tax returns. But with higher taxes to be paid on gains from equity going forward, what will be its impact and what can we do?

Many small investors (me included) have been diligently doing monthly SIPs for their financial goals like retirement (or early retirement), children's education, marriage, vacation, future house purchases, etc. Naturally, with the tax hike, there is now a mathematical need to save a little more to account for higher tax outgo at the time of redemption in the future to fund the goals. This will be more obvious to those investors who invest in a goal-based manner as per the financial planning calculations.

Ideally, you shouldn't just adjust the plan for the recent 2.5% extra tax hike. If you think that in the future, too, there will be similar tax hikes, then it would be wise to build buffers in your calculations accordingly.

You can't just ignore or wish away taxes to be paid, thinking that you will 'manage it somehow by being smart about withdrawals'. You can, of course, do it to an extent. But you cannot avoid it altogether, and hence, need to build buffers.

Recalibrate the numbers

So, if your financial planning was based on a lower tax assumptions, then you need to recalibrate the numbers now for the additional tax burden. You can either aim for a higher rate of return from investments and/or increase goal timelines slightly and/or



invest a little more. The last option is the most practical one for obvious reasons. Why? Because going for higher returns means taking more risks, which may not work in your favour at all times. Extending goal timelines may not be possible for many goals; for example, you can't ask your 10-year-old daughter to start graduation at age 20 instead of 17-18 due to tax hikes! Isn't it? Hence, you need to start saving and investing a little more. Your investment advisor can help you do the numbers about how much exactly.

Also, we need to be slightly more careful about churning the portfolio, whether to rebalance or to exit/enter something. Each such move will cost us a little more now. If looked at from another angle, this would make people more disciplined and help avoid unnecessary exits/churn/rebalance.

The tax increase slightly does hurt (after all we are profit-seeking individuals). But does it require any change in direction or the approach?

The answer is: No.

Whether it is 12.5% or 10% earlier, as an asset class, equity remains retail investors' best bet, in the long run, to generate inflation-beating returns, even after all the taxes. Higher taxes on equity gains will reduce your post-tax returns slightly, no doubt. But unless you are an ultra-conservative saver who only keeps money in fixed deposits (in spite of slab-level taxation that is much higher than 12.5% tax), equity still remains the best asset class for the long term and in my humble view, should form a major part of any sensible (and at least moderately aggressive) investor's core long-term portfolio.

So, if you are following an equity-oriented, goal-based financial plan, please stick to it. Just try to invest a little more going forward. That's it. Nothing complex.

Dev Ashish is a Sebi-registered investment advisor and founder of Stable Investor.