A DIASPORA DREAMS FIELD GUIDE · 2026 EDITION

The OCI Holder's 2026 Handbook

Property, tax, inheritance, returning & educating a child — the essentials, distilled.

A plain-language companion for the Overseas Citizen of India cardholder navigating life back home — what the card lets you do, what changed in 2026, and the paperwork that decides whether your India works for you or against you.

Diaspora Dreams

BUILDING BRIDGES ACROSS NATIONS

diasporadreams.com

How to use this handbook

Every rule here is drawn from *Diaspora Dreams*' long-form OCI reporting, which traces each figure back to a primary source — the Foreign Exchange Management Act, the Income-tax Act, Ministry of Home Affairs notifications, the Reserve Bank of India, Supreme Court judgments, and the official admissions portals. This is the **distilled version**: the rules, the numbers, the doors in and out, and the mistakes that cost diaspora families the most. Where you want the full argument and the source links, each chapter points you to the complete guide on the site.

This handbook is journalism, not legal, tax, or financial advice. The Indian rules change with almost every Finance Act and notification, and the right answer for any individual turns on facts specific to them — residency, country, the state a property sits in, the source of funds, the chain of title. Treat this as an informed map, not a substitute for a qualified Indian chartered accountant and, where property or estates are involved, a lawyer in the relevant Indian jurisdiction.

WHAT'S NEW IN 2026 — READ THIS FIRST

- **The card goes digital.** Under the Citizenship (Amendment) Rules 2026, India is rolling out a fully digital **e-OCI** system — with a new fine for those who don't keep passport details updated.
- **Residency net tightens.** From **1 April 2026**, the 120-day residency threshold for OCIs/NRIs with Indian-source income above ₹15 lakh is reinforced — more high-income cardholders will cross into tax residency.
- **Moving home got cheaper.** The Transfer of Residence duty-free allowance rose to **₹7.5 lakh** (from ₹5 lakh) under the Baggage Rules, 2026.
- **Probate eased.** The Repealing and Amending Bill, 2025 removes the mandatory-probate rule (Section 213) for Hindus, Sikhs, Jains, Buddhists and Parsis in Mumbai, Chennai and Kolkata — *check that the notification has issued before relying on it.*
- **Outbound-money threshold up.** The LRS TCS threshold rose to **₹10 lakh** a year (from ₹7 lakh).

What's inside

CHAPTER ONE

What the OCI actually is

The Overseas Citizen of India card is a lifetime visa to India that carries most — but not all — of the practical rights of Indian citizenship. It is a document, not a status. It does not make you a citizen.

India does not permit dual citizenship; Article 9 of the Constitution makes that explicit. What the card does is let a foreign citizen of Indian origin enter, leave, live in, work in, study in, own most property in, and run businesses in India without a visa or residency permit. For most cardholders — the professional, the second-generation child visiting grandparents, the retiree wintering in India — it works exactly as intended.

What the card gives you

- A **multiple-entry, lifelong visa** — you enter on the OCI card alongside your foreign passport.
- **No FRRO registration**, for a stay of any length.
- **Parity with NRIs** in most financial, educational and economic matters — NRE/NRO accounts, mutual funds, university fee structures.
- The right to **own most residential and commercial property**, to **work and run businesses** in most sectors, and to **practise most professions** on the same registration terms as citizens.

What it withholds

- You **cannot vote**, stand for office, or hold a government job.
- You **cannot buy agricultural land, farmhouses or plantations** — the single most common surprise (see Chapter 2).
- You **need special permission** for journalism, research, missionary work, mountaineering in protected areas, and visits to certain restricted regions.
- You **do not get an Indian passport** — you travel on your foreign one, with the OCI card alongside.

What India has changed — and why most cardholders didn't notice

"Lifelong" and "permanent" are technically true and practically misleading. The **2021 MHA notification** re-cast OCI holders from near-citizens to "foreign nationals enjoying special privileges," consolidating the permission requirements above. Cards must be **re-issued on passport renewal** for holders under 20 and once after 50. And the status **can be cancelled** — the grounds in the Citizenship Act include a broadly-worded public-interest clause that has been used against journalists and activists. The numbers are small; the precedent is established.

> **THE HONEST POSTURE**
>
> Treat the OCI as a privilege to be maintained, renewed and stayed-informed-about — not as a settled status that will never change. That single shift in mindset prevents most of the trouble cardholders run into.

OCI QUICK-CHECK

- ☐ Passport details on your OCI card match your *current* passport (a mismatch is the #1 cause of airport trouble).
- ☐ If your passport was renewed and you're under 20 or over 50, file for OCI re-issuance — don't assume the card "still works."
- ☐ Never buy agricultural land under OCI status; speak to an advocate before any rural land transaction.
- ☐ Applying for journalism/research/restricted-area access? File the permission well in advance.
- ☐ Carry the OCI card *and* passport together — some airlines won't board you for India without seeing the card.

Full guide: *The OCI is not citizenship — what it actually is* · diasporadreams.com

CHAPTER TWO

Property — buying, selling, repatriating

Yes, OCIs can buy residential and commercial property in India — any number, no value ceiling, no RBI approval. What they cannot touch is farmland. The 2021 Supreme Court scare did not change this.

Property rights sit under the **Foreign Exchange Management Act, 1999 (FEMA)** and its **Non-debt Instruments Rules, 2019**. The **2021 MHA notification** confirmed OCIs are at parity with NRIs for buying and selling immovable property — *except* agricultural land, farmhouses and plantations. The day-to-day detail lives in the RBI's Master Direction.

What you can buy

Any number of **residential** and **commercial** properties, no ceiling, no prior RBI approval, no need to be physically present. Payment must run through banking channels — remittance from abroad, or from an NRE/NRO/FCNR account. Joint ownership with another OCI or NRI is fine; with a non-resident foreigner who never held Indian citizenship, it is not.

What you cannot buy — and the three doors around it

No **agricultural land, farmhouse or plantation** — not one acre, not with approval, not through an Indian company. The definition of "agricultural land" is wider than the words suggest: a hill retreat, a Coorg coffee estate, a Konkan orchard, a Nashik vineyard are all off-limits. Three narrow exceptions:

DOOR	WHAT IT ALLOWS
Inheritance (widest)	You may inherit *any* immovable property, including farmland, from a resident or a lawfully-holding NRI/OCI. No RBI approval needed.
Gift from a relative (narrower)	Residential/commercial only, from a resident or NRI/OCI "relative." Agricultural land as a gift is treated by conservative advice as *not* permitted.
Pre-acquisition (closes behind you)	Farmland you owned *while still an Indian citizen* you may keep — but you cannot acquire more.

THE 2021 CASE THAT NEARLY BROKE THINGS

Asha John Divianathan v. Vikram Malhotra (Supreme Court, Feb 2021) voided a foreign-citizen transfer made without RBI permission — and diaspora WhatsApp groups panicked. But the case interpreted the old **FERA 1973**, repealed in 2000. The RBI's **11 January 2022 clarification** confirmed in writing that under today's FEMA regime NRIs and OCIs need *no* prior RBI approval — except for farmland. The position has been stable since. The case is a reminder that foreign-exchange law has teeth, not a rule change.

The money: in, out, and what the tax authority takes

- **In:** banking channels only. Cash and informal routes create immediate FEMA exposure.
- **Capital gains on sale:** held over 24 months → long-term. **20% with indexation** for property acquired before 23 July 2024; **12.5% without indexation** for acquisitions on/after that date. Under 24 months → short-term, at slab rates.
- **TDS trap:** the buyer must withhold tax on the *entire sale price*, not the gain — 20% (LTCG) or 30% (STCG) plus surcharge and cess. This routinely over-withholds. The remedy is a **Lower Deduction Certificate**, applied for

before the sale.

- **Repatriation:** up to **US$1 million per financial year** via your NRO account, with **Form 15CA** (self-declaration) and **Form 15CB** (a CA's certificate) filed *before* the transfer.

FIVE PITFALLS THAT TRIP BUYERS

- ☐ "Buying" farmland in a relative's name — a benami transaction; the paper owner is the legal owner and you have no enforceable claim.
- ☐ Cash payments outside a banking channel — FEMA penalties plus tax exposure.
- ☐ Not verifying the seller's title and FEMA history — a foreign-citizen link in the chain of title is your risk.
- ☐ Letting TDS crystallise without a Lower Deduction Certificate — recovering the over-withholding takes an ITR cycle and, sometimes, years.
- ☐ Doing Form 15CA/15CB after the fact — banks won't release funds without them first.

CHAPTER THREE

Tax — the six layers

OCI status by itself decides nothing about your tax. What decides it is residency, source, where your money sits, withholding, treaty relief, and the catch on outbound money. Here they are, in order.

Layer 1 — Residency (days, not status)

You are resident in India for a financial year if you're present **182 days or more**; or **60 days or more** in the year *and* 365+ across the four prior years. For persons of Indian origin with Indian-source income over **₹15 lakh**, that 60-day trigger extends to **120 days** — reinforced from 1 April 2026. Even if you become resident this way, you're usually classed **Resident but Not Ordinarily Resident (RNOR)**, taxed only on Indian-source income. For the OCI abroad most of the year, the position holds: **NRI for tax, taxed in India only on Indian-source income.**

Layer 2 — Source

Taxable in India: rent from Indian property, capital gains on Indian assets, interest on Indian deposits, dividends from Indian companies, business income, salary for services rendered in India, pension from a former Indian employer. Foreign-source income — your Toronto salary, a London flat's rent, US dividends — is **outside the Indian net**, even if remitted to India.

Layer 3 — The accounts

ACCOUNT	HOLDS	INTEREST TAXED IN INDIA?
NRE	Foreign earnings remitted in (rupees)	**No** — tax-free; fully repatriable
FCNR	Foreign-currency fixed deposit	**No** — tax-free; no FX risk
NRO	Indian-source income (rent, dividends, pension)	**Yes** — fully taxable, TDS applies

The rule of thumb: foreign earnings → NRE/FCNR; Indian earnings → NRO. Don't mis-credit between them — banks reject it and it creates audit risk.

Layer 4 — TDS (withholding)

Section 195 withholds at source on most Indian-source income: **rent 30%** (no threshold — from the first rupee), **NRO interest 30%**, **dividends 20%**, capital gains 20%/12.5% on the whole sale price. Withholding is gross; your real liability is usually lower. A **Lower Deduction Certificate** (section 197), obtained before the income is paid, fixes it. Note the section 87A rebate that zeroes tax up to ₹7 lakh is *not* available to non-residents.

Layer 5 — DTAA (the reducer)

India's Double Taxation Avoidance Agreements cap Indian tax on cross-border income below the domestic rate — dividends often to 5–15%, interest to 10–15%. To claim it, give the deductor a **Tax Residency Certificate** plus **Form 10F** and a no-permanent-establishment declaration, *before* the income is paid. Miss that, and you deduct at the full domestic rate and chase relief later by refund.

Layer 6 — TCS on outbound money

Under the Liberalised Remittance Scheme, money sent *out* of India above **₹10 lakh** a year attracts TCS — 0% for loan-funded education, 2% for other education/medical/tour packages, **20% for everything else**. It applies to residents (including OCIs who've moved to India and still send money abroad), and all of it is reclaimable against your year-end tax.

> **BOTH SIDES REPORT — DON'T ASSUME INVISIBILITY**
>
> FBAR (US), and equivalents in the UK, Canada and Australia, require you to declare Indian accounts. Under the Common Reporting Standard, India reports your accounts to foreign tax authorities automatically. "Out of sight" is not a strategy; FBAR penalties alone can equal the account balance.

THE DISCIPLINE THAT KEEPS TAX CHEAP

- ☐ PAN in place before any significant Indian transaction.
- ☐ TRC + Form 10F filed with your bank *early in the year*, before interest/dividends are paid.
- ☐ Lower Deduction Certificate applied for *before* any major asset sale.
- ☐ Annual ITR filed even when no tax is due — it's how you reclaim over-withheld TDS.
- ☐ Reciprocal foreign-side disclosure (FBAR/FATCA/CRS) done in full, on time.

Full guide: *Do OCI cardholders pay tax in India? The 2026 guide* · diasporadreams.com

CHAPTER FOUR

Inheritance & wills

Most Indian estates run on default settings: no will, no plan, no conversation. For an OCI thirteen time zones away, that default is the slow tax — months of paperwork, frozen accounts, sibling disputes. This is the chapter where preparing costs almost nothing and not preparing costs years.

Which law governs the estate

Indian inheritance is three laws, chosen by the deceased's religion at death: the **Hindu Succession Act, 1956** (Hindus, Sikhs, Jains, Buddhists); **Muslim personal law**; and the **Indian Succession Act, 1925** (Christians, Parsis, Jews — and the framework for wills generally). For most OCI families, a Hindu parent dying intestate means Section 8 and "Class I" heirs — widow, sons, daughters and mother taking equal shares.

> **DAUGHTERS ARE COPARCENERS — THE VINEETA SHARMA RULE**
>
> In *Vineeta Sharma v. Rakesh Sharma* (2020), the Supreme Court settled that daughters have coparcenary rights by birth in ancestral property, **equal to sons and regardless of whether the father was alive in 2005**. The thirty-year North Indian arrangement — a wedding for the daughters, the land for the sons — is no longer the legal default. It is still the social default in many families. The gap is where the litigation lives.

Why most Indian fathers don't write wills — and why yours should

A will costs almost nothing: a clear, witnessed document, ideally with a doctor or lawyer to attest capacity. Yet most don't get written — for cultural reasons (the old default was assumed), superstition (that writing one hastens death), and the difficulty of the family conversation. The OCI child's job is to make the case that *not* writing a will is itself a decision — to leave the children fighting in a district court. Often that case can only be made by a sibling still in India, or a trusted family lawyer the OCI funds.

Two changes worth knowing

- **Probate eased (2025).** The Repealing and Amending Bill, 2025 omits Section 213 of the Indian Succession Act — ending mandatory probate for Hindus, Sikhs, Jains, Buddhists and Parsis in Mumbai, Chennai and Kolkata. *Confirm the notification has issued before relying on it.* Even where not required, probate is often still the smart move — banks and sub-registrars act far more readily on a probated will.
- **No inheritance tax.** India abolished estate duty in 1985. The inheritance itself isn't taxed — only the income it later earns (rent, interest, gains) is, on standard NRI rules.

The two-jurisdiction problem

Immovable property is governed by the law where it sits; movables by the deceased's domicile. A father's Powai flat, Toronto accounts and your London home can pull in three regimes. The clean answer for most cross-border estates is **two wills** — one for Indian assets (drafted by an Indian lawyer), one for the rest — each expressly referring to the other so the later one doesn't accidentally revoke the earlier.

What actually happens at the bank

Inheriting in India is a procession of counters — bank, locker, sub-registrar, tehsildar, housing society — each wanting the original death certificate, the will or letters of administration, the legal-heir certificate, an indemnity bond on the right stamp, and one document you didn't know existed. For the OCI, two things save the trip: a **Power of Attorney** to a trusted person in India, and getting the documentary core in order *before you leave* — 10–15 certified death certificates, the legal-heir certificate, the original/probated will. Repatriate inherited proceeds through your NRO account, up to US$1m a year, with Form 15CA/15CB.

THE ESTATE CONVERSATION — BEFORE THERE'S ANYTHING TO MANAGE

- ☐ Ask your parents whether a will exists — and where.
- ☐ If not, fund the lawyer and let a resident sibling or trusted cousin lead the conversation.
- ☐ For cross-border assets, set up two coordinated wills, not one boilerplate will.
- ☐ Keep certified death certificates and a legal-heir certificate to hand; grant a POA in India.
- ☐ Remember: inheritance isn't taxed — its future income is.

Full guide: *Inheritance, wills, and the OCI estate* · diasporadreams.com

CHAPTER FIVE

Returning to India

Roughly 300,000 NRIs return each year, and the trend is rising. The plane is the easy part. The return runs through tax-residency arithmetic, customs at the cargo port, and bank accounts that must be redesignated on a clock. Here are the four levers.

Lever 1 — The one day that decides your tax year

Land on **1 October** and you hit 182 days in that financial year — a tax resident. Land on **2 October** and you're at 181 — non-resident. One day; an enormous difference in treatment. Plan the calendar around the 182 figure (with the ₹15-lakh/120-day caveat from Chapter 3).

Lever 2 — RNOR, the three-year glide path

Even once resident, a returning person of Indian origin usually qualifies as **RNOR for up to three financial years** — during which **foreign income stays untaxed in India**: foreign salary, overseas rental, foreign interest/dividends/gains, foreign pensions. Only Indian-source income is taxed — the same exposure you had as an NRI. This window is when to time the big events: sell the US house, crystallise long-held gains, start the 401(k) drawdown, unwind a UK pension. Miss it and the same unwind happens under full Indian tax on worldwide income, up to 30% plus surcharge and cess.

> **TRANSFER OF RESIDENCE — A ONCE-IN-A-LIFETIME CUSTOMS ENTITLEMENT**
>
> Relocating with your household? The **Baggage Rules, 2026** raised the ToR duty-free allowance to **₹7.5 lakh** (stays of two years+). A named list of appliances qualifies for **15% concessional duty** instead of the 38.5% baggage rate. It's a *one-shot lifetime* entitlement: inventory the household before packing, ship to the **cargo port** (JNPT, Chennai, Kolkata, the ICDs) not the airport, use the Red Channel with the ToR form pre-filled, and engage a clearing agent (₹15,000–₹40,000). The duty saving on a mid-range move runs ₹5–10 lakh.

Lever 3 — Banking redesignation, on a clock

The day you become resident under FEMA, your accounts must be redesignated — this is not optional. **NRE and NRO** convert to resident rupee accounts (interest becomes taxable as resident interest). **FCNR(B)** can run to maturity but not be renewed. An **RFC account** lets returnees keep foreign-currency exposure. Operating an NRE account after becoming resident is a technical FEMA breach — redesignate within 30 days as a safe norm.

Lever 4 — The host-country exit

Don't leave loose ends behind you: **US** — partial-year departure return; green-card holders should consider Form I-407 abandonment (US citizens/green-card holders stay taxable on global income until they formally exit). **UK** — file the P85, get an NT code for continuing UK income. **Canada** — notify the CRA; watch deemed-disposition tax. **Australia** — final return with the cease-residence date. **Gulf/Singapore** — mostly clean, but close pensions and tenancies properly.

THE RETURN, SIX MONTHS OUT

- ☐ Model the 182-day line and choose an arrival date deliberately.
- ☐ Map your RNOR window and time foreign-asset sales inside it.
- ☐ Plan the Transfer of Residence shipment and paperwork before you pack.
- ☐ Diarise account redesignation for the week you land.
- ☐ Complete the host-country departure filings.
- ☐ Build in reversibility — rent for year one before you buy; the emotional return has no spreadsheet.

CHAPTER SIX

Educating a child in India

The pathways into India's best universities for diaspora children exist and are well-defined — spread across four schemes, two exam systems, and one date that splits the rule book in two.

The four pathways

FOR...	ROUTE	KEY FACTS
IITs	JEE Advanced (foreign/OCI-F track)	IITs *don't* use DASA. Foreign/OCI-F candidates skip JEE Main and sit JEE Advanced directly; up to 10% supernumerary seats; three attempts.
NITs, IIITs, SPAs	DASA (via JEE Main)	JEE Main compulsory. ~US$4,000/semester (non-SAARC); Gulf-worker children (CIWG) pay Indian-national fees; ~15% of seats.
Medicine / AIIMS	NEET-UG via MCC	AIIMS has **no NRI quota**. NEET-UG is non-negotiable. Only ~7 Foreign-National seats across AIIMS (~US$75,000) vs subsidised All-India-Quota seats.
Ashoka, JGU, Krea, FLAME	Direct application	Essays, transcripts, recommendations; SAT/ACT/IB accepted. ₹8–15 lakh/year — below US/UK cost.

Overlaid on all four is the **ICCR scholarship scheme** — full/partial funding for foreign-national and certain OCI/PIO students, provided the child completed schooling (to Class XII) *abroad* and hasn't studied in India for 3–5 years prior.

THE 4 MARCH 2021 CUT-OFF — CHECK YOUR CARD'S ISSUE DATE FIRST

OCI cards issued **before 4 March 2021** let a child choose to apply as a foreign national *or* at par with Indian nationals. Cards issued **on or after 4 March 2021** are treated as foreign-national only. The issue date appears on every application document and determines which exam, route and fee apply — check it early in the planning cycle.

FIVE PITFALLS THAT COST A PLACE

- ☐ Assuming IIT participates in DASA — it doesn't; that's the JEE Advanced foreign track.
- ☐ Missing the ICCR five-year non-residence rule (a child at an Indian boarding school is ineligible).
- ☐ Confusing the AIIMS Foreign-National seat with an "NRI seat" — there is no NRI quota at AIIMS.
- ☐ Under-planning documentation — AIU equivalence certificates alone take 6–12 weeks.
- ☐ Reading the headline tuition, not the all-in cost — hostel, mess, deposits, return visits.

Full guide: *How OCI students apply to India's premier institutes* · diasporadreams.com

WHERE TO GO NEXT

Official channels & the full guides

Do it through the official portals — they're free

OCI & visa services — ociservices.gov.in (the government's own channel; avoid paid middlemen for the basics).

Property, accounts & repatriation (FEMA) — the Reserve Bank of India, rbi.org.in.

Tax, Form 10F, residency & returns — the Income Tax Department, incometax.gov.in.

OCI rights & notifications — Ministry of Home Affairs (Foreigners Division), mha.gov.in.

Admissions — jeeadv.ac.in, dasanit.org, mcc.nic.in, a2ascholarships.iccr.gov.in, and each institute's own page.

For anything consequential — a property sale, an estate, a relocation, a residency question — a qualified Indian chartered accountant, and a lawyer in the relevant state, will save you many times their fee.

Read the full, sourced guides

Every chapter here is the short version. The complete guides on the site carry the argument in full, the exact figures in context, and a linked annexure of primary sources for each claim:

- The OCI is not citizenship — what it actually is
- Can OCI cardholders buy property in India? The 2026 rules
- Do OCI cardholders pay tax in India? The 2026 guide
- Inheritance, wills, and the OCI estate
- Returning to India — the OCI's relocation guide
- How OCI students apply to India's premier institutes

All at **diasporadreams.com** → the OCI's Guide to India.

Reminder: This handbook is journalism, not legal, tax, or financial advice, and reflects the rules as understood in 2026. Figures and provisions change with Finance Acts and notifications. Verify the current position and consult a qualified professional before acting.