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RBI'S EDF NORMS: WHAT SERVICE EXPORTERS AND LAW FIRMS NEED TO KNOW



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Effective 1 October 2026, the Reserve Bank of India's (RBI) new *Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026* have introduced an Export Declaration Form (EDF) reporting requirement for service exports. The change brings many non-software service providers into a formal reporting framework that previously generally did not require an export declaration. The EDF records the export value and enables banks to track receipt of export proceeds.

Clarification on freelancers and individuals

At the monetary policy press conference on 7 October 2026, RBI Deputy Governor Rohit Jain clarified that individuals undertaking contracts of a personal nature are not required to comply with the reporting requirement. Governor Sanjay Malhotra similarly indicated that individuals providing services such as tutoring and small software services need not report such transactions, irrespective of the amount. The RBI said it would issue FAQs to clarify its position.

This clarification is particularly relevant to freelancers and individual service providers. However, firms, LLPs and companies exporting services should not assume that the same exemption applies to them. The position of sole practitioners providing professional services also warrants caution until further official clarification is available.

Implications for law firms

Legal advice, contract drafting, research, litigation support and other professional services supplied to overseas clients may constitute exports of services. Law firms structured as partnerships, LLPs or companies should therefore assess their obligations under the new framework.

Firms should maintain invoice-wise records of foreign-client engagements, payments received and outstanding balances. Since EDF reporting involves invoice particulars, descriptions of legal services should be factual and appropriately general, avoiding unnecessary disclosure of privileged or confidential client information.

How does the process work?

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The exporter should first raise an invoice for services provided to the overseas client. The EDF must then be submitted through the exporter's authorised dealer (AD) bank, generally within 30 days from the end of the month in which the invoice was raised. A consolidated EDF may cover multiple invoices for the month.

For invoices raised in October 2026, the first declaration would ordinarily be due by 30 November 2026. The bank handles the corresponding reporting on the Export Data Processing and Monitoring System (EDPMS) and matches the declared export with incoming payments. Exporters must ensure that proceeds are realised and repatriated within the prescribed period, generally nine months, or twelve months where the invoice or settlement is in rupees, subject to applicable conditions and extensions. The bank can then close the relevant entry once the requirements are met.

For exports up to ₹10 lakh per bill, RBI's clarification indicates that self-declaration may be used as an alternative to an invoice. This should not be treated as a blanket exemption from EDF reporting for otherwise covered exporters.

Bank charges: What should exporters expect?

RBI has not prescribed a uniform fee specifically for EDF filing. Charges, if any, depend on the bank's service-charge schedule and the handling required. Exporters may also incur inward-remittance charges or fees for issuing electronic Bank Realisation Certificates (eBRCs) or foreign inward remittance certificates (eFIRCs), where applicable.

Before commencing filings, law firms and other exporters should obtain written confirmation from their AD bank regarding EDF processing, payment matching, closure procedures and certificate charges. They should also clarify whether any additional fees apply to corrections or declarations relating to unrealised export proceeds.

What should businesses do now?

Service exporters should confirm their reporting obligations with their AD bank, establish a monthly invoice-and-realisation tracker, and monitor further RBI FAQs. Non-compliance may attract consequences under Section 13 of the Foreign Exchange Management Act, 1999.

To summarise, the new EDF framework marks a significant shift in reporting of service exports, requiring businesses, including law firms, to strengthen their invoice tracking and foreign-exchange compliance processes. While the RBI's clarification offers relief to individuals undertaking contracts of a personal nature, the precise scope of the exemption, particularly for sole practitioners, remains subject to further clarification. Service exporters should proactively coordinate with their authorised dealer banks to understand the applicable filing procedures, timelines and charges, while monitoring further RBI guidance to ensure compliance with the revised FEMA framework.

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