

RESIDENTIAL STATUS & SCOPE OF TOTAL INCOME

SECTIONS	PROVISION
6	Determination Of Residential Status
5	Scope of total Income
7	Income deemed to be received in India
9	Income deemed to be Accrue/Arise in India



Visited USA in previous year for 6 months for concerts and shows and earned income in crores there, am I liable to pay tax in India on this income??



Visited India for Cricket match and earned 1cr from the match in India, Do I need to pay income tax in India??



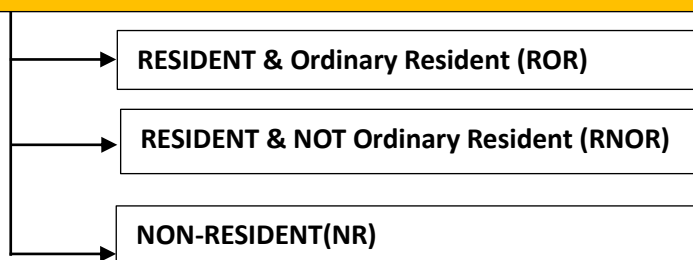
I live in Dubai but visits India once a year and shoot Youtube video, one video = 20 lakhs also I travel a lot 😊 Do I need to pay tax in India??



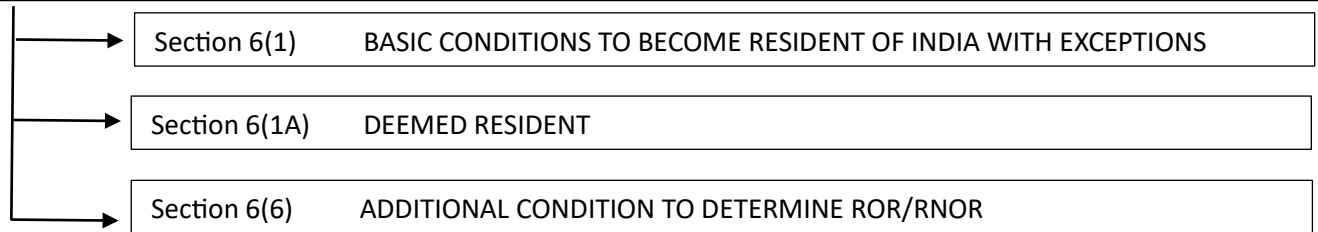
To clear all these Doubts we study about Residential Status and Scope of total income u/s 6,5,7,9

Konsi income pe kisko tax pay karna hai or kitna tax pay karna hai

TYPES OF RESIDENTIAL STATUS



RESIDENTIAL STATUS OF AN INDIVIDUAL



SECTION- 6

6(1)

BASIC CONDITIONS TO BECOME RESIDENT

Individual will become **Resident** if satisfies any one of below conditions-

- A) Stay in India for **182** days or more during P.Y
- B) Stay in India for **60 days** in P.Y & **365 days in 4** PPY

NOTE-

- 1. Continuous stay is not mandatory
- 2. Day of departure and coming to India is included in total stay

6(1A)

DEEMED RESIDENT

(Resident hain nahi par maan lengay)

Individual will become Deemed Resident if-

- 1. Indian citizen &
- 2. Indian income > **15 lakhs** &
- 3. Not liable to pay tax in any other country

6(6)

Additional Conditions to check after 6(1) to determine that a person is RNOR

(Resident hai par aam resident nahi)

Individual will become not ordinary resident if he satisfy any one of the below conditions-

- 1. Was resident in any **2 out of 10 PPY**
- 2. Stay in India for **730** days during **7 PPY**

NOTE-

Individual who satisfies both above conditions becomes **Ordinary Resident**

EXTRA POINTS-

A) Following persons are **always known as RNOR-**

- 1. Indian citizen or person of Indian origin & who, being outside India, comes on a visit to India in any previous year & having Indian Income exceeding ₹ 15 lakhs during the previous year, & who has been in India for 120 days or more but less than 182 days during that PY AND for 365 days (or more) during 4 PPY

OR

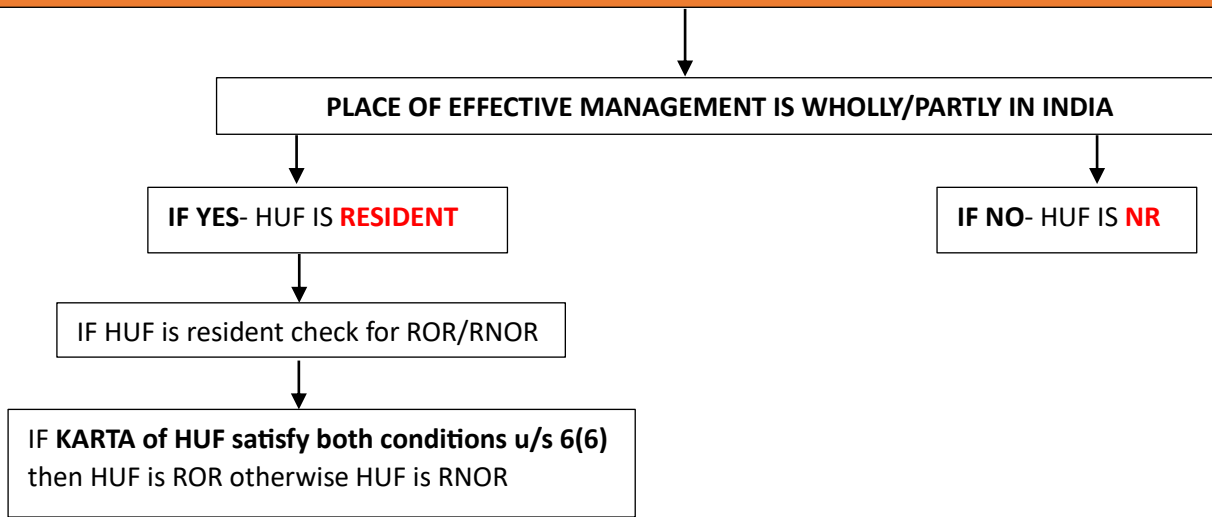
- 2. Individual who is Deemed resident as per section 6(1A)

B) Exceptions of 2nd condition of sections 6(1)

- 1. Indian Citizen who leaves India as a member of the crew of an Indian ship
- 2. Indian Citizen who leaves India for the purpose of employment outside India
- 3. Indian Citizen or Person of Indian origin who visits India and have Indian income above 15 lakhs (on such person 2nd basic condition is stay in PY for 120 days & 365 in 4 PPY)

NOTE - Condition of 182 days in PY is applicable on all individuals

RESIDENTIAL STATUS OF AN HUF Section 6(2)



RESIDENTIAL STATUS OF FIRM/AOP/BOI/LA/AJP Section 6(4)



RESIDENTIAL STATUS OF COMPANY Section 6(3)



PRACTICE QUESTIONS-

Q-1 Mr. Y was sponsored by his employer in India for training in USA. He left India on 03.06.2023. He came back to India on 05.04.2024. Determine his residential status for the PY 2023-24 assuming that he did not go out of India previously

Q-2 Mr. Samuel, a foreign citizen (not being a person of India origin) comes to India for first time in last 12 years on March 01, 2023. On 5th September 2023 he leaves India for Singapore on a business trip. He comes back on March 2, 2024. Determine his residential status for the PY 2023-24.

Q-3 G an American citizen, appointed by a MNC to its branch in New Delhi in 2020. G has never been to India before this appointment. He arrives in Mumbai on 15th April, 2020 and joins the New Delhi office on 20th April, 2020. His wife and children join him in India on 20th October, 2020. The company allotted him a leased residence for the purposes of his stay. This residence is occupied by him from the beginning of October 2020. On 10/2/21, he is transferred by his employer, on deputation basis, to be the regional chief of his employer's operations in South East Asia having headquarters in Hong Kong. He leaves New Delhi, on 11/02/21 and arrives in Hongkong on 12/02/21. G leaves behind his wife and children in India till 14/08/22, when they leave along with him for Hong Kong. G had come to India earlier on 15/06/22 on two months leave. The members of the family occupied the residence till date of departure to Hongkong. At the end of the period of deputation, G is reposted to India and joins the New Delhi office of his employer as chief of Indian operations on 1/02/24. Determine residential status of G in various Assessment years from 20-21 to 23-24

SCOPE OF TOTAL INCOME (Section 5)

NATURE OF INCOME	ROR	RNOR	NR
(A) Income received or deemed to be received in India during the year (whether accrues in India or not) [Indian Income]	Taxable	Taxable	Taxable
(B) Income accrues/arises or deemed to accrue/ arise in India during year - whether received in India or not [Indian Income]	Taxable	Taxable	Taxable
(C) Income accrues/arises and received outside India and derived from: [Foreign Income]			
(i) business / Profession controlled/ setup in India	Taxable	Taxable	Not Taxable
(ii) business / Profession controlled/ setup from outside India	Taxable	Not Taxable	Not Taxable
(D) Past income (earned and received abroad) remitted to India in Previous year	Not Taxable	Not Taxable	Not Taxable

Income Deemed to be Received [Section 7]

- a) Annual accretion to the credit of Recognized Provident Fund: -
Interest credited to recognized provident fund account of an employee in excess of **9.5% p.a.**
Excess contribution of employer in RPF (i.e. the amount contributed in excess of **12 percent of salary**)
- b) The taxable transferred balance from **URPF to RPF** (being the employer's contribution and interest thereon)
- c) The **contribution made by the CG** or any other employer to the account of an employee under a pension scheme u/s **80CCD**

Income Deemed TO ACCURE OR ARISE IN INDIA [Section 9]

→	Sec. 9(1)(i) Income out of Business Connection
→	Sec. 9(1)(ii) Salary earned by NR in India
→	Sec. 9(1)(iii) Salary from government to an Indian citizen for services Rendered outside India.
→	Sec. 9(1)(iv) Dividend from Indian Co.
→	Sec. 9(1)(v) Income from Interest payable by specified person.
→	Sec. 9(1)(vi) Income from Royalty
→	Sec. 9(1)(vii) Income from Technical services. (FTS)
→	Sec. 9(1) Income from Property/Assets situated in India
→	Sec. 9(1) Income from transfer of Capital Assets situated In India.
→	Sec. 9(1)(viii) Gift by R to NR/ on or after 1.4.2023 to NOR

Practice Questions-

1. Discuss the Residential Status in the following cases-

- a) Z Ltd. an Indian company situated in Bombay.
- b) Y Ltd. a foreign company situated in Delhi, but POEM is in Australia.
- c) XYZ Associates a foreign company Registered in UK but POEM is in India.
- d) PQR Ltd a foreign company situated USA and POEM is in USA.
- e) M/s ABC, a partnership firm, is having its business in Delhi and Assam and controlled partly from Delhi and partly from Assam
- f) If in above case (e) the firm is wholly controlled from Dubai.

2. 'X' earns the following income during the financial year-

- | | |
|--|--------|
| a) Interest from an Indian company received in UK. | 1,000 |
| b) Pension from former employer in India received in USA | 54,000 |
| c) Profits earned from a business in Paris which is controlled in India, half of the profits being received in India | 20,000 |
| d) Income from agriculture in Bhutan and remitted to India | 5,000 |
| e) Income from property in England received there | 4,000 |
| f) Past foreign untaxed income brought to India | 10,000 |

Compute his income if he is:

(i) Resident and ordinarily resident in India (ii) Not ordinarily resident in India (iii) Non-resident in India.

3. X furnished the following particulars of his income earned during the previous year:

- | | |
|---|-----------|
| i) Interest on German Development Bonds (two-fifths is received in India) | 60,000 |
| ii) Income from agriculture in Bangladesh, received there but later on ₹ 50,000 is remitted to India
(agricultural activity is controlled from Bangladesh) | 1,81,000 |
| iii) Income from property in Canada received outside India | 86,000 |
| (₹ 76,000 is used in Canada for meeting educational expenses of X's daughter in USA and ₹ 10,000 is later on remitted to India) | |
| iv) Income earned from business in Kampala (Uganda) which is controlled from Delhi
(₹ 15,000 is received in India) | 65,000 |
| v) Dividend paid by a foreign company but received in India on April 10, 2023 | 46,500 |
| vi) Past untaxed profit of 2019-20 brought to India in PY 2023-24 | 10,43,000 |
| vii) Profits from a business in Madras and managed from outside India | 27,000 |
| viii) Profit on sale of a building in India but received in Sri Lanka | 14,80,000 |
| ix) Gift in foreign currency from a friend received in India on January 21, 2024 | 80,000 |

Find out the gross total income of X, if he is (i) ROR, (ii) RNOR, or (iii) NR in India.