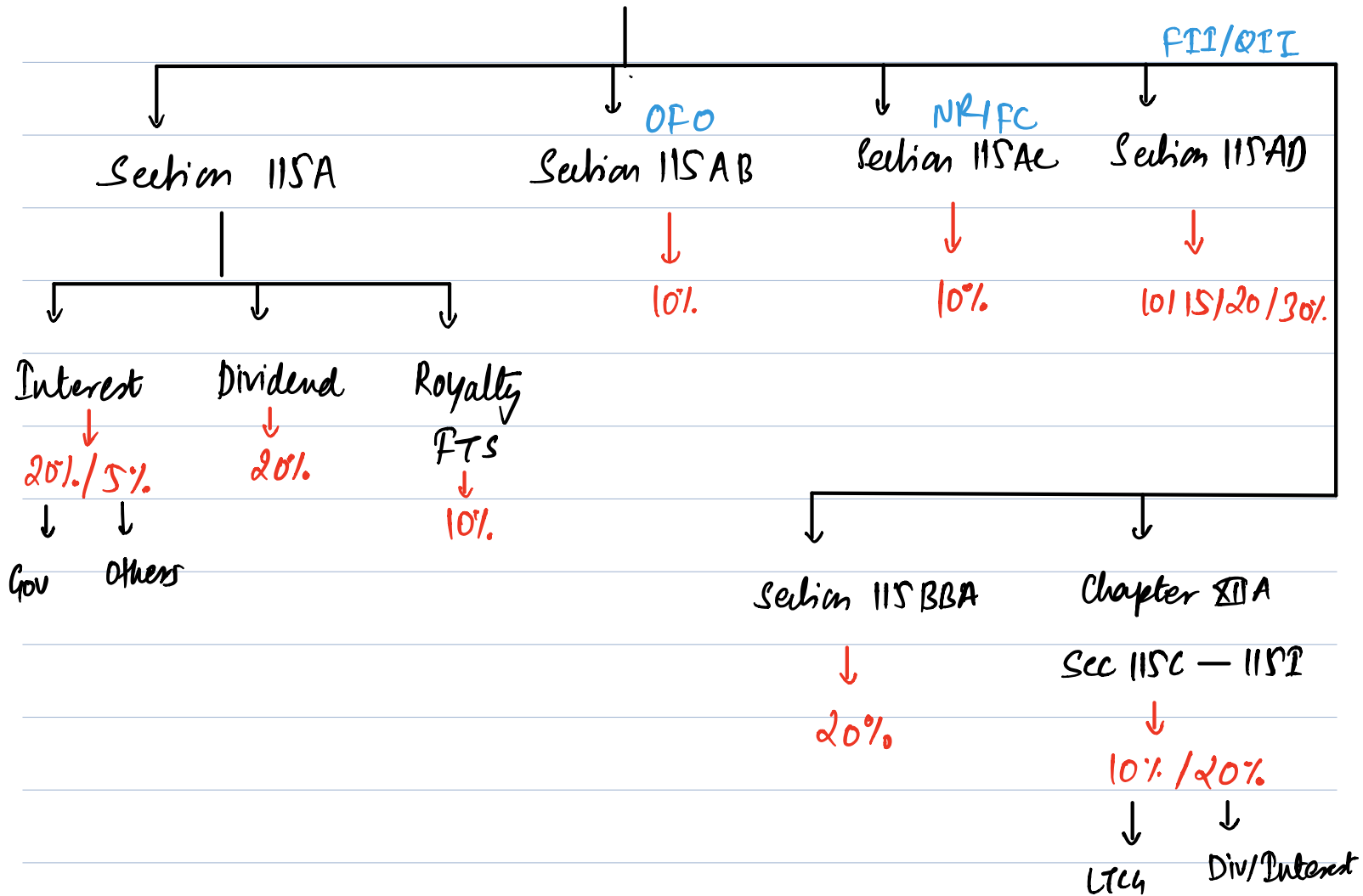
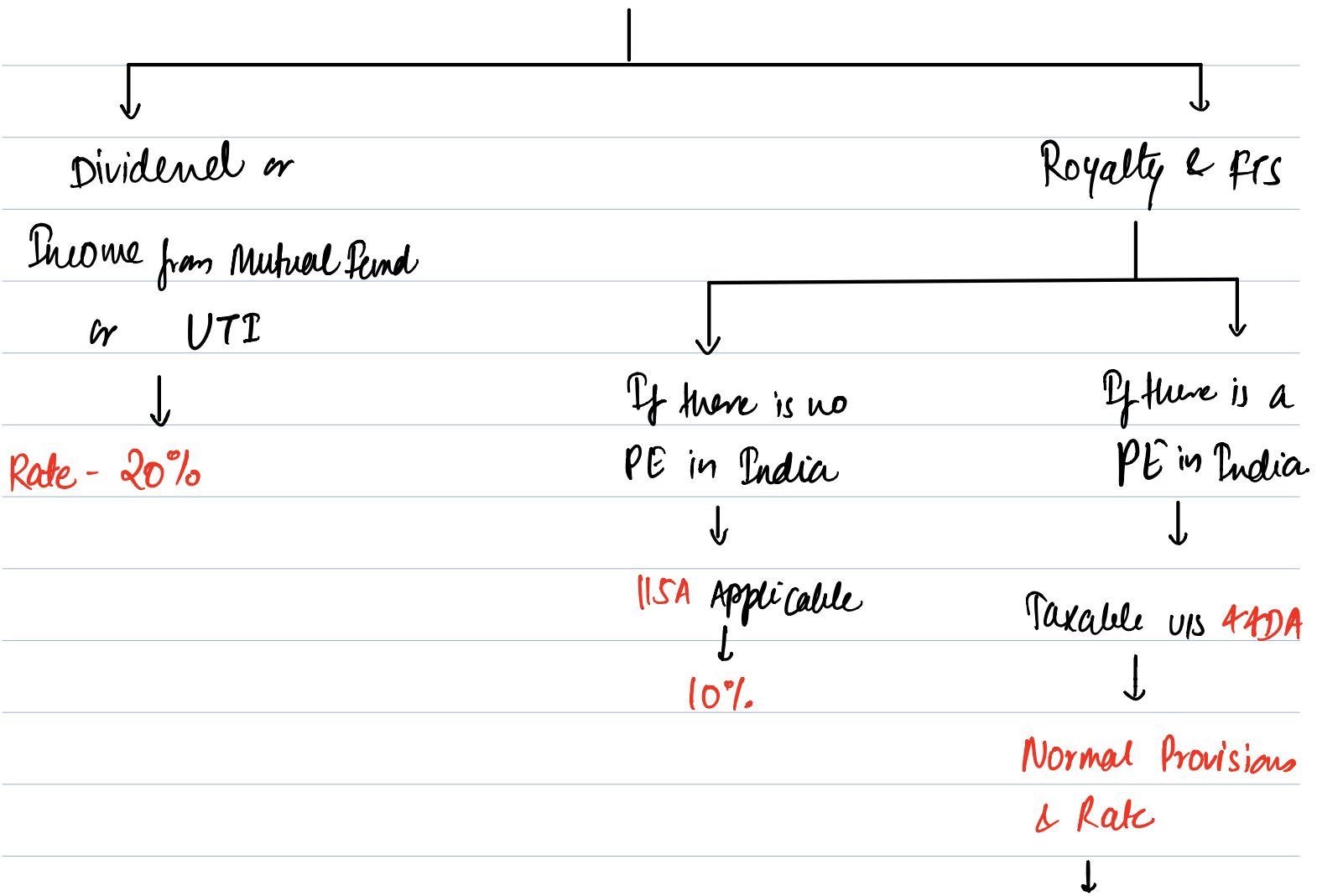


# NR - Special Rates

## Sections to Study:-



# Sec 115A

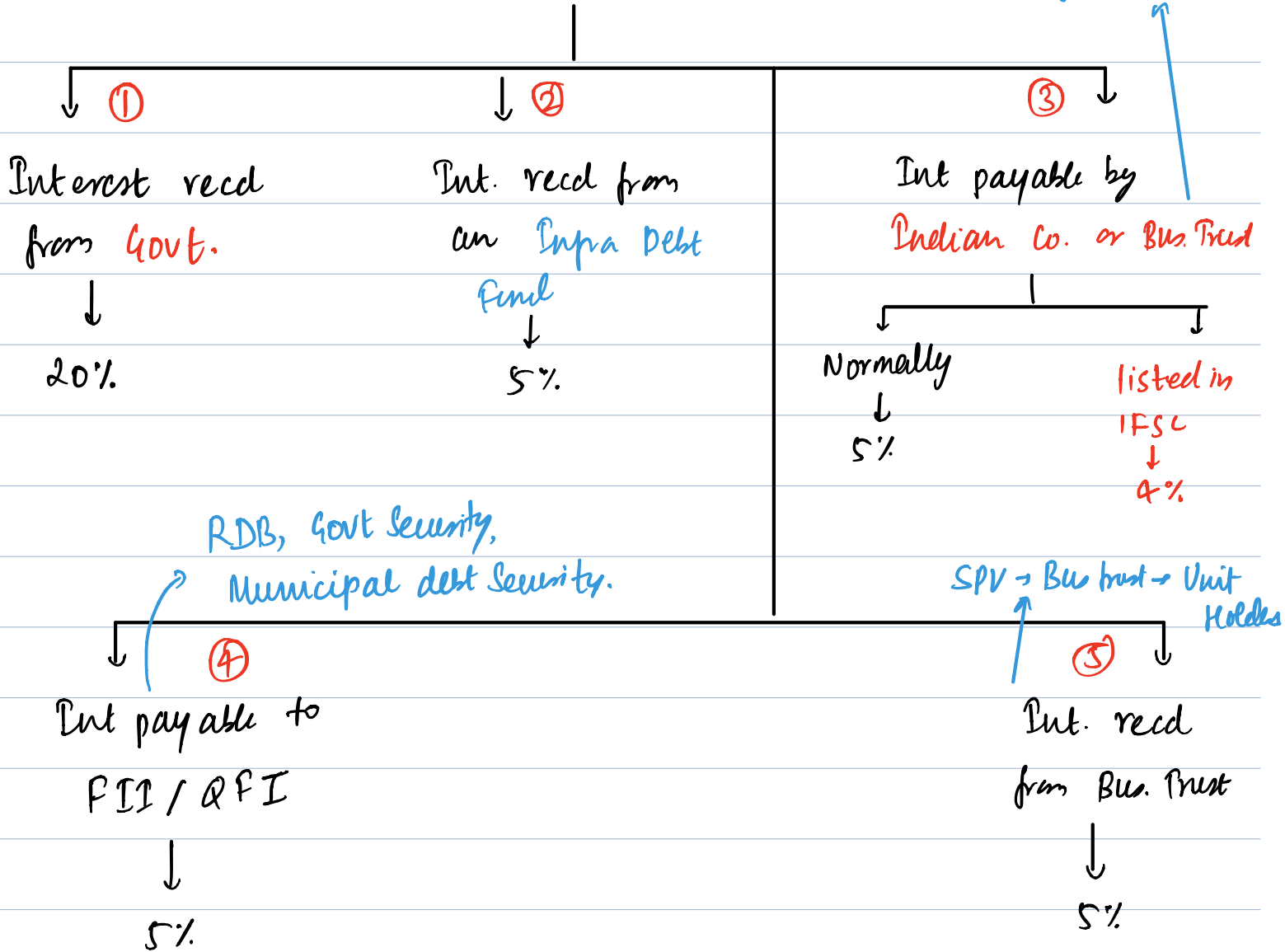


→ Expenses incurred wholly & exclusively for earning such Income will be allowed as Deduction.

→ Reimbursement of actual expense of PE to head office will be allowed as deduction.

Loan agreement, RDB,  
any other long term Bond

## 115 A → INTEREST



① & ③ → Money should be borrowed in Foreign Currency

# NR- SPECIAL RATES OF TAX

Sec 115AB

Sec 115AC

Sec 115AD

① Applicable to :-

Overseas  
Financial  
Organisation

Non-Resident  
incl. Foreign  
Co.

Foreign  
Institutional  
Investors, or  
Specified Fund

② Applicable on :-

Units of UTI  
& Mutual Fund  
acquired in  
Foreign Currency.

Bonds of  
Indian Co.  
or GDR aeq. in  
Foreign Currency.

Securities  
Other than  
Units of UTI  
& Mutual Fund.

③ Tax Rates :-

LTCG → 10%.

LTCG → 10%.

LTCG - 10%.

Dividend → 10%.

Dividend → 10%.

STCG → 30%.

Interest → 10%.

Interest & Dividend :

FII → 20%.

Specified → 10%.  
Fund

LTCG referred

in Sec-112A :- 10% in excess of ₹1,00,000

STCG referred in

Sec 111A :- 15%

④ TDS	10% on LTCG and Dividend (Sec 196B)	10% on LTCG, Dividend & Interest (Sec 196C)	Put & Dividend FII → 20%. Specified → 10%. Fund
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Sec 115AB → Tax on Income of OFO on units of  
VTF/MF purchased in Foreign Currency

Rate - 10%.

**Overseas Financial Organisation** means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an agreement for investment in India with any public sector bank or public financial institution or a mutual fund specified under section 10(23D). Such agreement should be approved by SEBI.

→ LTCG @ 10% will be taxable in excess of ₹100,000 on units of Equity Oriented Fund vis 112A.

→ STCG @ 15% will be taxable on units of Equity Oriented Fund vis 111A

## Notes on Sec 115AD :-

### Specified Fund means:-

- which is registered as Category III Alternative Investment Fund regulated by SEBI.
- which is located in any IFSC
- of which all the units are held by a non-residents other than units held by sponsor or manager.
- In case of specified Fund, the provisions of this section shall apply to the extent of Income that is attributable to the units held by NR. (not being PE of NR in India)
- Higher Surcharge of 25%, 37% will not apply in case if NR is a Foreign fund in case of dividend, Capital Gain vs 111A & 112A.

Sec 115 BBA: Income of NR Sportsman, Sports Association  
& Entertainer

Tax Rate - 20%

a) A sportsman → Non-Resident & not a citizen of India.

Any Income received or receivable by way of:

→ participation in India in any game → other than sec 115 BB

→ Advertisement

→ Contribution to articles relating to any game in India in newspapers, magazines or Journals

b) A NR sports Association or Institution

→ Any amount paid or payable to such association or institution in relation to any sports. → other than sec 115 BB

c) An Entertainer → Non-Resident & not a citizen of India.

→ Any Income received or receivable from his performance in India.

Note:- Umpire or Referee does not come under this section.

## Some Common points about sec 115A, 115BBA, 115AB, 115AC and 115AD

→ Sec 28 to 44C & Section 57 not available

↳ Koi Expenditure ka ded<sup>n</sup> nahi milega

→ Chapter VI-A deductions not available.

↳ Except Royalty & PFS Income - 115A

→ Indexation benefit not available.

→ Other Income → Taxable at Normal Tax Rates

→ Benefit of Basic Exemptions limit not available.

→ These provisions are mandatory.

# Special Provisions for NRI → Chapter XI-A

Section 115C-115I

In case of NRI, there is an option to choose:

## Specific Provisions

Chapter XI-A → sec 115C → 115I.

## General Provisions

ie. Sec 112 & 115A

① Sec 115F is available.

Sec 115F is not available

② Exemption of ₹ 1,00,000 **not available** on LTCG referred in 112A

Exemption of ₹ 1,00,000 **is available** on LTCG referred in 112A

③ 2<sup>nd</sup> proviso to sec 48 not available

Same

④ First proviso to sec 48:-

First proviso to sec 48:-

Unlisted Shares:- **Available**

Unlisted Shares:- **Not available**

Listed Shares sold:

Listed Shares sold:

on Stock Exchange → **Available**

on Stock Exchange → **Not available**

of Market → **Available**

of Market → **Available.**

## Section 115C

NRI means:- NR + Indian Citizen / Person of Indian Origin

Foreign Exchange Assets:- Any of the following assets purchased in convertible Foreign Exchange.

- ① Shares of Indian Company - Private or Public.
- ② Debentures of Public Ltd. Indian Co.
- ③ Deposits of Public Ltd. Indian Co.
- ④ Government Securities.

LTCG → LTCG from foreign Exchange Assets

Investment Income:- Dividend and Interest from Foreign Exchange Assets.

## Section 115E:-

### Tax Rates :-

LTCG → 10%

Investment Income → 20%

Other Income → Normal Tax Rates

## Section 115D:-

(1) Investment Income:- Section 28 to 44C,  
Section 57, Chapter VI-A  
not available.

(2) Long Term Capital Gains → Chapter VI-A not available

(a) 1<sup>st</sup> proviso to sec 48 → Available

(b) 2<sup>nd</sup> proviso to sec 48 → Not available

(3) Other Income → Normal Provisions

## Sec 115 F:

LTCG on Forex asset shall be exempt if:-

- Net Consideration is utilized for purchasing **another Forex Asset.**
- It is purchased within 6 months of transfer

$$\text{Exempt Amount} = \text{LTCG} \times \frac{\text{Cost of New Asset}}{\text{Net Consideration}}$$

Lock in period - 3 years, if sold before 3 years,

Exempt LTCG shall be taxable

## Sec 115 G:- Exemption from filing ROI.

ROI is not reqd. to be filed if:-

- Total Income **includes only** Investment Income and / or LTCG.
- TDS has been deducted.

Sec 115H :- Chapter to apply even if NRI becomes Resident.

- When NRI becomes Resident, he can choose the option to be Governed by this Chapter.
- Investment Income will be taxed @ 20%.
- Dividend Income & LTCG will be taxed normally.

Sec 115E :- This Chapter is Optional

Compulsory

Optional

## Presumptive Taxation for Non-Residents

44B

44BBA

44BB

44BBR

Shipping  
Business

Operation of  
Aircraft

Services for  
prospecting or  
extraction or  
production of  
mineral oils

Services for  
Turnkey  
Projects.

7.5%

5%

10%

10%

₹

₹

₹

₹

① To paisa India me  
aaya. → Freight on goods,  
passengers, livestock etc

Gross Amt.  
received or  
recoverable

Amount received  
or recoverable  
for such services

② To maal India ke port  
se load hua, India se carry  
hua.  
↳ Goods, passenger, livestock etc

in India  
for services.

All the Best!

When in Doubt, Just Say,

Sab kar lunga Main

Sab kar Lungi Main

You can find video for this notes  
and other videos on my

Youtube Channel

Search 'CA Yash Khandelwal'  
on Youtube.

- Thanks.

# CA-FINAL DT REVISION

**PGBP ADJUSTMENTS**

**MCQS & CASE SCENARIOS BOOKLET**

**DTAA**

**INTEREST ROYALTY FTS**

**TDS RATES**

