

CHAPTER 2: RESIDENTIAL STATUS

- Total income of an assessee can be computed only after ascertaining the residential status of the assessee during the previous year, as many provisions under income tax act are different for resident and for non resident assessee.
- Citizenship and residential status are both different concept. A person may be a citizen of India but may be Non resident for income tax purposes.
- Residential status is determined for every previous year, it is possible that person is resident in one year and non resident in another year.

Residential status of individuals Section 6(1) / 6(6)(a)

Section 6(1), an individual is said to be resident, if he satisfies any one of the following two basic conditions:

- He stays in India for 182 days or more during the relevant previous year (RPY)
- He stays in India for 60 days or more in RPY and also for 365 days or more during 4 years preceeding the RPY.

Note:

1. Period of stay may not be continuous.
2. Date of departure and arrival both shall be considered for stay in india.

Example 1. Riya citizen of UK visited India during FY 2024-25 from 19.9.24 – 15.11.24

Her stay for last 4 years is as follows:

2023-24	100d	2021-22	200d
2022-23	50d	2020-21	150d

Determine the residential Status of Riya during AY 2025-26

Additional Condition

Section 6(6), An individual is said to be a resident and ordinarily resident if he satisfies both the following conditions:

- He is a resident in any 2 out of last 10 previous year, and
- His total stay in India in the last 7 years is 730 days or more.

Example 2.

Mr. X visit India for 110d every year since 2001. Determine Residential Status for PY 2024-25.

Example 3.

Mr. X visit India for 100d every year since 2020-21 before that he never visited India. Determine Residential status for FY 2024-25.

Exceptions to the basic condition - Check only 182 days

1. If an Indian Citizen leaves India for the purpose of employment
2. If an Indian Citizen leaves India as a crew member of Indian Ship.

Note: Date of Joining and Date of Signing Off As per continuous discharge certificate shall be considered as outside India in the case of crew member of foreign going Ship.

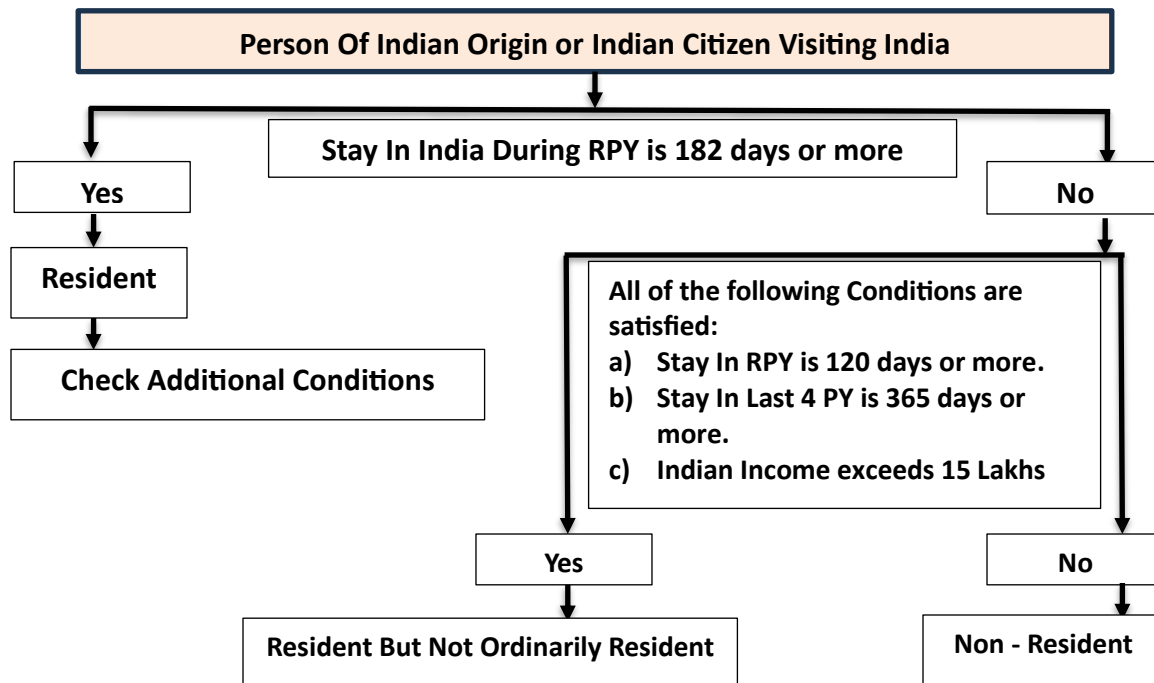
Example 4.

Mr. X (Indian Citizen) is a Crew member of foreign going Indian vessel.

Date of joining 15.7.24
Date of signing off 10.11.24

- Last 4 year stay in India = 400d
- Last 7 year stay in India = 790d
- He was Resident in each of last 5 year.

Determine Residential Status of FY 2024-25



* Indian Income includes Foreign business income whose control is in India or foreign professional income whose setup is in India

Deemed Resident Section 6(1A)

Individual Shall be NOR if all of the following conditions are satisfied:-

- a) Individual is Indian Citizen
- b) Total income excluding income from foreign sources but including foreign business income whose control is in India, exceeds 15 Lakh.
- c) Such person is not paying Tax In any Country due to his domicile, residence or

similar nature

Illustration 1: Determine residential status of Mr. X for the assessment year 2025-26, who stays in India during various financial years as under :

Previous Years	Stay
2024-25	100
2023-24	200
2022-23	91
2021-22	90
2020-21	89
2019-20	87
2018-19	91
2017-18	82
2016-17	90
2015-16	88
2014-15	89
2013-14	86
2012-13	87
2011-12	89
2010-11	90

Illustration 2: Mr.X an American citizen has come to India for the first time on 10.07.2020, as an employee of a multinational company. The particulars of his arrival and departure are as given below:

Date of Arrival	Date of Departure
10.07.2020	07.08.2021
07.10.2022	27.11.2022
01.03.2023	01.02.2024
10.05.2024	30.03.2025

Determine his residential status for previous year 2022-23 to 2024-25

Illustration 3: Mr. X, the Australian cricketer comes to India for 105 days every year. Find out his residential status for the A.Y. 2025-26.

Illustration 4: Mr. X, a Canadian citizen, comes to India for the first time during the P.Y.2020-21. During the financial years 2020-21, 2021-22, 2022-23, 2023-24 & 2024-25 he was in India for 55 days, 60 days, 90 days, 150 days and 70 days respectively. Determine his residential status for the A.Y.2025-26.

Illustration 5: On 01.06.2022 Mr. X, a Malaysian citizen leaves India after stay of 10 year During the financial year 2023-24 he comes to India for a period of 46 days. Later, he returns to India for one year on 10.10.2024. Determine Mr. X's residential status for the assessment year 2025-26.

Illustration 6: Mr. X, an Indian citizen, leaves India on 22.09.2024 for the first time, to work as an officer of a company in France. Determine his residential status for the A.Y. 2025-26.

Illustration 7: Mr. X and Mrs..X are settled outside India for the purpose of employment and they came to India on 15.10.2024 on a visit for 7 months. Both of them are Indian citizens. In the earlier years they were in India as follows:

Year	Mr. X	Mrs. X
2023-24	235 Days	365 Days
2022-23	330 Days	30 Days
2021-22	Nil	28 Days
2020-21	118 Days	120 Days

Find out the residential status of Mr. X and Mrs. X for the assessment year 2025-26.

Illustration 8: Mr. Anand is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in international traffic departing from Chennai port on 6th June, 2024. From the following details for the P.Y.2023-24 , determine the residential status of Mr. Anand for A.Y.2025-26, assuming that his stay in India in the last 4 previous years (preceding P.Y.2024-25) is 400 days and last seven previous years (preceding P.Y.2024-25) is 750 days:

Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Anand	6th June, 2024
Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Anand	9th December, 2024

Illustration 9: Mr. J born in Lahore, Pakistan on 1st July 1943. He took the citizenship of Australia in the year 2000 and since then residing there with Family. He came to India on 10th November 2017 for the first time after 10/8/2000 and since then he is visiting India for 100 days but in the previous year 2024-25 he is present in India for 150 days. Determine his Residential status for the AY 2024-25 from the following information:

Source of Income	Case A	Case B
Indian	10 Lakh	18 Lakh
Foreign	6 Lakh	6 Lakh
Total Income	16 Lakh	24 Lakh

Residential status of HUF Section 6(2)/6(6)(b).

Section 6(2), an HUF would be resident in India if C&M of its affairs is situated wholly or partly in India. Otherwise, Non- resident.

Section 6(6)(b), An HUF is said to be ROR if Karta satisfies both additional conditions, Otherwise NOR

Example 5. R and Sons is a HUF in which Mr. R is Karta

R and his family resides in Australia since 1.4.2013

R visit India for 105 days every year to manage affairs of his business in Noida.

Determine Residential Status of HUF and his Karta Mr. R

Example 6. R & sons is a HUF in which Mr. R is Karta who Resides in Australia since 1.4.2012

During FY 2024-25, Mr.R visits India for 50 days to manage affairs of business and take some important policy matters.

R was visiting India for 200 days every ear till last year i.e. FY 2023-24.

Determine Residential Status of R and sons and Karta R.

Illustration 10: Karta of one Hindu Undivided Family comes to India every year for minimum 60 days and maximum 91 days. Determine residential status of the Hindu Undivided Family and also that of the Karta for the assessment year 2025-26.

Illustration 11: One Hindu Undivided Family is being managed partly from Mumbai and partly from Nepal. Mr. X (a foreign citizen), Karta of Hindu Undivided Family, comes on a visit to India every year since 1982 in month of April for 105 days. Determine residential status of the Hindu Undivided Family and also that of the Karta in his individual capacity for the assessment year 2025-26.

Residential status of partnership firm or BOI or AOP Section 6(2)

Resident if Control & Management is wholly or partially in India, otherwise Non Resident.

Residential Status Of Company Section 6(3)

Indian Company shall Always be a Resident.

Foreign company shall be a Resident if POEM (Place of effective management) is in India

Illustration 12: ABC Inc., a Swedish company headquartered at Stockholm, not having a permanent establishment in India, has set up a liaison office in Mumbai in April, 2021 in compliance with RBI guidelines to look after its day to day business operations in India, spread awareness about the company's products and explore further opportunities. The liaison office takes decisions relating to day to day routine operations and performs support functions that are preparatory and auxiliary in nature. The significant

management and commercial decisions are, however, in substance made by the Board of Directors at Sweden. Determine the residential status of ABC Inc. for A.Y.2025-26.

Illustration 13: Wipro Ltd. an Indian company has most of its business outside India. Determine its residential status.

Illustration 14: Shrine International Ltd. is incorporated in Mauritius and its place of effective management is in Mauritius. Determine its residential status for the assessment year 2025-26.

Scope of Total Income or Tax Incidence [Section 5]

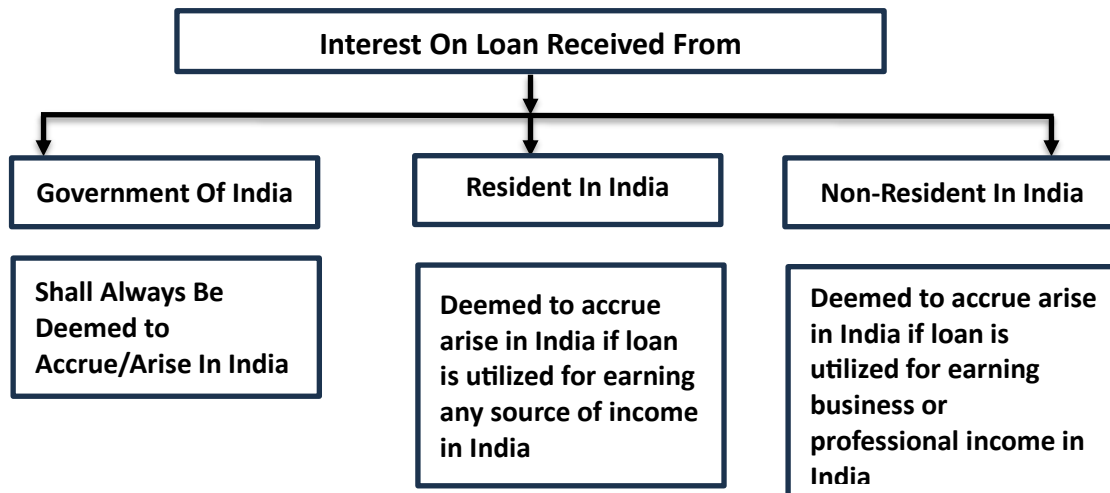
Income Accrue or Arise / Deemed To Accrue or Arise	Income Received / Deemed To Be Received	Income
India	India	Indian
India	Outside India	Indian
Outside India	India	Indian
Outside India	Outside India	Foreign

Income	ROR	NOR	NR
Indian	Taxable	Taxable	Taxable
Foreign	Taxable	Non – Taxable Exception : Following Foreign Incomes are Taxable. 1. Business Income – Business Controlled From India. 2. Professional Income – Profession Set Up in india	Non - Taxable

Income deemed to accrue or arise in India Section 9

1. Any income accruing or arising to an assessee in any place outside India whether directly or indirectly
 - (a) Through or from any business connection in India.
However, Following shall not be considered as business connection in India:
 - Purchase for export.
 - Collection of news in India for transmission outside India.
 - Shooting of film in India by foreign citizen or by a firm who doesn't have any partner who is Indian citizen/resident in India or by a company who doesn't have any shareholder who is a Indian citizen/resident in India.
 - In case of foreign company engaged in the business of mining of diamonds from the activities which are confined to display of uncut and unassorted diamonds in any special zone notified by CG.
 - (b) Through or from any property, any asset or source of income in India or

- (c) Through the transfer of a capital asset situated in India would be deemed to accrue or arise in India.
- 2. Income, which falls under the head “Salaries”, deemed to accrue or arise in India, if it is earned in India. Salary payable for service rendered in India would be treated as earned in India.
- 3. Income from ‘Salaries’ which is payable by the Government to a citizen of India for services rendered outside India would be deemed to accrue or arise in India. However, allowances and perquisites paid or allowed outside India by the Government to an Indian citizen for services rendered outside India is exempt, by virtue of section 10(7).
- 4. Dividend paid by Indian company outside india
- 5. Interest On Loan



6. Royalty Or fees from technical services

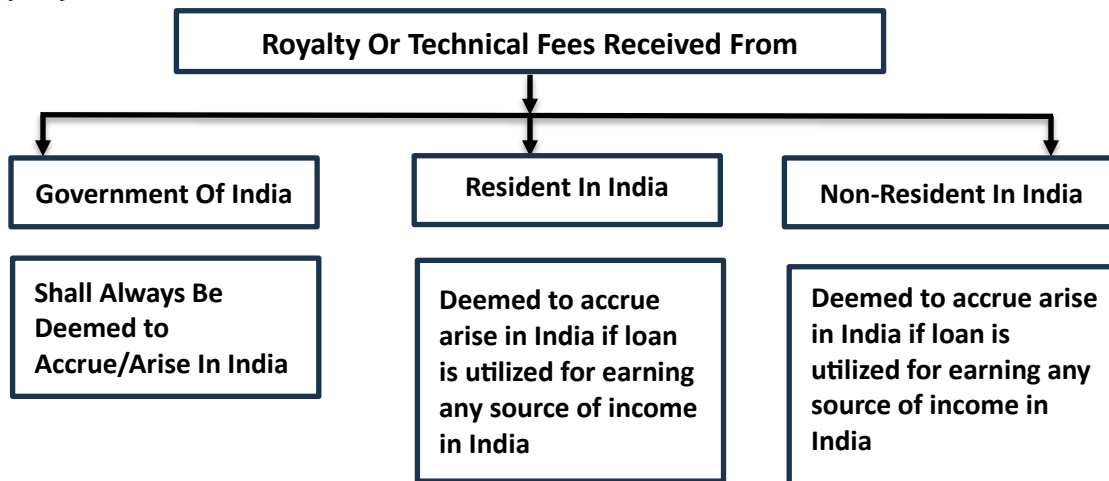


Illustration 15: Mr. X has income as under:

- 1. He has income from a business in Germany Amounting to ₹ 3,00,000 and half of it was received in India.

2. He has interest income of ₹ 1,00,000 from UK Development Bond and entire interest income was credited to a bank account in UK. Subsequently, the Amount was transferred in India.
3. He has a business in Bombay and entire income of ₹ 3,00,000 was received in UK.
4. He has one house property in Ghaziabad and income of ₹ 5,00,000 was received in UK.
5. He has received salary income of ₹ 5,00,000 (computed) in India and half of the services were rendered in UK and half in India.
(Presume all the above incomes are computed incomes)
Compute his income presuming that he is NOR, NR and ROR

**Illustration 16: Mr. X earns the following income during the financial year 2024-25:
(Presume all the above incomes are computed incomes)**

Particulars	Amount (₹)
Income from house property in London, received in India	60,000
Profits from business in Japan and managed from there (received in Japan)	9,00,000
Dividend from foreign company, received in India	30,000
Dividend from Indian company, received in England	50,000
Profits from business in Kenya, controlled from India, Profits received in Kenya	3,00,000
Profits from business in Delhi, managed from Japan	7,00,000
Capital gains on transfer of shares of Indian companies, sold in USA and gains were received there	2,00,000
Pension from former employer in India, received in Japan	50,000
Profits from business in Pakistan, deposited in bank there	20,000
Profit on sale of asset in India but received in London	8,000
Past untaxed profits of UK business of 2018-19 brought into India in 2020-21	90,000
Interest on Government securities accrued in India but received in Paris	80,000
Interest on USA Government securities, received in India	20,000
Salary earned in Bombay, but received in UK	60,000
Income from property in Paris, received there	1,00,000

Determine the gross total income of Mr. X if he is (i) resident and ordinarily resident, resident but not ordinarily resident, non-resident in India during the financial year 2024-25

Illustration 17: Determine the taxability of the following incomes in the hands of a resident and ordinarily resident, resident but not ordinarily resident, and non-resident for the A.Y. 2025-26

Particulars	Amount (₹)
Interest on UK Development Bonds, 50% of interest received in India	10,000
Income from a business in Chennai (50% is received in India)	20,000
Profits on sale of shares of an Indian company received in London	20,000
Dividend from British company received in London	5,000
Profits on sale of plant at Germany 50% of profits are received in India	40,000
Income earned from business in Germany which is controlled from Delhi (₹ 40,000 is received in India)	70,000
Profits from a business in Delhi but managed entirely from London	15,000
Income from property in London deposited in a Indian Bank at London, brought to India	50,000
Interest for debentures in an Indian company received in London	12,000
Fees for technical services rendered in India but received in London	8,000
Profits from a business in Bombay managed from London	26,000
Pension for services rendered in India but received in Burma	4,000
Income from property situated in Pakistan received there	16,000
Past foreign untaxed income brought to India during the previous year	5,000
Income from agricultural land in Nepal received there and then brought to India	18,000
Income from profession in Kenya which was set up in India, received there but spent in India	5,000
Gift received on the occasion of his wedding	20,000
Interest on savings bank deposit in State Bank of India	10,000
Income from a business in Russia, controlled from Russia	20,000
Dividend from Reliance Petroleum Limited, an Indian Company	5,000
Agricultural income from a land in Rajasthan	15,000

Illustration 18: Mr. Sarthak, an individual and Indian citizen living abroad (Dubai), a tax haven, since year 2005 and never came to India for a single day since then, earned the following incomes during previous year 2024-25 :

Particulars	Amount
Income accrued and arisen in Dubai not taxable in Dubai (being tax haven)	20,00,000
Income accrued and arisen in India	5,00,000
Income deemed to accrue and arise in India	8,00,000
Income arising in Dubai from a profession set up in India	10,00,000

- Determine the residential status of Mr. Sarthak and taxable income for the previous year 2024-25 (assuming no other income arise during the previous year).
- What would be your answer if income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs?

- c) What would be your answer, if Mr. Sarthak born in Dubai and his parents were born in India?

Illustration 19: Mrs. Shruti is an Indian citizen, is currently in employment with an overseas company located in UAE. During the previous year 2024-25, she comes to India for 157 days. She is in India for 200 days, 100 days, 76 days and 45 days in the financial years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. Her annual income for the previous year 2023-24 is as follows:

Particulars	Amount
Income from salary earned and received in UAE	2,00,000
Income earned and received from a house property situated in UAE	5,00,000
Income deemed to be accrued and arise in India	5,00,000
Income from retail business (accrued and received outside India, controlled from India)	10,00,000
Income accrued and arise in India	3,00,000
Life insurance premium paid by cheque in India	1,50,000

Determine the residential status of Mrs. Shruti for the assessment year 2025-26. (Support your Answer with computation)

Illustration 20: Miss Asha is an Indian citizen. She is a lawyer by profession. She started her consultancy profession in India in 2020 with the name “New way associates”. In May 2023, she got married to Mr. Ram, an American citizen. Mr. Ram came to India for the first time on 1st May 2022 when he joined an MNC in India. He got a promotion and was transferred to Dubai. He left for Dubai on 1st October, 2023. Mrs. Asha accompanied him to Dubai. She started providing consultancy there. Both of them came to India for 3 months from June to August in 2024 to spend time with Asha’s family. Following incomes were earned by Mr. Ram and Mrs. Asha during the P.Y. 2024-25.

	Income of Mr. Ram	Amount
1	Salary from company in Dubai (not liable to tax in Dubai)	13,00,000
2	Long term capital gain on sale of shares of an Indian company	2,50,000
3	Income from house property in Delhi (computed)	4,60,000
4	Dividend from shares of an Indian company	65,000
	Income of Mrs. Asha	
1	Profit from consultancy profession in Dubai which was set up in India (not liable to tax in Dubai)	12,00,000
2	Profit from consultancy profession in India	3,00,000
3	Long term capital gain on sale of shares of British company, credited to her Dubai bank account	60,000
4	Short term capital loss on sale of listed shares of an Indian co.	(42,000)

Determine the residential status of Mr. Ram and Mrs. Asha and their total income for the A.Y. 2025-26

CHAPTER 2: RESIDENTIAL STATUS

Solution 01

As per Section 6(1), Individual shall be considered as resident if any of the following 2 conditions are satisfied :-

- Individual must be in India for 182 days or more during relevant previous year i.e. 2024-25 or
- Individual must be in India for 60 days or more during relevant previous year i.e. 2024-25 & must be in India for 365 days or more during 4 PY immediately preceding relevant previous year

As Mr. X is in India for 100 days in PY 2024-25 and he is in India for 470 days i.e. (200+91+90+89) in last 4 preceding previous years . Hence, he is resident

If Mr. X satisfy both of following additional conditions, he shall be considered as ordinarily resident

- He must be in India for 730 days or more during 7 PY immediately preceding relevant previous year and
 - He must be resident in India for at least 2 PY out of 10 Immediately preceding PY
- As Mr. X is in India for 730 days i.e. (200+91+90+89+87+91+82) in last 7 years but he is Non-Resident in 9 PY out of 10 PY

Hence, Mr. X is not satisfying both of additional condition . thus, he shall be R-NOR for AY 2025-26

Solution 02

Analysis of Stay in India :-

2020-21	:	10.07.20 – 31.03.21 = 22+31+30+31+30+31+31+28+31 = 265 days
2021-22	:	01.04.21 – 07.08.21 = 30+31+30+31+7 = 129 days
2022-23	:	07.10.22 – 27.11.22 = 25+27 = 83 days
		01.03.23 – 31.03.23 = 31 days
2023-24	:	01.04.23 – 01.02.24 = 366 days – 31 days – 28 days = 307 days
2024-25	:	10.05.24 – 30.03.25 = 365 days – (30+9+1)days = 325 days

Residential Status for 2022-23 :

Since Mr. X stays in India is less than 182 days during relevant previous year but his stay in India during PY is more than 60 days and during 4 preceding relevant previous years is more than 365 days i.e. (129+265=394 days)

Mr. X stay in India during last 7 PY is less than 730 days i.e. (129+265=394 days)

Since, Mr. X is not satisfying both the additional conditions. Hence , Mr. X shall be considered as R-NOR.

Residential Status for 2023-24 :

Since Mr. X stays in India is more than or equal to 182 days during relevant previous year i.e. 307 days . he satisfied basic condition

But Mr. X stay in India during last 7 PY is less than 730 days i.e. (129+265+83+31=508 days)

Since, Mr. X is not satisfying both the additional conditions. Hence , Mr. X shall be considered as R-NOR.

Residential Status for 2024-25 :

Since Mr. X stays in India is more than or equal to 182 days during relevant previous year i.e. 325 days . he satisfied basic condition

Mr. X stay in India during last 7 PY is more than 730 days i.e. (307+129+265+83+31=815 days)

and he is resident in 2022-23 and 2023-24

Since, Mr. X is satisfying both the additional conditions. Hence , Mr. X shall be considered as Resident and ordinarily resident in India.

Solution 03

Since, Mr. X comes to India for 105 Days every year that means he stays in India for more than 60 days during Relevant Previous year & stays for 365 days for last during preceding 4 years & he has stayed in 7 years more than 730 days. Hence, he is R-OR

Solution 04

As per Section 6(1), Individual shall be considered as resident if any of the following 2 conditions are satisfied :-

- a) Individual must be in India for 182 days or more during relevant previous year i.e. 2024-25 or
- b) Individual must be in India for 60 days or more during relevant previous year i.e. 2024-25 & must be in India for 365 days or more during 4 PY immediately preceding relevant previous year

As Mr. X is in India for 70days in PY 2024-25 and he is in India for less than 365 days i.e. 355 days (55+60+90+150) in last 4 preceding previous years .

Since, Mr. X is not satisfied any of the basic condition

Hence, he is Non-resident for A.Y. 2025-26

Solution 05

Analysis of Stay in India :-

PY 2024-25	:	Oct-22 , Nov -30, Dec-31, Jan-31, Feb -28 & March -31 = 173 days
PY 2023-24	:	46 days
PY 2022-23	:	Apr 30 days , May 31 days & June 1 day = 62 days
PY 2021-22	:	365 days
PY 2020-21	:	365 days
PY 2019-20	:	365 days
PY 2018-19	:	365 days

As Mr. X is in India for 173 days in PY 2024-25 and he is in India for 838 days i.e. (46+62+365+365) in last 4 preceding previous years . Hence, he is resident

Also Mr. X satisfy is satisfying both of additional conditions, as

- a) He is in India for a period of more than 730 days in preceding 7 PY, and
- b) He is resident in more than 2 PY out of preceding 10 PY

As Mr. X is in India for 1934 days i.e. (46+62+1826) in last 7 years and he is Resident in 2 PY out of 10 PY

Thus , he shall be considered as R-OR for A.Y. 2025-26

Solution o6

During PY 2024-25, as he leaves India for the first time as on 22.09.2024. He shall be considered as resident if his stay during the relevant PY is 182 days or more.

Total days stay in India during PY 24-25 - April 30, May 31, June 30, July 31 , Aug 31 & Sept 22 days = 175 days

Mr. X stays in India only for 175 days i.e. less than 182 days during the relevant previous year Therefore, Mr. X is a NON Resident for AY 2025-26 .

Solution o7

Mr. X & Mrs. X are Indian citizen visiting India shall be resident if their stay during RPY is 182 days or more. However, they shall be R-NOR if their stay during RPY is 120 days or more, Stay in last 4 years is 365 days or more and total income excluding income from foreign sources exceeds 15 Lakhs.

Total Stay of Mr. X and Mrs. X for PY 2024-25 = Oct 17 days , Nov 30, Dec 31, Jan 31 , Feb 28 & March 31 days = 168 days

Also their stay for Preceeding 4 years exceeds 365 days.

- a) If Total Income exceeds 15 Lakhs - Both shall be R-NOR
- b) If Total Income doesn't exceed 15 Lakhs – Both shall be NR.

Solution o8

Mr. Anand shall be resident in India if his Stay during relevant previous year 2024-25 is 182 days or more as he an Indian Citizen leaving India as a crew member of Indian ship. Also date of joining as well as date of signing off as per continuous discharge certificate shall be considered as outside India.

Total Number of days to be excluded for computing the Period of Stay in India - from 6th June 2024 to 9th Dec 2024 (June 25 days , July 31 days , Aug 31 days , Sept-30 days , Oct-31 days , Nov-30 days & Dec -9 days) = 187 days

Total Number of Days stay in relevant previous year i.e. 365 less 187 days = 178 days

As Mr. Anand stay in the relevant previous year is for 178 days ie less than 182 days , he is Non Resident for AY 2025-26 .

Solution 09

As Mr. J has taken birth in Undivided India , he is person of Indian Origin

Mr. J shall be resident in India if he satisfy any of the following conditions :-

- a) His stay in India during Relevant PY shall be 182 days or more or
- b) His stay in India during Relevant PY shall be 120 days or more and 365 days or more in preceding 4 PY and his Indian income including foreign business income whose control is in India or Foreign professional income whose set up is in India shall exceed 15,00,000

CASE – A :

stay in relevant PY = 150 days

Stay in last 4 PY = 100 days * 4 = 400 days

Indian Income = 10,00,000

As Indian income does not exceed 15,00,000 . Mr. J shall be Non-Resident

CASE – B :

stay in relevant PY = 150 days

Stay in last 4 PY = 100 days * 4 = 400 days

Indian Income = 18,00,000

As Indian income exceeds 15,00,000 . Mr. J shall be R-NOR

Solution 10

Under Sec 6 (1) , an individual is said to be resident in India in any Previous year , if he satisfies any one of the following conditions :

1. He stays in India for 182 days or more during the relevant Previous Year
2. He stays in India for 60 days or more & also for 365 days or more during 4 years preceding the relevant Previous Year

If the Individual satisfies any one of the conditions above mentioned , he is a Resident , Otherwise the Individual is Non Resident

As Karta stays in India only for maximum 91 days i.e. less than 182 days during the relevant previous year

He stays for 91 days in India but only for 364 i.e. (91x4) days or more during 4 years preceding the relevant Previous Year .

He did not comply with any one of the conditions thus, karta in his Individual Capacity shall be considered as Non-Resident for AY 2025-26.

As Control and Management is in India , HUF shall be Resident

If an HUF is Resident , it will be considered to be Ordinarily Resident , if its Karta has complied with both of the conditions given below :

(a) He must be in India for 730 days or more during 7 PY immediately preceding relevant previous year and

(b) He must be resident in India for atleast 2 PY out of 10 Immediately preceding PY
Stay during last 7 PY = 91x7 = 637 days

He did not comply with any both of the above-mentioned conditions. thus, HUF shall be R-NOR for AY 2025-26.

Solution 11

Under Sec 6 (1), an individual is said to be resident in India in any Previous year, if he satisfies any one of the following conditions:

3. He stays in India for 182 days or more during the relevant Previous Year
4. He stays in India for 60 days or more & also for 365 days or more during 4 years preceding the relevant Previous Year

If the Individual satisfies any one of the conditions above mentioned, he is a Resident, Otherwise the Individual is Non Resident

As Karta stays in India only for maximum 105 days i.e. less than 182 days during the relevant previous year

He stays for 105 days in India but only for 420 i.e. (105×4) days or more during 4 years preceding the relevant Previous Year.

He complied with any one of the conditions thus, karta in his Individual Capacity shall be considered as Resident

If Karta satisfy both of following additional conditions, he shall be considered as ordinarily resident

- a) He must be in India for 730 days or more during 7 PY immediately preceding relevant previous year and
- b) He must be resident in India for atleast 2 PY out of 10 Immediately preceding PY

As Mr. X is in India for 735 days i.e. (105×7) in last 7 years and he is Resident in 2 PY out of 10 PY

Hence, Mr. Karta in his individual capacity shall be R-OR for AY 2025-26

As Control and Management is in India, HUF shall be Resident

If an HUF is Resident, it will be considered to be Ordinarily Resident, if its Karta has complied with both of the conditions given below:

- a) He must be in India for 730 days or more during 7 PY immediately preceding relevant previous year and
- b) He must be resident in India for atleast 2 PY out of 10 Immediately preceding PY

Since Karta satisfied both of the above mentioned conditions. thus HUF shall be R-OR for AY 2025-26.

Solution 12

In the given case, ABC Inc is a Swedish Foreign company, it would be resident in India only if its Place of Effective Management is in India

ABC Inc has only a liaison Office through which it looks after its routine day to day business operations, which are not relevant for determining the Place of Effective Management.

Place of Effective Management means a place where key management & commercial decisions taken place, which are necessary for the conduct of business of an entity.

ABC Inc has not any Place of Effective Management in India because significant management & commercial decisions are taken by Board of Directors in Sweden outside India

Hence ABC Inc, being a Swedish foreign company is Non Resident in India since its any Place of Effective Management is not in India.

Solution 13

An Indian Company will always be Resident in India even if its control & management is Outside India or its business is outside India.

Hence, WIPRO LTD is Resident for AY 2025-26 even its business is outside INDIA.

Solution 14

Shrine International Ltd is a foreign company, it would be resident in India only & only if its Place of Effective Management is in India in that year

Since, Shrine International Ltd is a foreign company, having its Place of Effective Management outside India in Mauritius, hence It is Non-Resident for AY 2025-26

Solution 15

Computation of Total Income of X for AY 2025-26

Particulars	ROR	R-NOR	NR
Income from business in Germany	3,00,000	1,50,000	1,50,000
Interest income from UK Development Bond	1,00,000	-	-
Business income from Bombay	3,00,000	3,00,000	3,00,000
Income from House property in Bombay	5,00,000	5,00,000	5,00,000
Salary Income received in India	5,00,000	5,00,000	5,00,000
Total Income	17,00,000	14,50,000	14,50,000

Solution 16

Computation of Total Income of X for AY 2025-26

Particulars	ROR	R-NOR	NR
Income from house property in London, received in India	60,000	60,000	60,000
Profits from business in Japan and managed from there (received in Japan)	9,00,000	-	-
Dividend from foreign company, received in India	30,000	30,000	30,000
Dividend from Indian company, received in England	50,000	50,000	50,000
Profits from business in Kenya, controlled from India, Profits received in Kenya	3,00,000	3,00,000	-
Profits from business in Delhi, managed from Japan	7,00,000	7,00,000	7,00,000
Capital gains on transfer of shares of Indian companies, sold in USA and gains were received there	2,00,000	2,00,000	2,00,000
Pension from former employer in India, received in Japan	50,000	50,000	50,000

Profits from business in Pakistan, deposited in bank there	20,000	-	-
Profit on sale of asset in India but received in London	8,000	8,000	8,000
Past untaxed profits of UK business of 2018-19 brought into India in 2020-21	-	-	-
Interest on Government securities accrued in India but received in Paris	80,000	80,000	80,000
Interest on USA Government securities, received in India	20,000	20,000	20,000
Salary earned in Bombay, but received in UK	60,000	60,000	60,000
Income from property in Paris, received there	1,00,000	-	-
Total Income	25,78,000	15,58,000	12,58,000

Solution 17**Computation of Total Income of X for AY 2025-26**

Particulars	ROR	R-NOR	NR
Interest on UK Development Bonds, 50% of interest received in India	10,000	5,000	5,000
Income from a business in Chennai (50% is received in India)	20,000	20,000	20,000
Profits on sale of shares of an Indian company received in London	20,000	20,000	20,000
Dividend from British company received in London	5,000	-	-
Profits on sale of plant at Germany 50% of profits are received in India	40,000	20,000	20,000
Income earned from business in Germany which is controlled from Delhi (₹ 40,000 is received in India)	70,000	70,000	40,000
Profits from a business in Delhi but managed entirely from London	15,000	15,000	15,000
Income from property in London deposited in a Indian Bank at London, brought to India	50,000	-	-
Interest for debentures in an Indian company received in London	12,000	12,000	12,000
Fees for technical services rendered in India but received in London	8,000	8,000	8,000
Profits from a business in Bombay managed from London	26,000	26,000	26,000
Pension for services rendered in India but received in Burma	4,000	4,000	4,000
Income from property situated in Pakistan received there	16,000	-	-
Past foreign untaxed income brought to India during the previous year	-	-	-

Income from agricultural land in Nepal received there and then brought to India	18,000	-	-
Income from profession in Kenya which was set up in India, received there but spent in India	5,000	5,000	-
Gift received on the occasion of his wedding	-	-	-
Interest on savings bank deposit in State Bank of India	10,000	10,000	10,000
Income from a business in Russia, controlled from Russia	20,000	-	-
Dividend from Reliance Petroleum Limited, an Indian Company	5,000	5,000	5,000
Agricultural income from a land in Rajasthan	-	-	-
Total Income	3,54,000	2,45,000	2,40,000

Solution 18

Mr. Sarthak is an Indian citizen living in Dubai since 2005 who never came to India for a single day since then, he would not be a resident in India for the P.Y. 2024-25 on the basis of number of days of his stay in India as per section 6(1).

However, since he is an Indian citizen

- a) having total income (excluding income from foreign sources) of ₹23 lakhs, which exceeds the threshold of ₹ 15 lakhs during the previous year; and
- b) not liable to tax in Dubai,

He would be deemed resident in India for the P.Y. 2024-25 by virtue of section 6(1A)

A deemed resident is always a resident but not ordinarily resident in India (RNOR).

Computation of Total Income for A.Y.2025-26

S.No.	Particulars	Amount(₹)
1.	Income accrued and arisen in Dubai (not taxable in case of an RNOR)	Nil
2.	Income accrued and arisen in India (taxable)	5,00,000
3.	Income deemed to accrue or arise in India (taxable)	8,00,000
4.	Income arising in Dubai from a profession set up in India would be taxable in case of RNOR	10,00,000
	Total Income	23,00,000

- a) If income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs, his total income (excluding income from foreign sources) would be only ₹ 15 lakhs. Since the same does not exceed the threshold limit of ₹ 15 lakhs, he would not be deemed resident.

Accordingly, he would be non-resident in India for the P.Y. 2024-25 and hence, his total income would be only ₹ 13 lakhs (aggregate of (ii) and (iii) above i.e., ₹ 5 lakhs + ₹ 8 lakhs)

- b) If Mr. Sarthak is born in Dubai and his parents were born in India, he would not be an Indian citizen, but he may qualify as person of Indian origin. In such case, the provisions relating to deemed resident would not apply to him.

Accordingly, he would be non-resident in India during the P.Y. 2024-25 and his total income would be ₹13 lakhs.

Note – In sub-part III., it is inferred that he is not a citizen of India since he is not born in India. It is assumed that he has not applied for citizenship by fulfilling the other specified eligibility conditions

Solution 19

Mrs. Shruti, an Indian citizen visiting India in the P.Y.2024-25, would be a resident in India for A.Y.2025-26, if she is in India for 182 days or more during the P.Y.2024-25.

However, she will be R-NOR if she is in India for a period of 120 days or more during the P.Y.2024-25 and her stay in India in the four immediately preceding previous years is 365 days or more and her total income (excluding income from foreign sources) exceeds ₹ 15 lakhs.

Mrs. Shruti is an Indian citizen in employment in UAE. She comes on a visit to India during the P.Y.2024-25 for 157 days.

Her stay in India in the four immediately preceding previous years is as follows :

P.Y.	No. of days
2020-21	200
2021-22	100
2022-23	76
2023-24	45
Total	421

Computation of Total Income of Mrs. Shruti (excluding income from foreign sources)

Particulars	Amount(₹)
Income from salary earned and received in UAE (income from a foreign source, hence, to be excluded)	Nil
Income earned and received from a house property situated in UAE (income from a foreign source, hence, to be excluded)	Nil
Income deemed to accrue or arise in India	5,00,000
Income from retail business (to be included since the business is controlled from India, even though such income accrues and is received outside India)	10,00,000
Income accrued and arising in India	3,00,000
	18,00,000
Less: Deduction u/s 80C (LIC premium paid by cheque in India) – Assuming other conditions are fulfilled	1,50,000
Total income (excluding income from foreign sources)	16,50,000

The second condition is satisfied, since she has stayed in India for 157 days during the P.Y.2024-25 and 421 days in the four immediately preceding previous years. Since she has become resident in India for A.Y.2025-26 by satisfying this condition, by default, she

would be treated as resident but not ordinarily resident.

Conclusion – Mrs. Shruti’s residential status for A.Y.2025-26 is resident but not ordinarily Resident

Note – The provisions of section 6(1A) deeming an Indian citizen to be a resident but not ordinarily resident, irrespective of the period of her stay in India in the relevant previous year, if she is not liable to tax in any other country would not apply to Shruti, since she is a resident as per the provisions of section 6(1).

Solution 20

Determination of residential status of Mr. Ram

Mr. Ram is an American citizen who comes on a visit to India during the P.Y. 2024-25 for 3 months. He has been in India from 1st May 2022 to 1st October 2023. Since Mr. Ram has been in India for a period of more than 60 days (i.e., 92 days) during the P.Y. 2024-25 and for a period of more than 365 days (i.e., 519 days) during the 4 immediately preceding previous years, he satisfies one of the basic conditions and he is a resident for the A.Y. 2025-26.

Since his period of stay in India during the preceding 7 previous years is less than 730 days (i.e., 519 days), he is a resident but not-ordinarily resident in India during the A.Y. 2025-26.

Since Mr. Ram is a resident but not-ordinarily resident, income which accrues or arises in India, deemed to accrue or arises in India, received in India, deemed to be received in India and income derived from business controlled in or a profession set up in India is chargeable to tax in India in his hands.

Computation of total Income of Mr. Ram for the A.Y. 2025-26

S.No.	Particulars	Amount(₹)
1.	Salary from company in Dubai [Not taxable, since it accrues and arises outside India]	Nil
2.	Long term capital gain on sale of shares of an Indian company [Taxable, since it accrues and arises in India]	2,50,000
3.	Income from house property in Delhi [Taxable, since it accrues and arises in India]	4,60,000
4.	Dividend from shares of an Indian company [Taxable, since it accrues and arises in India]	65,000
		7,75,000

Determination of residential status of Mrs. Asha

Mrs. Asha is an Indian citizen who comes on a visit to India during the P.Y. 2024 -25 for 3 months i.e., 92 days. Since she does not satisfy any of the basic conditions of staying in India for 182 days or 120 days during the P.Y. 2024-25, she is not a resident in India as per section 6(1).

Mrs. Asha would be a deemed resident under section 6(1A) if her total income other than the income from foreign sources exceeds ₹ 15 lakhs during the P.Y. 2024-25 as she is

an Indian citizen and is not liable to tax in Dubai

Computation of total Income other than the income from foreign sources of Mrs. Asha

S.No.	Particulars	Amount(₹)
1.	Profit from consultancy profession in Dubai which was set up in India [Includible]	12,00,000
2.	Profit from consultancy profession in India [Includible]	3,00,000
3.	Long term capital gain on sale of shares of British company [Not includible, since it is a foreign source income]	Nil
4.	Short term capital loss on sale of listed shares of an Indian company [It accrues and arises in India. However, short term capital loss is not allowed to be set off from business or profession income, hence, not includible]	Nil
		15,00,000

Since, total income other than the income from foreign sources of Mrs. Asha does not exceed ₹ 15 lakhs, she would not be a deemed resident. Hence, Mrs. Asha is a non-resident during the A.Y. 2025-26.

Since Mrs. Asha is a non-resident, income which accrues or arises in India, deemed to accrue or arises in India, received in India and deemed to be received in India is chargeable to tax in India in her hands.

S.No.	Particulars	Amount(₹)
1.	Profit from consultancy profession in Dubai which was set up in India [Not taxable]	Nil
2.	Profit from consultancy profession in India [Taxable, since it accrues and arises in India]	3,00,000
3.	Long term capital gain on sale of shares of British company [Not taxable, since it accrues and arises outside India]	Nil
4.	Short term capital loss on sale of listed shares of an Indian company [Since, it accrues and arises in India, it is allowed to be carry forward to A.Y. 2024-25]	Nil
		3,00,000