



## CHAPTER - 2

## RESIDENCE AND SCOPE OF TOTAL INCOME

## ILLUSTRATION 1 (Average)

Mr. Anand is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in carriage of passengers in international traffic departing from Chennai port on 6<sup>th</sup> June, 2024. From the following details for the P.Y. 2024-25, 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:

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

## SOLUTION

In this case, since Mr. Anand is an Indian citizen and leaving India during P.Y. 2024-25 as a member of the crew of the Indian ship, he would be resident in India if he stayed in India for 182 days or more.

The voyage is undertaken by an Indian ship engaged in the carriage of passengers in international traffic, originating from a port in India [i.e., the Chennai port] and having its destination at a port outside India [i.e., the Singapore port]. Hence, the voyage is an eligible voyage for the purposes of section 6(1).

Therefore, the period commencing from 6<sup>th</sup> June, 2024 and ending on 9<sup>th</sup> December, 2024, being the dates entered into the Continuous Discharge Certificate in respect of joining the ship and signing off from the ship by Mr. Anand, an Indian citizen who is a member of the crew of the ship, has to be excluded for computing the period of his stay in India. Accordingly, 187 days [25+31+31+30+31+30+9] have to be excluded from the period of his stay in India. Consequently, Mr. Anand's period of stay in India during the P.Y. 2024-25 would be 178 days [i.e., 365 days – 187 days]. Since his period of stay in India during the P.Y. 2024-25 is less than 182 days, he is a non-resident for A.Y. 2025-26.

## ILLUSTRATION 2 (Average)



9643036663 [only WhatsApp]

Brett Lee, an Australian cricket player visits India for 100 days in every financial year. This has been his practice for the past 10 financial years.

- Find out his residential status for the assessment year 2025-26.
- Would your answer change if the above facts relate to Srinath, an Indian citizen who resides in Australia and represents the Australian cricket team?
- What would be your answer if Srinath had visited India for 120 days instead of 100 days every year, including P.Y.2024-25?

## SOLUTION

### a) Determination of Residential Status of Mr. Brett Lee for the A.Y. 2025-26:-

Period of stay during previous year 2024-25 = 100 days

Calculation of period of stay during 4 preceding PYs (100 x 4 = 400 days)

2023-24	100 days
2022-23	100 days
2021-22	100 days
2020-21	100 days
<b>Total</b>	<b>400 days</b>

Mr. Brett Lee has been in India for a period more than 60 days during previous year 2024-25 and for a period of more than 365 days during the 4 immediately preceding previous years. Therefore, since he satisfies one of the basic conditions under section 6(1), he is a resident for the A.Y. 2025-26.

Computation of period of stay during 7 preceding previous years = 100 x 7 = 700 days

2023-24	100 days
2022-23	100 days
2021-22	100 days
2020-21	100 days
2019-20	100 days
2018-19	100 days
2017-18	100 days



Total	700 days
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Since his period of stay in India during the past 7 previous years is less than 730 days, he is a not-ordinarily resident during the A.Y. 2025-26 [See Note below].

Therefore, Mr. Brett Lee is a resident but not ordinarily resident during the previous year 2024-25 relevant to the assessment year 2025-26.

**Note:** An individual, not being an Indian citizen, would be not-ordinarily resident person if he satisfies any one of the conditions specified under section 6(6), i.e.,

- i. If such individual has been non-resident in India in any 9 out of the 10 previous years preceding the relevant previous year, or
- ii. If such individual has during the 7 previous years preceding the relevant previous year been in India for a period of 729 days *or less*.

In this case, since Mr. Brett Lee satisfies condition (ii), he is a not-ordinarily resident for the A.Y. 2025-26.

- b) If the above facts relate to Mr. Srinath, an Indian citizen, who residing in Australia, comes on a visit to India, he would be treated as non-resident in India, irrespective of his total income [excluding income from foreign sources], since his stay in India in the current financial year is, in any case, less than 120 days.
- c) In this case, if Srinath's total income [excluding income from foreign sources] exceeds ₹15 lakh, he would be treated as resident but not ordinarily resident in India for P.Y.2024-25, since his stay in India is 120 days in the P.Y.2024-25 and 480 days [i.e., 120 days x 4 years] in the immediately four preceding previous years.

If his total income [excluding income from foreign sources] does not exceed 15 lakh, he would be treated as non-resident in India for the P.Y.2024-25, since his stay in India is less than 182 days in the P.Y.2024-25.

### ILLUSTRATION 3 (Easy)

Mr. B, 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 and 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.

### SOLUTION

During the P.Y. 2024-25, Mr. B was in India for 70 days and during the 4 years preceding the P.Y. 2024-25, he



was in India for 355 days [i.e. 55+ 60+ 90+ 150 days].

Thus, he does not satisfy the basic condition under section 6(1). Therefore, he is a non-resident for the P.Y. 2024-25.

#### ILLUSTRATION 4 (Easy)

The business of a HUF is transacted from Australia and all the policy decisions are taken there. Mr. E, the Karta of the HUF, who was born in Kolkata, visits India during the P.Y. 2024-25 after 15 years. He comes to India on 1.4.2024 and leaves for Australia on 1.12.2024. Determine the residential status of Mr. E and the HUF for A.Y. 2025-26.

#### SOLUTION

- a) During the P.Y. 2024-25, Mr. E has stayed in India for 245 days [i.e. 30+31+30+31+31+30+31+30+1 days]. Therefore, he is a resident. However, since he has come to India after 15 years, he does not satisfy the condition for being ordinarily resident.

Therefore, the residential status of Mr. E for the P.Y. 2024-25 is resident but not ordinarily resident.

- b) Since the business of the HUF is transacted from Australia and policy decisions are taken there, it is assumed that the control and management is in Australia i.e., the control and management is wholly outside India. Therefore, the HUF is a non-resident for the P.Y. 2024-25.

**Note –** If the control and management is in India, even partially, then, the HUF would be resident in India. In such a case, the residential status of HUF would be resident but not ordinarily resident, since the Karta's stay in India is for less than 730 days in the 7 previous years immediately preceding the relevant previous year.

**Note:** All assesseees, whether resident or not, are chargeable to tax in respect of their income accrued, arisen, received or deemed to accrue, arise or to be received in India whereas a resident alone (resident and ordinarily resident in the case of individuals and HUF) is chargeable to tax in respect of income which accrues or arises outside India.

**Clarification regarding liability to income-tax in India of a non-resident seafarer receiving remuneration in NRE (Non-Resident External) account maintained with an Indian Bank [Circular No.13/2017, dated 11.04.2017 and Circular No.17/2017, dated 26.04.2017]**

Income by way of salary, received by non-resident seafarers, for services rendered outside India on a foreign



going ship [with Indian flag or foreign flag] and received into the NRE bank account maintained with an Indian bank shall not be included in the total income.

### ILLUSTRATION 5 (Average)

From the following particulars of income furnished by Mr. Anirudh pertaining to the year ended 31.3.2025, compute the total income for the A.Y. 2025-26, if he is:

- i. Resident and ordinary resident;
- ii. Resident but not ordinarily resident;
- iii. Non-resident

	Particulars	
[a]	Short term capital gains on sale of shares of an Indian Company, received in Germany	15,000
[b]	Dividend from a Japanese Company, received in Japan	10,000
[c]	Rent from property in London deposited in a bank in London, later on remitted to India through approved banking channels	75,000
[d]	Dividend from RP Ltd., an Indian Company	6,000
[e]	Agricultural income from land in Gujarat	25,000

### SOLUTION

#### Computation of total income of Mr. Anirudh for the A.Y. 2025-26

Particulars	Resident & ordinarily resident	Resident but not ordinarily resident	Non-Resident
1) Short term capital gains on sale of shares of an Indian company, received in Germany	15,000	15,000	15,000
2) Dividend from a Japanese company, received in Japan	10,000	-	-
3) Rent from property in London deposited in a bank in London [See Note (i) below]	52,500	-	-
4) Dividend from RP Ltd., an Indian Company	6,000	6,000	6,000
5) Agricultural income from land in Gujarat [See Note (ii) below]	-	-	-



<b>Total Income</b>	<b>83,500</b>	<b>21,000</b>	<b>21,000</b>
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**Notes:**

1. It has been assumed that the rental income is the gross annual value of the property. Therefore, deduction @30% under section 24, has been provided and the net income so computed is taken into account for determining the total income of a resident and ordinarily resident.

	Amount
Rent received [assumed as gross annual value]	75,000
Less: Deduction under section 24 [30% of ₹75,000]	22,500
Income from house property	52,500

2. Agricultural income is exempt under section 10(1).

**ILLUSTRATION 6 (Average)**

Mr. David, an Indian citizen aged 40 years, a Government employee serving in the Ministry of External Affairs, left India for the first time on 31.03.2024 due to his transfer to High Commission of Canada. He did not visit India any time during the P.Y. 2024-25. He has received the following income for the F.Y. 2024-25:

S. No.	Particulars	Amount
(i)	Salary [Computed]	5,00,000
(ii)	Foreign Allowance [not included in (i) above]	4,00,000
(iii)	Interest on fixed deposit from bank in India	1,00,000
(iv)	Income from agriculture in Nepal	2,00,000
(v)	Income from house property in Nepal	2,50,000

Compute his Gross Total Income for A.Y. 2025-26.

**SOLUTION**

As per section 6(1), Mr. David is a non-resident for the A.Y. 2025-26, since he was not present in India at any time during the P.Y. 2024-25.

As per section 5(2), a non-resident is chargeable to tax in India only in respect of following incomes:



- a) Income received or deemed to be received in India; and
- b) Income accruing or arising or deemed to accrue or arise in India.

In view of the above provisions, income from agriculture in Nepal and income from house property in Nepal would not be chargeable to tax in the hands of David, assuming that the same were received in Nepal. Income from 'Salaries' payable by the Government to a citizen of India for services rendered outside India is deemed to accrue or arise in India as per section 9(1)(iii). Hence, such income is taxable in the hands of Mr. David, even though he is a non-resident.

However, allowances or perquisites paid or allowed as such outside India by the Government to a citizen of India for rendering service outside India is exempt under section 10(7). Hence, foreign allowance of ₹4,00,000 is exempt under section 10(7) in the hands of Mr. David.

### Gross Total Income of Mr. David for A.Y. 2025-26

Particulars	Amount
Salaries (computed)	5,00,000
Income from other sources (Interest on fixed deposit in India)	1,00,000
Gross Total Income	6,00,000

### ILLUSTRATION 7 (Easy)

Miss Vivitha paid a sum of 5000 USD to Mr. Kulasekhara, a management consultant practising in Colombo, specializing in project financing. The payment was made in Colombo. Mr. Kulasekhara is a non-resident. The consultancy is related to a project in India with possible Ceylonese collaboration. Is this payment chargeable to tax in India in the hands of Mr. Kulasekhara, since the services were used in India?

### SOLUTION

A non-resident is chargeable to tax in respect of income received outside India only if such income accrues or arises or is deemed to accrue or arise to him in India.

The income deemed to accrue or arise in India under section 9 comprises, *inter alia*, income by way of fees for technical services, which includes any consideration for rendering of any managerial, technical or consultancy services. Therefore, payment to a management consultant relating to project financing is covered within the scope of "fees for technical services".

The Explanation below section 9(2) clarifies that income by way of, *inter alia*, fees for technical services, from services utilized in India would be deemed to accrue or arise in India in case of a non-resident and be included in his total income, whether or not such services were rendered in India or whether or not the non-resident has a residence or place of business or business connection in India.



In the instant case, since the services were utilized in India, the payment received by Mr. Kulasekhara, a non-resident, in Colombo is chargeable to tax in his hands in India, as it is deemed to accrue or arise in India.

### ILLUSTRATION 8. [Average]

Compute the total income in the hands of an individual aged 35 years, being a resident and ordinarily resident, resident but not ordinarily resident, and non- resident for the A.Y. 2025-26, assuming that he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A)–

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
Short term capital gains on sale of shares of an Indian company, received in London	20,000
Dividend from British company received in London	5,000
Long term capital gains on sale of plant at Germany, 50% of gains are received in India	40,000
Income earned from business in Germany which is controlled in Delhi (₹40,000 is received in India)	70,000
Profits from a business in Delhi but managed entirely from London	15,000
Income from house property in London deposited in a Bank at London, brought to India [Computed]	50,000
Interest on 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 Mumbai, managed from London	26,000
Income from property situated in Nepal received there [Computed]	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	12,000
Income from a business in Russia, controlled in Russia	20,000
Dividend from Reliance Petroleum Limited, an Indian Company	5,000
Agricultural income from a land in Rajasthan	15,000

**SOLUTION****Computation of total income for the A.Y. 2025-26**

Particulars	Resident and ordinarily resident	Resident but not ordinarily resident	Non-resident
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
Short term capital gains 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	-	-
Long term Capital gains on sale of plant at Germany, 50% of gains are received in India	40,000	20,000	20,000
Income earned from business in Germany which is controlled in Delhi, out of which ₹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 house property in London deposited in a Bank at London, later on remitted to India	50,000	-	-
Interest on 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 Mumbai, managed from London	26,000	26,000	26,000
Income from property situated in Nepal and 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 [not taxable]	-	-	-
Interest on savings bank deposit in State Bank of India	12,000	12,000	12,000
Income from a business in Russia, controlled in Russia	20,000	-	-
Dividend from Reliance Petroleum Limited, an Indian Company	5,000	5,000	5,000
Agricultural income from a land in Rajasthan [Exempt under section 10(1)]	-	-	-
<b>Gross Total Income</b>	<b>3,52,000</b>	<b>2,18,000</b>	<b>1,83,000</b>
Less: Deduction under section 80TTA [Interest on savings bank account subject to a maximum of ₹10,000]	10,000	10,000	10,000
<b>Total Income</b>	<b>3,42,000</b>	<b>2,08,000</b>	<b>1,73,000</b>



## TEST YOUR KNOWLEDGE

9. Mr. Ram, an Indian citizen, left India on 22.09.2024 for the first time to work as an officer of a company in Germany. Determine the residential status of Ram for the A.Y. 2025-26. **(Easy)**
10. Mr. Dey, residing in US since 1990, visits India for 30 days every year. He came back to India on 1.4.2023 for permanent settlement. What will be his residential status for A.Y. 2025-26? **(Easy)**



11. Mr. Ramesh & Mr. Suresh are brothers, and they earned the following incomes during the F.Y. 2024-25. Mr. Ramesh settled in Canada in the year 1996 and Mr. Suresh settled in Delhi. Compute the total income for the A.Y. 2025-26 assuming that both have exercised the option of shifting out of the default tax regime provided under section 115BAC(1A). **(Easy)**

Sr. No.	Particulars	Mr. Ramesh	Mr. Suresh
1.	Interest on Canada Development Bonds (only 50% of interest received in India)	35,000	40,000
2.	Dividend from British company, received in London	28,000	20,000
3.	Profits from a business in Nagpur, but managed directly from London	1,00,000	1,40,000
4.	Short term capital gain on sale of shares of an Indian company, received in India	60,000	90,000
5.	Income from a business in Chennai	80,000	70,000
6.	Fees for technical services rendered in India, but received in Canada	1,00,000	-
7.	Interest on savings bank deposit in UCO Bank, Delhi	7,000	12,000
8.	Agricultural income from a land situated in Andhra Pradesh	55,000	45,000
9.	Rent received in respect of house property at Bhopal	1,00,000	60,000
10.	Life insurance premium paid	---	30,000

12. Examine the correctness or otherwise of the statement - "Income deemed to accrue or arise in India to a non-resident by way of interest, royalty and fees for technical services is to be taxed irrespective of territorial nexus". **(Average)**
13. Examine with reasons whether the following transactions attract income-tax in India in the hands of recipients: **(Average)**
- Salary payable by Central Government to Mr. John, a citizen of India of ₹7,00,000 for the services rendered outside India considering that he pays tax as per the provisions of section 115BAC.



- ii. Interest on moneys borrowed from outside India ₹5,00,000 by a non-resident for the purpose of business within India say, at Mumbai.
- iii. Post office savings bank interest of ₹19,000 received by a resident assessee, Mr. Ram, aged 46 years if he exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).
- iv. Royalty paid by a resident to a non-resident in respect of a business carried on outside India.
- v. Legal charges of ₹5,00,000 paid in Delhi to a lawyer of United Kingdom who visited India to represent a case at the Delhi High Court.

## ANSWERS

9. Under section 6(1), an individual is said to be resident in India in any previous year if he satisfies any one of the following conditions -
- i. He has been in India during the previous year for a total period of 182 days or more, or
  - ii. He has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days in the previous year.

In the case of Indian citizens leaving India for employment, the period of stay during the previous year must be 182 days instead of 60 days given in [ii] above.

During the previous year 2024-25, Mr. Ram, an Indian citizen, was in India for 175 days only (i.e., 30+31+30+31+31+22 days). Thereafter, he left India for employment purposes.

Since he does not satisfy the minimum criteria of 182 days stay in India during the relevant previous year, he is a non-resident for the A.Y. 2025-26.

10. Mr. Dey is a resident in A.Y. 2025-26 since he has stayed in India for a period of 365 days (more than 182 days) during the P.Y. 2024-25.

As per section 6(6), a person will be "Not ordinarily Resident" in India in any previous year, if such person, *inter alia*,

- a) has been a non-resident in 9 out of 10 previous years preceding the relevant previous year; or
- b) has during the 7 previous years immediately preceding the relevant previous year been in India for 729 days or less.

If he does not satisfy either of these conditions, he would be a resident and ordinarily resident.



For the previous year 2024-25 [A.Y. 2025-26], his status would be “Resident but not ordinarily resident” since he was non-resident in 9 out of 10 previous years immediately preceding the P.Y. 2024-25. He was resident only in the P.Y. 2023-24. Prior to that, he was non-resident in all the years since his stay in India was only for 30 days each year.

He can be resident but not ordinarily resident also due to the fact that he has stayed in India only for 546 days [366 days in P.Y. 2023-24 + (30 days x 6 years)] in 7 previous years immediately preceding the P.Y. 2024-25, which is less than 730 days.

11.

### Computation of total income of Mr. Ramesh & Mr. Suresh for the A.Y. 2025-26

S. No.	Particulars	Mr. Ramesh (non-resident) (₹)	Mr. Suresh (Resident) (₹)
1.	Interest on Canada Development Bond [See Note 2]	17,500	40,000
2.	Dividend from British Company received in London [See Note 3]	-	20,000
3.	Profits from a business in Nagpur but managed directly from London [See Note 2]	1,00,000	1,40,000
4.	Short term capital gain on sale of shares of an Indian company received in India [See Note 2]	60,000	90,000
5.	Income from a business in Chennai [See Note 2]	80,000	70,000
6.	Fees for technical services rendered in India, but received in Canada [See Note 2]	1,00,000	-
7.	Interest on savings bank deposit in UCO Bank, Delhi [See Note 2]	7,000	12,000
8.	Agricultural income from a land situated in Andhra Pradesh [See Note 4]	-	-
9.	Income from house property at Bhopal [See Note 5]	70,000	42,000
	Gross Total income	4,34,500	4,14,000
	Less: Deduction under Chapter VI-A		
	Section 80C - Life insurance premium	-	30,000
	Section 80TTA [See Note 6]	7,000	10,000
	Total Income	4,27,500	3,74,000



**Notes:**

- a) Mr. Ramesh is a non-resident since he has been living in Canada since 1996. Mr. Suresh, is settled in Delhi, and thus, assumed as a resident and ordinarily resident.
- b) In case of a resident and ordinarily resident, his global income is taxable as per section 5(1). However, as per section 5(2), in case of a non-resident, only the following incomes are chargeable to tax:
- Income received or deemed to be received in India; and
  - Income accruing or arising or deemed to accrue or arise in India.

Therefore, fees for technical services rendered in India would be taxable in the hands of Mr. Ramesh, even though he is a non-resident.

The income referred to in Sl. No. 3,4,5 and 7 are taxable in the hands of both Mr. Ramesh and Mr. Suresh since they accrue or arise/ deemed to accrue or arise in India.

Interest on Canada Development Bond would be fully taxable in the hands of Mr. Suresh, whereas only 50%, which is received in India, is taxable in the hands of Mr. Ramesh.

- c) Dividend received from British company in London by Mr. Ramesh, a non-resident, is not taxable since it is accrued and received outside India. However, such dividend received by Mr. Suresh is taxable, since he is a resident and ordinarily resident.
- d) Agricultural income from a land situated in India is exempt under section 10(1) in the case of both non-residents and residents.
- e) Income from house property -

	Mr. Ramesh	Mr. Suresh
Rent received	1,00,000	60,000
Less: Deduction u/s 24(a) @30%	30,000	18,000
Net income from house property	70,000	42,000

The net income from house property in India would be taxable in the hands of both Mr. Ramesh

and Mr. Suresh, since the accrual and receipt of the same are in India.

- f) In case of an individual, interest upto ₹10,000 from savings account with, *inter alia*, a bank is allowable as deduction under section 80TTA.



12. This statement is correct.

As per *Explanation* to section 9, income by way of interest, royalty or fees for technical services which is deemed to accrue or arise in India by virtue of clauses (v), (vi) and (vii) of section 9(1), shall be included in the total income of the non-resident, whether or not -

- non-resident has a residence or place of business or business connection in India; or
- the non-resident has rendered services in India.

In effect, the income by way of fees for technical services, interest or royalty from services utilised in India would be deemed to accrue or arise in India in case of a non-resident and be included in his total income, whether or not such services were rendered in India and irrespective of whether the non-resident has a residence or place of business or business connection in India.

13. Taxability of receipts

	Taxable/ Not Taxable	Amount liable to tax (₹)	Reason
(i)	Taxable	6,25,000	As per section 9(1)(iii), salaries payable by the Government to a citizen of India for service rendered outside India shall be deemed to accrue or arise in India. Therefore, salary paid by Central Government to Mr. John for services rendered outside India would be deemed to accrue or arise in India since he is a citizen of India. He would be entitled to standard deduction of ₹75,000 under section 16(ia).
(ii)	Taxable	5,00,000	As per section 9(1)(v)(c), interest payable by a non-resident on moneys borrowed and used for the purposes of business carried on by such person in India shall be deemed to accrue or arise in India in the hands of the recipient.
(iii)	Partly Taxable	5,500	The interest on Post office savings bank a/c would be exempt u/s 10(15)(i) only to the extent of ₹3,500 in case of an individual a/c. Further, interest upto 10,000, would be allowed as deduction u/s 80TTA from Gross Total Income. Balance ₹5,500 i.e., ₹19,000 - ₹3,500 - ₹10,000 would be taxable in the hands of Mr. Ram, a resident.



(iv)	Not Taxable	-	Royalty paid by a resident to a non-resident in respect of a business carried outside India would not be taxable in the hands of the non-resident provided the same is not received in India. This has been provided as an exception to deemed accrual mentioned in section 9(1)(vi)(b).
(v)	Taxable	5,00,000	In case of a non-resident, any income which accrues or arises in India or which is deemed to accrue or arise in India or which is received in India or is deemed to be received in India is taxable in India.  Therefore, legal charges paid in India to a non-resident lawyer of UK, who visited India to represent a case at the Delhi High Court would be taxable in India.

### ILLUSTRATION 14

Mr. X earns the following income during the previous year ended 31st March, 2024. Determine the income liable to tax for the assessment year 2024-25 if Mr. X is (a) resident and ordinarily resident in India, (b) resident and not ordinarily resident in India, and (c) non-resident in India during the previous year ended 31st March, 2024.

- Profits on sale of a building in India but received in Holland – Rs. 20,000
- Pension from former employer in India received in Holland – Rs. 14,000
- Interest on U.K. Development Bonds (1/4 being received in India) – Rs. 20,000
- Income from property in Australia and received in U.S.A. – Rs. 15,000
- Income earned from a business in Abyssinia which is controlled from Zambia (Rs. 30,000 received in India) – Rs. 70,000
- Dividend on shares of an Indian company but received in Holland – Rs. 10,000
- Profits not taxed previously brought into India – Rs. 40,000
- Profits from a business in Nagpur which is controlled from Holland – Rs. 27,000

### SOLUTION

Computation of income liable to tax :



Particular	Resident & Ordinarily Resident (Rs.)	Resident but not Ordinarily Resident (Rs.)	Non-Resident (Rs.)
Profits on sale of a building in India but received in Holland (accrued in India received outside India)	20,000	20,000	20,000
Pension from former employer in India received in Holland (accrued in India, received out of India)	14,000	14,000	14,000
Interest on U.K. Development Bonds (Accrued out of India, 1/4th received in India)	5,000	5,000	5,000
Interest on U.K. Development Bonds (Accrued out of India, 3/4th received out of India)	15,000	Nil	Nil
Income from property in Australia and received in U.S.A. (Accrued and received out of India)	15,000	Nil	Nil
Income earned from a business in Abyssinia which is controlled from Zambia (Business controlled outside India)	70,000	30,000	30,000
Dividend on shares of an Indian company but received in Holland (Accrued in India)	10,000	10,000	10,000
Profits not taxed previously brought into India (Not an income so not taxable)	Nil	Nil	Nil
Profits from a business in Nagpur which is controlled from Holland (Accrued in India)	27,000	27,000	27,000
Total	1,76,000	1,06,000	1,06,000

### ILLUSTRATION 15

A had the following income during the previous year ended 31st March, 2024:

- Salary Received in India for three Months - Rs. 9,000
- Income from house property in India - Rs. 13,470
- Interest on Saving Bank Deposit in State Bank of India - Rs. 1,000
- Amount brought into India out of the past untaxed profits earned in Germany - Rs. 20,000



- Income from agriculture in Indonesia being invested there - Rs. 12,350
- Income from business in Bangladesh, being controlled from India - Rs. 10,150
- Dividends received in Belgium from French companies, out of which Rs. 2,500 were remitted to India- Rs. 23,000

You are required to compute his total income for the assessment year 2024-25 if he is : (i) a resident; (ii) a not ordinarily resident, and (iii) a Non-resident.

## SOLUTION

### Computation of total income of A is given below:

Particular	Resident & Ordinarily Resident (Rs.)	Resident but not Ordinarily Resident (Rs.)	Non-Resident (Rs.)
Salary Received in India for three Months (Indian received in India)	9,000	9,000	9,000
Income from house property in India (Income accrue or arise in India)	13,470	13,470	13,470
Interest on Saving Bank Deposit in State Bank of India (Income accrue or arise in India)	1,000	1,000	1,000
Amount brought into India out of the past untaxed profits earned in Germany [ not an income, hence not taxable]	Nil	Nil	Nil
Income from agriculture in Indonesia being invested there (Income accrue or arise outside India)	12,350	Nil	Nil
Income from business in Bangladesh, being controlled from India (it is supposed that the money is not received in India) (Income accrued outside India from a business controlled from India)	10,150	10,150	Nil
Dividends received in Belgium from French companies (Income accrue outside India. Remittance to India is irrelevant)	23,000	Nil	Nil



Total	68,970	33,620	23,470
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**ILLUSTRATION 16**

Mr. Y earns the following income during the previous year ended on 31st March, 2024. Determine the income liable to tax for the assessment year 2024-25 if Mr. Y is (a) resident and ordinary resident (b) resident and not ordinary resident, and (c) non-resident in India during the previous year ended on 31st March, 2024.

(b) Honorarium received from Government of India [Travelling and other incidental expenses of Rs. 7,000 were incurred in this connection]- Rs. 20,000

- (ii) Profits earned from a business in Tamilnadu controlled from Pakistan - Rs. 50,000
- (iii) Profits earned from a business in U.K. controlled from Delhi - Rs. 30,000
- (iv) Profits earned from a business in U.S.A. controlled from Pakistan and amount deposited in a bank there - Rs. 40,000
- (v) Income from a house property in France, received in India - Rs. 10,000
- (vi) Past untaxed foreign income brought into India during the year - Rs. 25,000
- (vii) Dividends from a German company credited to his account in Pakistan - Rs. 35,000
- (viii) Agricultural income from Burma not remitted to India - Rs. 40,000
- (ix) Pension for services rendered in India, but received in Pakistan - Rs. 30,000

**SOLUTION**

**Computation of Income liable to tax of Mr. Y is given below:**

Particular	Resident & Ordinarily Resident (Rs.)	Resident but not Ordinarily Resident (Rs.)	Non-Resident (Rs.)
Honorarium received from Govt. of India	20,000	20,000	20,000
Profits earned from a business in Tamilnadu controlled from Pakistan (Income accrue or arise in India)	50,000	50,000	50,000



Profit earned from a business in U.K. controlled from Delhi (Income accrue or arise outside India from a business controlled from India)	30,000	30,000	-
Profits earned from a business in USA controlled from Pakistan and amount deposited in a Bank there (Income accrue outside India)	40,000	-	-
Income from a house property in France, received in India (Income received in India)	10,000	10,000	10,000
Past untaxed foreign income brought into India during the year (Not taxable as profit of past years, also remittance is irrelevant)	-	-	-
Dividends from a foreign company credited to his account in Pakistan (Income accrue outside India)	35,000	-	-
Agricultural income from Burma not remitted to India (Income accrue outside India)	40,000	-	-
Pension for Services rendered in India, but received in Pakistan (Income deemed to accrue or arise in India)	30,000	30,000	30,000
Total	2,55,000	1,40,000	1,10,000

**ILLUSTRATION 17 (Easy)**

Steve Waugh, an Australian cricketer, comes to India for 100 days every year. Find out his residential status for AY 2025-26.

**ILLUSTRATION 18 (Easy)**

Brett Lee, an Australian cricket player, visits India for 102 days in every financial year. This has been his practice for the past 10 financial years. Find out his residential status for AY 2025-26.

**ILLUSTRATION 19 (Easy)**

Mr C, a Japanese citizen, left India after a stay of 10 years on 1.06.2022. During FY 2023-24, he comes to India for 46 days. Later, he returns to India for 1 year on 10.10.2024. Determine his residential status for AY 2025-26.

### ILLUSTRATION 20 (Easy)

Mr Dey, a non-resident, residing in US since 1960, came back to India on 1.4.2023 for permanent settlement. What will be his residential status for AYs 2024-25 and 2025-26?

### ILLUSTRATION 21 (Easy)

Ms Bindu, a non-resident, residing in New York since 1990, came back to India on 19.02.2023 for permanent settlement. Explain the residential status of Ms Bindu for AY 2024-25 and AY 2025-26 in accordance with the various provisions of the Income Tax Act, 1961.

### ILLUSTRATION 22. (Average)

VG was born in 1977 in India. His parents were also born in India in 1948. His grandparents were, however, born in England. Naitik was residing in India till 15.03.2022. Thereafter, he migrated to England and took the citizenship of that country on 15.03.2024 and left Indian citizenship afterwards. He visits India during PY 2024-25 for 90 days. Determine the residential status of Naitik for AY 2025-26.

### ILLUSTRATION 23. (Average)

Mrs Kareena Kapoor is a Hollywood actress. Her passport reveals the following information about her stay in India.

FY 2024-25	From April 3rd	to	July 11th
FY 2023-24	From June 22nd	to	July 11th
FY 2022-23	From Feb 10th	to	March 26th
FY 2021-22	From Sept 7th	to	March 26th
FY 2020-21	From May 17th	to	September 30th
FY 2019-20	From April 3rd	to	July 11th
FY 2018-19	From April 3rd	to	July 11th



FY 2017-18	From April 3rd	to	July 11th
FY 2016-17	From April 3rd	to	July 11th

Find out her residential status for the Assessment Year 2025-26.

### ILLUSTRATION 24. [Average]

James is a foreign citizen (not being a person of Indian origin). During FY 2024-25, she comes to India for 85 days. Determine residential status for AY 2025-26 if her stay in India during FY 2010-11 to FY 2023-24 is as follows:

Period	Stay	Period	Stay
2010-11	85 days	2017-18	16 days
2011-12	310 days	2018-19	360 days
2012-13	6 days	2019-20	181 days
2013-14	5 days	2020-21	305 days
2014-15	65 days	2021-22	65 days
2015-16	180 days	2022-23	10 days
2016-17	360 days	2023-24	126 days

### ILLUSTRATION 25

Jonas is a foreign citizen. He, his parents and grandparents were not born in undivided India. However, his relatives (like brothers of his father, sisters of his mother and brothers and sisters of his grandmother and grandfather) were born in undivided India. Find out his residential status for AY 2025-26 using the following information:

Previous Year	Presence In India
2024-25	147 days
2023-24	140 days
2022-23	300 days



2021-22	25 days
2020-21	32 days
Before 2020-21	Nil

**ILLUSTRATION 26. (Difficult)**

- a) Mr Z, a citizen of India, is carrying on profession in Singapore which is set up in India. He visited India during PY 2024-25 for 145 days and for 400 days during the past 4 years immediately preceding PY 2024-25. Determine his residential status if he has earned the following incomes during PY 2024-25:
- Taxable Indian income - ₹ 8,00,000
  - Income from profession in Singapore - ₹ 10,00,000
  - Other income earned in Singapore - ₹ 9,00,000 Mr Z is liable to pay income-tax in Singapore.
- b) What will be your answer if Mr Z visited India for 115 days?

**ILLUSTRATION 27. (Difficult)**

Mr X, a citizen of India, has been carrying on a profession in Dubai (UAE), where he is not liable to pay any income tax. His taxable Indian income for PY 2024-25 is ₹ 12L and he has also earned ₹ 5L from exercising the profession in Dubai. The profession was initially set up in India. Besides the professional income, he has earned ₹ 10L in Dubai. Determine his residential status, if during PY 2024-25 he has:

- a) visited India for 110 days
- b) not visited India
- c) visited India for 190 days
- d) visited India for 122 days and in the four preceding FYs prior to PY 2024-25, he was in India for 300 days
- e) visited India for 122 days and in the four preceding FYs prior to PY 2024-25, he was in India for 400 days

**ILLUSTRATION 28. (Difficult)**

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

Particulars	Amount (₹)
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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 AY 2025-26 (Support your answer with computation).

### ILLUSTRATION 29. (Difficult)

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 PY 2024-25:

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

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

### ILLUSTRATION 30. (Difficult)

Mr Jai Chand (an Indian citizen) left India for employment in country X on 5<sup>th</sup> June 2016. He regularly visited India and stayed for 60 days in every previous year since then. However, in FY 2024-25, he did not come to India at all. He owns a commercial building in Delhi which is let out. He has also set up a retail store in India which is controlled by his brother from India. He provides the following information to you regarding his income for FY 2024-25:



Income from commercial building in Delhi [computed as per the provisions of the Act].	₹ 12,00,000
Income from the retail store [computed as per the provisions of the Act]	₹ 4,50,000

Country X does not tax any individual on their income as there is no personal income-tax regime there. Determine the residential status of Mr Jai Chand for A Y 2025-26.

Will your answer change if he is a citizen of Country X?

### ILLUSTRATION 31 (Easy)

Determine residential status of Sundaram (HUF) which carries out its transactions in Malaysia. Its affairs are partly controlled from India. The Karta of HUF, Mr Sundaram, who is from Chennai visits India on 01.06.2024 and leaves for Malaysia on 10.02.2025. He has not visited India for the past 11 years.

### ILLUSTRATION 32 (Easy)

MN Partnership firm has two partners, Mr M and Mr N. Both the partners were in India during PY 2024-25 and all meetings of partners were held in India. Determine the residential status of firm for AY 2025-26.

### ILLUSTRATION 33. (Easy)

Bharat Earth Movers Ltd, an Indian Company, has most of its business outside India. Determine the residential status of the company for AY 2025-26.

### ILLUSTRATION 34. (Easy)

N Ltd and A Ltd are registered in Nepal and India respectively. The place of effective management of N Ltd is in India, whereas all board meetings of A Ltd were held in Nepal during PY 2024-25. Determine the residential status of both the companies for AY 2025-26.

### ILLUSTRATION 35. (Average)

State [Yes/No] whether the following transactions can be treated as income deemed to accrue or arise in India:

1. Hire charges paid outside India for the use of machinery situated in India.
2. Income of a non-resident and non-citizen of India from the shooting of cinematograph film in India.



3. Capital gain arising through a transfer of a house property situated in India, the place of registration and the place of payment of consideration being outside India.
4. Allowances paid by the Government to a citizen of India for the services rendered outside India.
5. Past period foreign untaxed income brought to India during the previous year.
6. Gift received by a non-resident on the occasion of his wedding in India.

**ILLUSTRATION 36. (Average)**

Mr David, an Indian citizen aged 40 years, a Government employee serving in the Ministry of External Affairs, left India for the first time on 31.03.2024 due to his transfer to High Commission of Canada. He did not visit India any time during PY 2024-25. He has received the following incomes during PY 2024-25. Compute his gross total income for AY 2025-26.

S.No	Particulars	Amount (₹)
(i)	Salary (Ignore the benefit of standard deduction)	5,00,000
(ii)	Foreign Allowance	4,00,000
(iii)	Interest on fixed deposit from bank in India	1,00,000
(iv)	Income from agriculture in Pakistan	2,00,000
(v)	Income from house property in Pakistan	2,50,000

**ILLUSTRATION 37. (Difficult)**

From the following particulars of income furnished by Mr Anirudh pertaining to the year ended 31.3.2025, compute the total income for Ay 2025-26, if he is:

- (i) Resident and ordinary resident;
- (ii) Resident but not ordinarily resident;
- (iii) Non-resident

S. No	Particulars	Amount (₹)
(a)	Short Term Capital Gain on sale of shares in Indian company received in Germany	15,000
(b)	Dividend from a Japanese company received in Japan	10,000



(c)	Rent from property in London deposited in a bank in London, later on remitted to India through approved banking channels	75,000
(d)	Dividend from RP Ltd, an Indian company	6,000
(e)	Agricultural income from lands in Gujarat	25,000

**ILLUSTRATION 38. (Difficult)**

The following are the particulars of income of Mr Umesh for PY 2024-25:

S. No	Particulars	Amount (₹)
A	Rent from a property in Mumbai received in New York	1,90,000
B	Income from a business in New York controlled from Chennai	1,50,000
C	Income from a business in USA controlled from Canada	2,60,000
D	Rent from a property in Canada received there but subsequently remitted to India	85,000
E	Interest from deposits with an Indian company received in Canada	25,000
F	Past untaxed profits of a business in Canada for PY 19-20 remitted to India during PY 24-25	50,000

Compute his income for the PY 2024-25, if he is:

- (i) Resident and ordinarily resident in India;
- (ii) Resident but not ordinarily resident in India; and
- (iii) Non-resident in India

**ILLUSTRATION 39. (Difficult)**

Mr Prashant (aged 35 years) is an Australian citizen who is settled in Australia and visits India for 125 days in every financial year since past 11 years. During the FY 2024-25, he visited India for a total period of 200 days. The purpose of his visit was to meet his family members who are settled in India and also for managing his business in Sri Lanka through his office in Chennai, India.

During PY 2024-25, he has the following incomes:

(A)	Income from business in Australia controlled from Australia	₹ 20,00,000
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(B)	Income from business in Sri Lanka controlled from Chennai	₹ 16,00,000
(C)	Short-term capital gains on sale of shares of an Indian company received in Australia [The shares were sold online from Australia.]	₹ 50,000
(D)	Income from agricultural land in Australia, received there and then brought to India	₹ 2,00,000

Find out the residential status of Mr Prashant and compute his total income for AY 2025-26.

#### ILLUSTRATION 40. (Difficult)

Mr Surya, an Indian citizen, travelled frequently out of India for his business trip as well as for his outings. He left India from Mumbai airport on 15<sup>th</sup> May 2024 as stamped in the passport. He has been in India for less than 365 days during the 4 years immediately preceding the previous year and has not been in India for at least 60 days in the previous year. Determine:

(i) Residential status of Mr Surya; and

(ii) Total income for the Assessment Year 2024-25 from the following information:

- Dividend amounting to ₹ 20,000 received from Sassy Ltd, a Switzerland based company, which was transferred to his Swiss bank account. He had borrowed money from Mr Sundarlal, a non-resident Indian, for the above mentioned investment on 2<sup>nd</sup> April 2024. Interest on the borrowed money for PY 2024-25 amounted to ₹ 2,500.
- Short term capital gain on the sale of shares of Trena India Ltd, a listed Indian Company amounting to ₹ 35,000. The sale proceeds were credited to his Swiss bank account.
- Interest on fixed deposit with State Bank of India (Mumbai) amounting to ₹ 8,000 was credited to his saving account.

#### ILLUSTRATION 41. (Difficult)

Mrs Geetha & Mrs Leena are sisters and they earned the following income during FY 2024-25. Mrs Geetha is settled in Malaysia since 2000 and visits India for a month every year. Mrs Leena is settled in Indore since her marriage in 2008. Compute the total income of Mrs Geetha and Mrs Leena for AY 2025-26:

S.No	Particulars	Mrs Geetha	Mrs Leena
1	Income from Profession in Malaysia, [set up in India] received there	15,000	-
2	Profit from business in Delhi, but managed directly from Malaysia	40,000	-



3	Rent [computed] from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels	1,20,000	-
4	Dividend from PQR Ltd, an Indian Company	5,000	10,000
5	Dividend from a Malaysian company received in Malaysia	15,000	8,000
6	Cash gift received from a friend on Mrs Leena's 50th birthday	-	51,000
7	Agricultural income from land in Maharashtra	7,500	4,000
8	Past foreign untaxed income brought to India	5,000	-
9	Fees for technical services rendered in India received in Malaysia	25,000	-
10	Income from a business in Pune (Mrs Geetha receives 50% of the income in India)	12,000	15,000
11	Interest on debentures in an Indian company (Mrs Geetha received the same in Malaysia)	18,500	14,000
12	Short-term capital gain on sale of shares of an Indian company	15,000	25,500
13	Interest on savings account with SBI	12,000	8,000
14	Life insurance premium paid to LIC	-	30,000

**ILLUSTRATION 42. (Difficult)**

X is a citizen of South Africa. He comes to India for the first time for a visit of 250 days on October 11, 2024. During the PV ending March 31, 2025, he gets the following fees for technical services:

S.No	Particulars	Amount (₹)
1	Technical fees from the Government of South Africa (received in UK)	8,00,000
2	Technical fees from the Government of South Africa (received in Chennai)	9,00,000
3	Technical fees from the Government of India (received in UK)	10,00,000
4	Technical fees from the Government of India (received in Chennai)	11,00,000
5	Technical fees from Z (a resident in India) [this fee is paid to Mr X outside India for providing technical service outside India, however, the benefit of technical service is utilized by Z for carrying on a business in Bhutan]	3,00,000
6	Technical fees from A (a non-resident in India) [this fee is paid to Mr X outside India for providing technical service outside India, however, the benefit of technical service is utilized by A for carrying on a business in India]	2,10,000



7	Technical fees from B [a non-resident in India] [this fee is paid to Mr X outside India for providing technical service outside India, however, the benefit of technical service is utilized by B for carrying on a business in Bhutan]	3,10,000
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Determine the net income chargeable to tax in the hands of X for AY 2025-26.

### ILLUSTRATION 43. (Difficult)

Mr Sanjay has following incomes during PV 2024-25:

1. Interest of ₹ 60,000 on England Development Bonds (1/3<sup>rd</sup> received in India).
2. Interest of ₹ 5,000 received from a non-resident against a loan given to him to run a business in India.
3. Royalty of ₹ 20,000 received from Akhil, a resident, for technical services given to run a business outside India.
4. Income from business in Sri Lanka ₹ 25,000 out of which ₹ 15,000 were received in India. The business is controlled from India.

Compute taxable income of Mr Sanjay for the AY 2025-26 if he is a:

(I) Not Ordinarily Resident

(II) Non-Resident

### ILLUSTRATION 44. (Difficult)

Discuss the taxability of the following items in the hands of different persons briefly explaining the applicable provisions of the Income-tax Act:

- (i) Mr Jayesh, a non-resident is having a plot of land in Jodhpur. He sells this plot to another non-resident outside India. The consideration is received outside India in foreign currency.
- (ii) Mr Arpit is having a house property in India. The property is let out by him to a foreign company. The rent agreement is entered outside India. Monthly rent is also received outside India.
- (iii) Government of Rajasthan has borrowed money from ABC Express Bank, a foreign bank. The interest payable to ABC Express Bank is remitted outside India.
- (iv) Mr Bhavesh, a citizen of India, is appointed by Reliable Industries Ltd in their Dubai Branch. Mr Bhavesh is a non-resident and receives salary outside India.



**ILLUSTRATION 45. (Difficult)**

Mr Thomas, a non-resident and citizen of Japan entered into following transactions during the previous year ended 31.03.2025. Examine the tax implications in the hands of Mr Thomas for AY 2025-26 as per Income Tax Act, 1961. [Give brief reasoning]

1. Interest received from Mr Marshal, a non-resident outside India [The borrowed fund is used by Mr Marshal for investing in Indian company's debt fund for earning interest].
2. Received ₹ 10 lakhs in Japan from a business enterprise in India for granting license for computer software [not hardware specific].
3. He is also engaged in the business of running news agency and earned income of ₹ 10 lakhs from collection of news and views in India for transmission outside India.
4. He entered into an agreement with SKK & Co, a partnership firm for transfer of technical documents and design and for providing services relating thereto, to set up a Denim Jeans manufacturing plant, in Surat [India]. He charged ₹ 10 lakhs for these services from SKK & Co.

**ILLUSTRATION 46. (Difficult)**

Examine the tax implications of the following transactions for AY 2025-26: [Give brief reason]

- (i) Government of India has appointed Mr Rahul as an ambassador in Japan. He received salary of ₹ 7,50,000 and allowances of ₹ 2,40,000 during PY 2024-25 for rendering his services in Japan. He is an Indian citizen having status of non-resident in India for PY 2024-25.
- (ii) Ms Juhi, a non-resident in India, is engaged in operations which are confined to purchase of goods in India for the purpose of export. She has earned ₹ 2,50,000 during PY 2024-25.
- (iii) Mr Naveen, a non-resident in India, has earned ₹ 3,00,000 as royalty for a patent right made available to Mr Rakesh who is also a non-resident. Mr Rakesh has utilized patent rights for development of a product in India and 50% royalty is received in India and 50% outside India.
- (iv) Mr James, a NRI, borrowed ₹ 10,00,000 on 01.04.2024 from Mr Akash who is also a non-resident and invested such money in the shares of an Indian Company. Mr Akash has received interest @ 12% per annum.

**ILLUSTRATION 47. (Difficult)**

Mr Tilak aged 35 years, furnishes the following information regarding his income for AY 2025-26. Compute the total income if he is:



(I) Resident And Ordinarily Resident

(II) Resident But Not Ordinarily Resident

- a) Remuneration of ₹ 1,50,000 for service rendered in Malaysia, credited to his bank account in Malaysia and immediately remitted to his bank account in India.
- b) Profits from a business in England controlled from Bombay ₹ 3,00,000 [out of which ₹ 25,000 is received in India].
- c) Amount brought to India out of past untaxed profits earned in Singapore ₹ 1,00,000.
- d) Capital gain on sale of land in India but received in Malaysia ₹ 2,00,000.
- e) Income from agriculture land at Nepal of ₹ 18,000, received there and then brought to India.
- f) He paid ₹ 50,000 towards principal repayment of loan taken for construction of his self-occupied house in India.
- g) Interest on saving bank deposit in State Bank of India of ₹ 12,000.



**SOLUTIONS TO SUBJECTIVE QUESTIONS:****Residential Status Of Individuals****Answer 17**

**The Py relevant to AY 2025-26 is PY 2024-25.**

- **Step 1:** The total stay of Steve Waugh in the last 4 years preceding the relevant PY is 400 days (ie, 100 days per year x 4 years) and his stay during PY 2024-25 is 100 days. Since he has satisfied the second condition of Section 6(1), he is a resident.
- **Step 2:** Since his total stay in India in the last 7 years preceding the PY is 700 days (ie, 100 x 7), he does not satisfy the minimum requirement of 730 days in 7 years. Any one of the conditions not being satisfied, the individual is NOR.

**Therefore, the residential status of Steve Waugh for AY 2025-26 is 'resident but not ordinarily resident'.**

**Answer 18**

- Period of stay during PY 2024-25 = 102 days.
- Period of stay during 4 preceding PYs is 408 days (102 x 4 = 408 days).
- Mr Brett Lee has been in India for a period more than 60 days during PY 2024-25 and for a period of more than 365 days during 4 immediately preceding PYs. Since he satisfies one of the basic conditions u/s 6(1), he is a resident for AY 2025-26.
- Period of stay during 7 preceding PYs is 714 days (102 x 7 = 714 days). Since his period of stay in India during the past 7 PYs is less than 730 days, he is a not-ordinarily resident during AY 2025-26. (See Note below)

**Note:** A not-ordinarily resident person is one who satisfies any one of the conditions specified u/s 6(6)(a);

- (i) If such individual has been non-resident in India in any 9 out of the 10 PYs preceding the relevant PY; or
- (ii) If such individual has during the 7 PYs preceding the relevant PY been in India for a period of 729 days or less.

In this case, since Mr Brett Lee satisfies condition (ii), he is a not-ordinarily resident for AY 2025-26.

**Answer 19**

- During PY 2024-25, Mr C was in India for 173 days (ie 22 + 30 + 31 + 31 + 28 + 31 days). His total stay in last



4 years comes out to 838 days [calculated in the manner given below]:

- > PY 2023-24: 46 days
- > PY 2022-23: 62 days (ie 30 + 31 + 1)
- > PY 2021-22: 365 days (since he left India on 1.6.2022 after 10 years)
- > PY 2020-21: 365 days (since he left India on 1.6.2022 after 10 years)

- Mr C is a resident since his stay during PY 2024-25 is 173 days and in the last 4 years is more than 365 days.
- For the purpose of being ordinarily resident, it is evident from the above calculations, that
  - his stay in the last 7 years is more than 730 days: and
  - since he was in India for 10 years prior to 1.6.2022, he was a resident in at least 2 out of the last 10 years preceding the relevant PY.
- **Therefore, Mr C is a resident and ordinarily resident for AY 2025-26.**

### Answer 20

- Mr Dey is a resident in AY 2024-25 and AY 2025-26 since he has stayed in India for a period of 182 days or more during PY 2023-24 and PY 2024-25, respectively.
- As per Section 6(6), a person will be "Not Ordinarily Resident" in India in any PY, if such person:
  - has been a non-resident in 9 out of 10 PYs preceding the relevant PY; or
  - has during the 7 PYs immediately preceding the relevant PY been in India for 729 days or less.

If he does not satisfy both of these conditions, he would be a resident and ordinarily resident.

- In the instant case, applying the above, the status of Mr Dey for PY 2023-24 (AY 2024-25) will be "NOR" because his stay in India prior to PY 2022-23 is '0' days.
- For PY 2024-25 (AY 2025-26), his status would continue to be "NOR" since he was NR in 9 out of 10 PYs immediately preceding PY 2024-25 and he had also stayed for 729 days or less in 7 PYs immediately preceding the PY.
- Therefore, his status for
  - AY 2024-25: "Resident but not ordinarily resident"
  - AY 2025-26: "Resident but not ordinarily resident"



**Answer 21**

- Mr Bindu is a resident in AY 2025-26 since she has stayed in India for a period of 182 days or more during during PY 2024-25.
- As per Section 6(6), a person will be "NOR" in India in any PY, if such person:
  - > has been a non-resident in 9 out of 10 PYs preceding the relevant PY; or
  - > has during the 7 PYs immediately preceding the relevant PY been in India for 729 days or less.If he does not satisfy both of these conditions, he would be a resident and ordinarily resident.
- In the instant case, applying the above, the status of Ms Bindu prior to PY 2023-24 (AY 2024-25) will be Non-Resident.
- For PY 2023-24 (AY 2024-25), her status would be "NOR" since she was non-resident in 9 out of 10 PYs immediately preceding PY 2023-24 and she had also stayed for less than 729 days in 7 PYs immediately preceding PY 2023-24.  
(Before PY 2022-23 - Nil; PY 2022-23 - 41 days).
- For PY 2024-25 (AY 2025-26), her status would continue to be "NOR" since she was non-resident in 9 out of 10 PYs immediately preceding PY 2024-25 and she had also stayed for less than 729 days in 7 PYs immediately preceding PY 2024-25 {ie 41 days during PY 2022-23 + 366 days during PY 2023-24}.

**Answer 22**

- As per Section 6, an individual is treated as resident if he satisfies any one of the following two basic conditions, ie individual is in India for
  - (i) 182 days or more during the PY; or
  - (ii) 60 days or more during the PY and for 365 days or more during 4 years immediately preceding the relevant PY.
- The (ii) condition is not applicable in case the person visiting India is either an Indian citizen or person of Indian origin.
- Mr Naitik is not a citizen of India as he has taken the citizenship of England and has left Indian citizenship. Further, he is not a person of Indian origin, because he, his parents and grandparents were not born in undivided India.



- Therefore, in his case (ii) basic condition will be applicable and the relief available to Indian citizen and person of Indian origin is not available to him. Therefore, if he satisfies any of the basic conditions, he shall be treated as resident.
- Mr Naitik is in India for 90 days during PY 24-25 and his stay in India exceeds 365 days in 4 years preceding PY 24-25 (ie 2020-21. 365 days; 2021-22: 349 days; 2022-23: Nil and 2023-24: Nil). Therefore, he is resident in India.
- Ordinary or not ordinary resident: Moreover, he satisfies the two additional conditions laid down u/s 6(6)(a):
  - (i) He is resident in India in at least 2 years out of 10 years immediately preceding PY 24-25 (Before 15.03.2022, he was always in India, therefore in every such year he satisfied the condition of 182 days); and
  - (ii) During 7 years preceding PY 2024-25, he was present in India for more than 730 days. **Therefore, he is resident and ordinarily resident for AY 25-26.**

### Answer 23

An individual is said to be resident if he/she satisfies any one of the following basic conditions:

- (i) Has been in India during the previous year for a total period of 182 days or more; or
- (ii) Has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more

and has been in India for at least 60 days during the previous year.

### Mrs Karuna Kapoor's Stay:

Previous Year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Number Of Days Of Stay In India	100	20	45	201	137	100	100	100	100

Mrs Karuna Kapoor's stay in India during PY 2024-25 is less than 182 days. However, her stay in India during PY 2024-25 is 100 days (ie, more than 60 days) and her stay in India during the four previous years prior to PY 2024-25 is 403 days (ie, more than 365 days). Assuming that Mrs Karuna Kapoor is neither a citizen of India nor a person of Indian origin, she is a resident for PY 2024-25.



Further, her stay in India in the last seven PYs prior to PY 2024-25 is 703 days [20+45+201+137+100+100+100], which is less than 730 days. Therefore, she is resident but not ordinarily resident for PY 2024-25.

### Answer 24

- As per Section 6, an individual is treated as resident if he satisfies any one of the following two basic conditions:
  - (i) Individual is in India for 182 days or more during the PY; or
  - (ii) Individual is in India for 60 days or more during the PY and for 365 days or more during 4 years immediately preceding the PY.
- As Ms Juliet is a foreign citizen, the relief available to Indian citizen and person of Indian origin is not available in her case. During PY 2024-25, she is in India for 85 days, and for 506 days during 4 years immediately preceding PY 2024-25 (305 + 65 + 10 + 126). Thus, she satisfies (ii) basic condition u/s 6. Therefore, she is resident in India for AY 2025-26.
- **Ordinary or not ordinary resident:** In addition, she also satisfies the two additional conditions laid down u/s 6(6)(a):
  - (i) She is resident in India in at least 2 years out of 10 years immediately preceding PY 2024-25 (she is in India for 182 days or more during PY 2016-17, PY 2018-19, PY 2020-21); and
  - (ii) During 7 years preceding PY 2024-25, she **was present in India** for more than 730 days.
- Since, Ms Juliet is satisfying both the additional **conditions, she is resident and ordinarily resident** for AY 2025-26.

### Answer 25

- X is a foreign citizen. He is also not a person of Indian origin. Thus, if he satisfies any of the basic conditions, he shall be treated as resident as the relief is available to Indian citizens or person of Indian origin.
- During PY 2024-25, he was in India for 147 days and during preceding 4 years he was in India for 497 days. By satisfying the second basic condition, he becomes resident in India.
- X's stay in India during past 7 years is 497 days. Since his stay in India during past 7 years is less than 730 days, he will be resident but not ordinarily resident in India for AY 2025-26.



**Answer 26**

- a) Mr Z is a citizen of India and his total income other than income from foreign sources is ₹ 18L (₹ 8L + ₹ 10L from a profession which is set up in India). Mr Z has visited India during PY 2024-25 for 120 days or more and for 365 days or more during the past 4 years. Therefore, Mr Z shall be treated as a resident in India as per Section 6(1). Further, as per amended Section 6(6), he shall be considered as a NOR in India. Consequently, Mr Z would be liable to pay tax in India on income of ₹ 18L. Foreign income of ₹ 9L shall not be included in his total income.
- b) Mr Z is a citizen of India and his total income other than income from foreign sources is ₹ 18L (₹ 8L + ₹ 10L from a profession which is set up in India). If Mr Z visits India during PY 2024-25 for 115 days, he would be treated as a non resident in India as per Section 6(1). Further, Section 6(1A) is not attracted in his case because he is liable to pay tax in Singapore. Consequently, Mr Z would be liable to pay tax in India only on the Indian income of ₹ 8L.

**Answer 27**

- a) Mr X is a citizen of India and his total income other than income from foreign sources exceeds ₹ 15L (₹ 12L + ₹ 5L being income from profession which is set up in India). Section 6(1) is not attracted in the present case because Mr X's stay in India during the current year is less than 120 days.
- Mr X is not liable to pay tax in Dubai. Further, Section 6(1) is not attracted in his case. Combined with the fact that Mr X is a citizen of India and his total income other than income from foreign source exceeds ₹ 15L, he shall be deemed to be a resident in India as per Section 6(1A). Further, as per amended Section 6(6), he shall be considered as a NOR in India.
- b) The answer will remain same because if the individual is deemed to be a resident in India as per Section 6(1A), the number of days he has stayed in India becomes irrelevant.
- c) If Mr X has visited India for 190 days during PY 2024-25, he would qualify as a resident as per Section 6(1). Since the individual qualifies as a resident as per Section 6(1), Section 6(1A) shall not be applicable in his case. However, in the absence of availability of information for preceding financial years, it cannot be determined whether the individual would qualify as ROR or NOR.
- d) If Mr X visits India for 122 days during PY 2024-25 and for 300 days during the past four years, Section 6(1) won't be attracted in the present case because Mr X's stay during the past four years is less than 365 days. Given the fact that Mr X is a citizen of India and he is not liable to pay tax in Dubai and his total income other than income from foreign sources exceeds ₹ 15L, he shall be deemed to be a resident in India as per Section 6(1A). Further, as per amended Section 6(6), he shall be considered as a NOR in India.



- e) If Mr X visits India for 122 days during PY 2024-25 and for 400 days during the past four years, Mr X would qualify as a resident as per Section 6(1). Further, as per amended Section 6(6), he shall be considered as a NOR in India.

**Answer 28**

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

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

py	No Of Days
py 2020-21	200
py 2021-22	100
py 2022-23	76
py 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}	-
Income earned and received from a house property situated in UAE {Income from a foreign source, hence, to be excluded}	-
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
Less: Deduction u/s 80C (LIC premium paid by cheque in India)	18,00,000
	(1,50,000)
Total Income [Excluding Income From Foreign Sources]	16,50,000

Mrs Shruti, an Indian citizen, visiting India in PY 2024-25, would be a resident in India for AY 2025-26, if she



satisfies either of the following conditions:

- a) She is in India for 182 days or more during PY 2024-25; or
- b) She is in India for a period of 120 days or more during PY 2024-25 and her stay in India in the four immediately preceding previous years is 365 days or more.

This first condition is not satisfied since she is in India only for 157 days during PY 2024-25-. The second condition is satisfied since she has stayed in India for 157 days during PY 2024-25 and 421 days in the four immediately preceding previous years. Since she has become resident in India for AY 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 AY 2025-26 is resident but not ordinarily resident.

Note: The provisions of Section 6(1 A) 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).

### Answer 29

- i. 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 PY 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 having total income (excluding income from foreign sources) of ₹ 23 lakhs, which exceeds the threshold of ₹ 15 lakhs during the previous year and not liable to tax in Dubai, he would be deemed resident in India for PY 2024-25 by virtue of Section 6(1A). Further, a deemed resident is always a resident but not ordinarily resident in India (RNOR).

### Computation Of Total Income For AY 2025-26:

	Particulars	(₹)
(i)	Income accrued and arisen in Dubai (not taxable in case of an RNOR)	-
(ii)	Income accrued and arisen in India (taxable)	5,00,000
(iii)	Income deemed to accrue or arise in India (taxable)	8,00,000
(iv)	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



- II. 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 a deemed resident as per Section 6(1A).

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

- III. If Mr Sarthak is born in Dubai and his parents were born in undivided India, he would not be an Indian citizen, but he would 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 PY 2024-25 and his total income would be ₹13 lakhs.

**Note:** 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.

### Answer 30

Mr Jai Chand is an Indian citizen who never came to India for a single day during PY 2024-25. As per Section 6(1), he would be treated as a non-resident in India for PY 2024-25 on the basis of number of days of his stay in India. However, since he is an Indian citizen having total income [excluding income from foreign sources] of ₹ 16.5 lakhs, which exceeds the threshold of ₹ 15 lakhs during the previous year and not liable to tax in Country X, he would be deemed as a resident in India for PY 2024-25 by virtue of Section 6(1A). Further, a deemed resident is always a resident but not ordinarily resident in India (RNOR) as per Section 6(6)(d). Thus, he would be treated as a NOR in India for PY 2024-25.

If Mr Jai Chand was a citizen of Country X and not an Indian citizen, provisions of deemed resident as given u/s 6(1A) would not apply in his case and thus, he would be treated as a non-resident in India for PY 2024-25.

### Answer 31

A HUF is said to be resident if control and management of its affairs is situated wholly or partly in India. Since the affairs of the HUF are partly controlled from India, it is said to be resident in India.

A HUF is said to be RNOR, if its Karta is RNOR. In the present case, Mr Sundaram, being a karta of the HUF has not visited India for the past 11 years and hence he satisfies the condition for being a RNOR, ie he is non-resident in India in 9 out of 10 previous years immediately preceding the relevant previous year or has been in India for 729 days or less in 7 previous years immediately preceding the relevant previous year. Thus, Sundaram HUF is said to be RNOR for PY 24-25.



### Residential Status Of Partnership Firm

#### Answer 32

Since control and management of partnership firm is in the hands of partners and partners are in India throughout the year and also all the meetings are held in India, the firm shall be considered to be resident.

### Residential Status Of Companies

#### Answer 33

Bharat Earth Movers Ltd is registered in India, so it is an Indian company & an Indian company shall always be considered to be resident in India.

#### Answer 34

- N Ltd is a foreign company and its place of effective management is in India. Hence, it is a resident of India.
- A Ltd is registered in India, so it is an Indian company. Therefore, A Ltd would always be treated as a resident of India irrespective of the fact where its control & management lies [in India or outside India].

### Scope Of Total Income/Incidence Of Total Income

#### Answer 35

1. **Hire Charges Paid Outside India For The Use Of Machinery Situated In India:** Yes; income from any property or asset situated in India is always treated as income deemed to be accrue or arise in India.
2. **Income Of A Non-Resident And Non-Citizen Of India From The Shooting Of Cinematograph Film In India:** No; income of a non-resident and non-citizen of India from the shooting of cinematograph film in India is not treated as business connection in India provided the film is not shown in India.
3. **Capital Sain From Transfer Of Asset Situated In India:** Yes; income from any property or asset situated in India is always treated as income deemed to be accrue or arise in India.
4. **Allowances Paid By The (government To A Citizen Of India For The Services Rendered Outside India:** Yes; payments made by Indian Government to an Indian citizen for services rendered outside India are deemed to accrue or arise in India but foreign allowances are exempt **u/s 10(7)**.



5. **Past Period Foreign Untaxed Income Brought To India During The Previous Year:** No; it is not considered as an income related to current year and thus not taxable.
6. **gift Received By A Non-Resident On The Occasion Of His Wedding In India:** No; gift received by an individual on the occasion of his/her marriage is exempt from tax.

**Answer 36**

- Mr David is a non-resident for AY 2025-26, since he was not present in India at any time during PY 2024-25. As per Section 5(2), a non-resident is chargeable to tax in India only in respect of following incomes:
  - Income received or deemed to be received in India; and
  - Income accruing/arising or deemed to accrue/arise in India.
- In view of the above provisions, income from agriculture in Pakistan and income from house property in Pakistan would not be chargeable to tax in the hands of David, assuming that the same were received in Pakistan.
- Income from 'salaries' payable by the Government to a citizen of India for services rendered outside India is deemed to accrue/arise in India as per Section 9. Hence, such income is taxable in the hands of Mr David, even though he is a non-resident. It has been assumed that Mr David is a citizen of India. However, allowances or perquisites paid or allowed as such outside India by the Government to a citizen of India for rendering service outside India are exempt u/s 10(7). Hence, foreign allowance of ₹ 4,00,000 is exempt u/s 10(7).
- Gross Total Income Of Mr David For AY 2025-26:**

Salaries	5,00,000
Income from other sources (Interest on fixed deposit in India)	1,00,000
Gross Total Income	6,00,000

**Answer 37****Computation Of Total Income Of Mr Anirudh For AY 2025-26:**

Particulars	ROR (₹)	NOR (₹)	NR (₹)
STCG on sale of shares of an Indian company, received in Germany	15,000	15,000	15,000
Dividend from a Japanese company, received in Japan	10,000	-	-



Rent from property in London deposited in a bank in London [See Note]	52,500	-	-
Dividend from RP Ltd, an Indian Company	6,000	6,000	6,000
Agricultural income from land in Gujarat [Exempt u/s 10(1)]			-
Total Income	83,500	21,000	21,000

Note: It has been assumed that the rental income is the GAV of the property. Therefore, deduction @ 30% has been provided u/s 24(a) and the net income so computed is taken into account for determining the total income of ROR.

Rent received (assumed as gross annual value)	₹ 75,000
Less: Deduction u/s 24(a) [30% of ₹ 75,000]	(₹ 22,500)
Income from House Property	₹ 52,500

**Answer 38**

S.No	Particulars	ROR (₹)	NOR (₹)	NR (₹)
A	Rent from a property in Mumbai received in New York (Income accruing/arising in India, taxable in all three cases - 70% of ₹ 1,90,000)	1,33,000	1,33,000	1,33,000
B	Income from a business in New York controlled from Chennai [Income accruing/ arising abroad - taxable in case of ROR & NOR (1 of the 2 cases)]	1,50,000	1,50,000	NIL
C	Income from a business in USA controlled from Canada (Income accruing/arising abroad - taxable in case of only ROR)	2,60,000	NIL	NIL
D	Rent from a property in Canada received there (Income accruing/arising abroad & also received abroad - taxable in case of only ROR - 70% of ₹ 85,000)	59,500	NIL	NIL
E	Interest from deposits with an Indian company received in Canada (Income accruing/arising in India, taxable in all three cases)	25,000	25,000	25,000
F	Past untaxed profits for the year 2019-20 of a business in Canada remitted to India during the PY 2024-25 (Taxable in PY 19-20 and not in PY 24-25)	NIL	NIL	NIL
Total Income		6,27,500	3,08,000	1,58,000



**Note:** It has been assumed that the rent received is the GAV of the house property and therefore deduction @ 30% is available u/s 24(a) in respect of such rent. Accordingly, 70% of the rent is taxable.

### Answer 39

Mr Prashant's current year stay in India is 200 days. Therefore, as per Section 6(1), he would qualify as a resident. Mr Prashant's stay during the past 7 years is 875 days (125 days x 7 years). Further, Mr Prashant would qualify as a resident for atleast 2 times in the past 10 years. Therefore, Mr Prashant would qualify as a ROR (ie, resident & ordinarily resident) in India as per Section 6(6)(a). Since Mr Prashant qualifies as a ROR, all his incomes would be taxable in India irrespective of the place of accrual or the place of receipt of income.

### Computation Of Total Income For AY 2025-26:

(A)	Income from business in Australia controlled from Australia {Fully taxable in case of ROR}	₹ 20,00,000
(B)	Income from business in Sri Lanka controlled from Chennai {Fully taxable in case of ROR}	₹ 16,00,000
(C)	Short-term capital gains on sale of shares of an Indian company received in Australia {Fully taxable in case of ROR}	₹ 50,000
(D)	Income from agricultural land in Australia, received there and then brought to India {Fully taxable in case of ROR}	₹ 2,00,000
Total Income		₹ 38,50,000

### Answer 40

**Part (i):** An individual is said to be resident in India in any previous year, if he satisfies any one of the following two conditions:

- He has been in India during the relevant previous year for a total period of 182 days or more; or
- He has been in India during the 4 years immediately preceding the relevant previous year for a total period of 365 days or more and has been in India for at least 60 days in the previous year.

If the individual satisfies any one of the conditions mentioned above, he is a resident. If both the above conditions are not satisfied, the individual is a non-resident.

Mr Surya, an Indian citizen, has not satisfied either of the basic conditions for being a resident. Hence, he is nonresident in India for AY 2025-26.



**Part (ii):**

- a) Dividend of Rs 20,000 received from Switzerland based company transferred to Swiss Bank A/c is not taxable in the hands of the non-resident since the income has neither accrued or arisen in India nor has it been received in India. Since dividend is not taxable in India, interest paid for investment is not allowable as deduction.
- b) STCG of Rs 35,000 on sale of shares of an Indian listed company is chargeable to tax in the hands of Mr Surya, since it has accrued and arisen in India even through the sale proceeds were credited to Swiss Bank A/c.
- c) Interest on fixed deposit with SBI amounting to Rs 8,000 credited to his savings bank account is taxable in the hands of Mr Surya as income from other sources, since it has accrued and arisen in India and is also received in India.

Therefore, total income shall be Rs 43,000.

**Answer 41****Computation Of Total Income Of Mrs Geetha & Mrs Leena For AY 2025-26:**

S.No	Particulars	Mrs Geetha (NR) (₹)	Mrs Leena (Resident) (₹)
1	Income from profession in Malaysia [set up in India] received there [Note 1]		-
2	Profit from business in Delhi, but managed directly from Malaysia [Note 1]	40,000	-
3	Rent [computed] from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels [Note 1]		-
4	Dividend from PQR Ltd, an Indian Company	5,000	10,000
5	Dividend from Malaysian Company received in Malaysia [Note 1]	-	8,000
	Cash gift received from a friend on Mrs Leena's 50th birthday		
6	Note As per Section 56(2)(x), cash gifts received from a non-relative would be taxable, if the amount exceeds ₹ 50,000 in aggregate during the PY.	-	51,000
7	Agricultural income from land in Maharashtra [Exempt u/s 10(1)]	-	-



8	Past foreign untaxed income brought to India [Not taxable, since it does not represent income of PY 2024-25]	-	-
9	Fees for technical services rendered in India, but received in Malaysia [Note 1]	25,000	-
10	Income from a business in Pune [Mrs Geetha receives 50% income in India] [Note 2]	12,000	15,000
11	Interest on debentures in an Indian company [Mrs Geetha received the same Malaysia] [Note 2]	18,500	14,000
12	Short-term capital gain on sale of shares of an Indian company [Note 2]	15,000	25,500
13	Interest on savings account with SBI [Note 2]	12,000	8,000
Gross Total Income		1,27,500	1,31,500
Less: Deduction u/s 80C for life insurance premium paid [Assumed premium paid is within the specified percentage of capital sum assured]'		-	(30,000)
Less: Deduction u/s 80TTA in case of an individual, interest upto ₹ 10,000 from savings account with bank is allowable as deduction u/s 80TTA]		(10,000)	(8,000)
Total Income		1,17,500	93,500

**Notes:**

- I. Income from profession in Malaysia, rent from property in Malaysia and dividend from Malaysian company received in Malaysia by Mrs Geetha, a non-resident, would not be taxable in India, since both the accrual and receipt are outside India.

However, profit from business in Delhi would be taxable in India in the hands of Mrs Geetha, even though it is managed directly from Malaysia.

Further, fees for technical services rendered in India would also be taxable in the hands of Mrs Geetha, since it is deemed to accrue or arise in India.

- II. The income referred to in S No 10, 11, 12 and 13 are taxable in the hands of both Mrs Geetha and Mrs Leena due to their accrual/deemed accrual in India, even though a part of income from business in Pune and the entire interest on debentures in Indian company is received by Mrs Geetha outside India.

**Answer 42**

- A non-resident is chargeable to tax in respect of income received outside India only if such income accrues/arises or is deemed to accrue/arise to him in India.
- Payment to a management consultant relating to project financing is covered within the scope of "fees for technical services". Section 9 states that fees for technical services received by a non-resident would be deemed to accrue/ arise in India if such services are utilized in India.
- In the instant case, since the services were utilized in India, the payment received by Mr Kulasekhara, a non-resident, in Colombo is chargeable to tax in his hands in India, as it is deemed to accrue/arise in India.

**Answer 43**

During PY 2024-25, X is in India for 172 days (ie, October 11, 2024 to March 31, 2025). Since he comes to India for the first time on October 11, 2024, he is unable to satisfy any of the basic conditions. Consequently, X is a non-resident in India for AY 2025-26. In case of non-resident, incomes received or earned in India only are chargeable to tax.

**Income Of X For AY 2025-26 Shall Be Calculated As Follows:**

Payer Of Technical Fees	Place Of Receipt Of Income	Place Of Accrual Of Income	Amount Taxable (₹)
South African Govt	UK	South Africa	Nil
South African Govt	India	South Africa	9,00,000
Indian Govt	UK	India	10,00,000
Indian Govt	India	India	11,00,000
Z	Outside India	Outside India	Nil
A	Outside India	India	2,10,000
B	Outside India	Outside India	Nil
Net Income			32,10,000

**Answer 44****Computation Of Taxable Income Of Mr San jay:**

S. No.	Particulars	NOR (₹)	NR (₹)
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1.	Interest on England Development Bonds (1/3rd received in India), amount of ₹ 20,000 being received in India would be taxable in case of both NOR and NR.	20,000	20,000
2.	Interest received from NR against a loan given to him to run a business in India would be deemed to accrue or arise in India. Thus, such interest is taxable in case of both NOR and NR.	5,000	5,000
3.	Royalty received from Akhil, a resident for technical services given to run a business outside India would not be deemed to accrue or arise in India, since such services are utilised for business carried outside India. Thus, royalty would not be taxable in case of both NOR and NR.	Nil	Nil
4.	Income from business in Sri Lanka of ₹ 25,000 out of which ₹ 15,000 were received in India. Whole of the income from business in Sri Lanka is taxable in case of NOR, since business is controlled from India. However, in case of NR, only the amount received in India would be taxable.	25,000	15,000
Total Income		50,000	40,000

**Answer 45**

- I. **Sale Of Plot Of Land At Jodhpur:** Income accruing or arising in the hands of Mr Jayesh, a non-resident, from transfer of a capital asset situated in India, namely, land in Jodhpur, would be deemed to accrue or arise in India. Hence, capital gains arising from transfer of such land would be chargeable to tax in the hands of Jayesh, even though the land is transferred to another non-resident outside India and consideration is received in foreign currency.
- II. **Rental Income From A House Property Situated In India:** Rental income from a house property in India would be deemed to accrue or arise in India as the source of income, namely, the house property, is in India. Therefore, rental income from a house property in India is taxable in the hands of Mr Arpit, even though the house has been let-out to a foreign company, the rent agreement is entered outside India and such income is received outside India.
- III. **Interest On Loan Payable By government Of Rajasthan:** Income by way interest payable by the Government is deemed to accrue or arise in India. Therefore, interest payable by the Government of Rajasthan would be taxable in the hands of ABC Express Bank, even though it is a foreign bank and the interest has been remitted outside India.
- IV. **Salary Income Earned Outside India:** Salary received outside India for services rendered outside India (in Dubai Branch) is not deemed to accrue or arise in India. Hence, the salary income would not be taxable



in the hands of Mr Bhavesh, a non-resident, since the same is received outside India and is not deemed to accrue or arise in India.

**Answer 46**

1. Interest payable by a NR to another NR would be deemed to accrue or arise in India only if the loan is used for the purposes of business or profession carried on by him in India. In this case, it is used for investing in Indian company's debt fund for earning interest and not for the purposes of business or profession. Hence, it is not taxable in India.
2. Royalty includes consideration for grant of license for computer software. Hence, ₹ 10L payable by a business India in the hands of Mr Thomas, a NR, since it is for the purpose of business in India. Hence, the royalty is taxable in India.
3. No income shall be deemed to accrue or arise to Mr Thomas through or from activities which are confined to the collection of news and views in India for transmission outside India. Hence, ₹ 10L is not taxable in India.
4. ₹ 10 lakhs is deemed to accrue or arise in India to Mr Thomas, a non-resident, since it represents royalty/fees for technical services paid for services utilized in India, in this case, for setting up a Denim Jeans manufacturing plant in Surat. Hence, the same would be taxable in India in the hands of Mr Thomas.

**Answer 47**

- (i) Salaries (including allowances) payable by the Government to a citizen of India for services rendered outside India shall be deemed to accrue or arise in India. Thus, salary received from Government by Mr .Rahul, being a non-resident of ₹ 7.5L for rendering services in Japan would be taxable in his hands, after allowing standard deduction of ₹ 50,000. However, any allowance or perquisites allowed outside India by the Government to a citizen of India for rendering services outside India will be fully exempt u/s 10(7). Hence, ₹ 2,40,000, being the allowance would be exempt.
- (ii) In the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export. Thus, income of ₹ 2,50,000 arising in the hands of Ms Juhi would not be taxable in her hands in India, since her operations are confined to purchase of goods in India for the purpose of export.
- (iii) Royalty payable by a non-resident would be deemed to accrue or arise in India in the hands of the recipient only when such royalty is payable in respect of any right, property or information used for the



purposes of a business or profession carried on by such non-resident in India or earning any income from any source in India. In the present case, since Mr Rakesh, a non-resident, paid the royalty of ₹ 3,00,000 for a patent right used for development of a product in India, the same would be taxable in India in the hands of the recipient, Mr Naveen, a non-resident, irrespective of the fact that only 50% of the royalty is received in India.

- (iv) Interest payable by a non-resident on the money borrowed for any purpose other than a business or profession in India, would not be deemed to accrue or arise in India. In the present case, since Mr James, a non-resident borrowed the money for investment in shares of an Indian company, the interest on such borrowing of ₹ 1,20,000 (₹ 10,00,000 x 12%) payable to Mr Akash, a non-resident would not be deemed to accrue or arise to him in India. Hence, the same would not be taxable in India in the hands of Mr Akash.

### Answer 48

#### Computation Of Taxable Income Of Mr Tilak:

S.No.	Particulars	ROR (₹)	NOR (₹)
[a]	Remuneration for service rendered in Malaysia, credited to his bank account in Malaysia and immediately remitted to his bank account in India - Income accruing/arising outside India and received outside India, thus taxable in case of only ROR.	1,50,000	Nil
[b]	Profits from a business in England controlled from Bombay ₹ 3L (out of which ₹ 25,000 is received in India) - Income fully taxable in case of both ROR and NOR.	3,00,000	3,00,000
[c]	Amount brought to India out of past untaxed profits earned in Singapore - Not to be treated as an income under any residential status.	Nil	Nil
[d]	Capital gain on sale of land in India but received in Malaysia - Income accruing/arising in India and thus taxable in case of both ROR and NOR.	2,00,000	2,00,000
[e]	Income from agriculture land at Nepal, received there and then brought to India - Exemption is not available u/s 10(1) in respect of agricultural income earned outside India. Income earned and received outside India is taxable only in case of ROR.	18,000	Nil
[f]	Principal repayment of loan taken for construction of his self-occupied house in India - Since the property is situated in India, principal repayment of housing loan shall be eligible as deduction u/s 80C in case of both ROR and NOR..	(50,000)	(50,000)



[g]	Interest on saving bank deposit in SBI - Income accruing/arising in India and thus taxable in case of both ROR and NOR. Further, deduction of ₹ 10,000 available u/s 80TTA in case of both ROR and NOR.	12,000 (10,000)	12,000 (10,000)
Total Income		6,20,000	4,52,000

### **Part II - MULTIPLE CHOICE QUESTIONS (MCQs):**

- Mr Q earns the following income during AY 2025-26 (ie PY 2024-25). Compute his income presuming that he is ROR, RNOR and NR.
  - Past untaxed profits of UK business of 2017-18 brought into India in 2024-25 ₹ 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
  - ₹ 1,00,000 each
  - ₹ 80,000 each
  - ₹ 1,90,000 each
  - None of the above
- S, a person of Indian origin, visited India on 4.10.2023 and plans to stay here for 185 days. During 4 years prior to PY 2024-25, he was in India for 750 days. Earlier to that he was never in India. For AY 2025-26, S shall be
  - Resident and ordinarily resident in India
  - Resident but not ordinarily resident in India
  - Non-resident
  - None of the above
- Past-untaxed profits of ₹ 1,00,000 for PY 2019-20 relating to a business in Germany were remitted to India during PY 2024-25. What would be the taxability of such profits in PY 2024-25?
  - Taxable in India for ROR only
  - Not taxable in India for all (ROR, RNOR and NR)
  - Taxable only for RNOR and NR
  - Taxable in India for all (ROR, RNOR and NR)
- Mr Yash earns the following incomes during AY 2025-26 (ie, PY 2024-25):



- Interest paid by Central Government of India but received in London - ₹ 20,000
- Pension from former employer in India, received in America - ₹ 82,000 (Std ded of 50K available)
- Profits from business in Paris, which is controlled in India, half of the profits being received in India - ₹ 1,60,000
- Income from agriculture in Pakistan and remitted to India - ₹ 40,000
- Income from property in UK and received there - ₹ 32,000
- Past foreign untaxed income brought to India in the previous year - ₹ 40,000
- Gift in foreign currency from a relative received in India - ₹ 50,000

Determine the taxable income of Mr Yash if he is ROR.

- a) ₹ 2,84,000
- b) ₹ 3,12,000
- c) ₹ 3,24,000
- d) ₹ 2,52,000

5. Determine the taxable income of Mr Yash if he is NOR:

- a) ₹ 2,02,000
- b) ₹ 2,12,000
- c) ₹ 2,84,000
- d) ₹ 2,12,300

6. Determine the taxable income of Mr Yash if he is NR:

- a) ₹ 1,22,000
- b) ₹ 2,12,000
- c) ₹ 1,82,000
- d) ₹ 1,32,000

7. Interest payable outside India by a non-resident in India to a non-resident in India shall:

- a) Be taxable in India provided the interest is paid in respect of money borrowed and used for a business or profession carried on in India or earning from any source of income in India
- b) Not be taxable in India
- c) Be taxable in India provided the interest is paid in respect of money borrowed and used for a business or profession carried on in India
- d) None of the above

8. Income earned and received outside India but later remitted to India, is taxable in case of:

- a) All assesseees
- b) ROR



- c) Non-resident
- d) None of the above

9. Following are the incomes of Mrs Leela for AY 2025-26 [ie, PY 2024-25].

- Salary accrued and received in India - ₹ 1,10,000 (Standard deduction of ₹ 50,000 available)
- Profit from a business at Australia - ₹ 90,000
- Dividend declared in Perth (by an Australia company) but received in India - ₹ 12,000
- Income from transfer of a long-term capital asset situated in India - ₹ 60,000
- Interest on debenture of a foreign company which was received in India - ₹ 18,000
- Interest received from a non-resident on a loan provided for a business carried on in India - ₹ 15,000
- Royalty received in Germany from a resident for technical services provided for a business carried on in Germany - ₹ 60,000
- Fees from an Indian company carrying on business at Delhi from technical services rendered at Delhi having been directly deposited by the company in her bank account in Delhi - ₹ 90,000.

- a) ₹ 4,05,000
- b) ₹ 3,35,000
- c) ₹ 3,65,000
- d) ₹ 4,45,000

10. Determine Mrs Leela's taxable income if she is NOR:

- a) ₹ 2,55,000
- b) ₹ 2,15,000
- c) ₹ 1,65,000
- d) None of the above

11. Determine Mrs Leela's taxable income if she is NR:

- a) ₹ 2,05,000
- b) ₹ 1,65,000
- c) ₹ 2,15,000
- d) ₹ 2,55,000

12. If Anirudh, a citizen of India has stayed in India for 181 days during PY 24-25 and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for AY 2025-26 would be:

- a) Resident and ordinarily resident



- b) Resident but not ordinarily resident
  - c) Non-resident
  - d) Cannot be ascertained with the given information
13. Raman was employed in Hindustan Lever Ltd. He received a salary of ₹ 40,000 p.m. from 1.4.2024 to 27.9.2024. He resigned and left for Dubai for the first time on 1.10.2024 and got salary of rupee equivalent of ₹ 80,000 p.m. from 1.10.2024 to 31.3.2025 in Dubai. His salary for October to December 2024 was credited in his Dubai bank account and the salary for January to March 2025 was credited in his Bombay account directly. He is liable to tax in respect of:
- a) Income received in India from Hindustan Lever Ltd;
  - b) Income received in India and in Dubai;
  - c) Income received in India from Hindustan Lever Ltd and income directly credited in India;
  - d) Income received in Dubai
14. Incomes which accrue or arise outside India but received directly in India are taxable in case of:
- a) Resident and ordinarily resident only
  - b) Both resident and ordinarily resident and resident but not ordinarily resident
  - c) Non-resident
  - d) All of the above
15. Income earned from a contract negotiated by an agent in India in the name of a non-resident but approved by such non-resident shall:
- a) Be taxable in India as such income is deemed to accrue or arise in India
  - b) Not be taxable in India as there is no business connection in India
  - c) Be taxable in India only if it is received in India
  - d) Be taxable in India as such income accrues or arises in India
16. Fees for technical services paid by Central Government will be taxable in case of:
- a) Resident and ordinarily resident only
  - b) Both resident and ordinarily resident and resident but not ordinarily resident
  - c) Non-resident
  - d) All of the above
17. Which of the following incomes is not deemed to accrue or arise in India u/s 9(1)(i) of the Income Tax Act?
- a) Income from any business connection in India
  - b) Income through or from any property in India
  - c) Income arising from transfer of a capital asset situate in India



d) Income relating to operations which are confined to purchase of goods in India for export purposes

18. Mr Happy, a US citizen, came to India for an assignment from 11.01.2021 to 09.10.2021 and went back to his home country on completion of the same.

He thereafter, visited India on 05.07.2023 again for an assignment, which ended on 26.05.2024. What is the latest date by which Mr Happy should depart from India after completing the assignment so as to qualify as non-resident for PY 2024-25? [Assume that he shall not be visiting India again during the year]

- a) 29-05-2024
- b) 30-05-2024
- c) 31-05-2024
- d) 28-09-2024

19. Mr Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Kochi on 25<sup>th</sup> April 2024. From the following details, determine the residential status of Mr Sumit for AY 2025-26, assuming that his stay in India in the last 4 previous years preceding PY 2024-25 is 365 days and last seven previous years preceding PY 2024-25 is 730 days:

- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr Sumit: 25<sup>th</sup> April 2024
- Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr Sumit: 24<sup>th</sup> October 2024

Mr Sumit has been filing his income tax return in India as a resident for previous 2 years. What is his residential status for AY 2025-26?

- a) Resident and ordinarily resident
- b) Resident but not-ordinarily resident
- c) Non-resident
- d) Deemed resident but not-ordinarily resident

20. Aashish earns the following income during PY 2024-25:

- Interest on U.K. Development Bonds (1/4<sup>th</sup> being received in India) - ₹ 4,00,000
- Capital gain on sale of a building in India but received in Holland - ₹ 6,00,000

If Aashish is a resident but not ordinarily resident in India, then what will be amount of income chargeable to tax in India for AY 2025-26?

- a) ₹ 7,00,000
- b) ₹ 10,00,000



- c) ₹ 6,00,000
- d) ₹ 1,00,000

21. Mr Harry, an Indian citizen, is a marketing consultant who provides consultancy to various countries around the globe. Due to his profession, he is required to travel across various countries throughout the year.

His marketing project does not last for more than 40 days and therefore his stay in any country including India usually never exceeds 40 days during a year. His income is ₹ 80 lakhs across the globe which is not liable to tax in any country. During PY 2024-25, an Indian company provides him a marketing project in India. His stay in India for the project is expected to be only 25 days and his income from that project would be ₹ 30 lakhs. Being a highly qualified professional, he consults you about the tax regime on his income and his residential status in India.

- a) He shall be treated as resident but not ordinarily resident and shall be liable to pay tax on ₹ 30L.
- b) He shall be treated as resident and ordinarily resident and shall be liable to pay tax on ₹ 80L.
- c) He shall be treated as non-resident and shall not be liable to any tax.
- d) He shall be treated as resident but not ordinarily resident and shall be liable to pay tax on his entire income of ₹ 80L earned across the globe.

22. Mr Square an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during FY 2024-25 was 115 days. He is not liable to pay any tax in Dubai. Following are his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
FY 2023-24	100
FY 2022-23	125
FY 2021-22	106
FY 2020-21	83
FY 2019-20	78
FY 2018-19	37

What shall be his residential status for PY 2024-25 if his income (other than income from foreign sources) is ₹ 20 lakhs?

- a) Resident but Not Ordinary Resident (RNOR)
- b) Resident and Ordinary Resident
- c) Non-resident



d) Deemed Resident but not ordinarily resident

23. Mr Ramesh, a citizen of India, is employed in the Indian embassy in Australia. He is a NR for AY 2025-26. He received salary and allowances in the Australia from the Government of India for the year ended 31.03.2025 for services rendered by him in Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?

- a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr Ramesh, since he is non-resident.
- b) Salary, allowances and perquisites received outside India by Mr Ramesh are taxable in India since they are deemed to accrue or arise in India.
- c) Salary received by Mr Ramesh is taxable in India but allowances and perquisites are exempt.
- d) Salary received by Mr Ramesh is exempt in India but allowances and perquisites are taxable.

24. Mr Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2018. From Canada, he is managing his retail business of toys in India. For the purposes of his Indian business, he visits India every year from 1<sup>st</sup> September to 31<sup>st</sup> January.

His business income is ₹ 23.50L and ₹ 18L from retail trade business in Canada and in India, respectively for FY 24-25. He has no other income during PY 24-25.

Determine his residential status and income taxable in his hands for AY 25-26.

- a) ROR in India and income of ₹ 18L and ₹ 23.50L would be taxable.
- b) Non-Resident and ₹ 18L from Indian retail trade business would only be taxable.
- c) NOR and ₹ 18L from Indian retail trade business would only be taxable.
- d) Deemed resident and ₹ 18L from Indian retail trade business would only be taxable.

25. Mr Nishant, a NOR for PY 23-24 and ROR for PY 24-25 has received rent from property in Canada amounting to ₹ 1,00,000 during PY 23-24 in a bank in Canada. During FY 24-25, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- a) Yes; ₹ 70,000 taxable in India during PY 23-24.
- b) Yes; ₹ 1,00,000 taxable in India during PY 23-24.
- c) Yes; ₹ 70,000 taxable in India during PY 24-25.
- d) No; Such rent is not taxable in India either during PY 23-24 or PY 24-25.



26. Who among the following will qualify as non-resident for PY 2024-25?

- Mr Joey, an Italian designer came on visit to India to explore Indian handloom on 03.09.2024 and left on 15.12.2024. For past four years, he visited India for fashion shows and stayed in India for 100 days each year.
- Mr Sanjay born and settled in Canada, visits India each year for three months to meet his parents and grandparents, born in India in 1946, living in Mumbai. His Indian income is ₹ 15,20,000.
- Mr Chang, a Korean scientist left India to his home country for fixed employment there. He stayed in India for study and research in medicines from 01.01.2020 till 01.07.2024.

Choose the correct answer:

- a) Mr Joey and Mr Chang
- b) Mr Sanjay
- c) Mr Sanjay and Mr Chang
- d) Mr Chang

27. Mr Raj, an Indian citizen and a Government employee, left India for the first time on 25.03.2024 on account of his transfer to High Commission in Singapore. During PY 2024-25, he visited India only for ten days on occasion of his sister's marriage. During FY 2024-25, his income composition includes salary, foreign allowances, rent from property in Singapore and interest earned from fixed deposits maintained with SBI. His taxable income for PY 2024-25 will include:

- a) All of them, since Mr Raj is a resident in India, hence his global income will be taxable
- b) Only interest earned from fixed deposits maintained in India
- c) No income shall be taxable since Mr Raj is a nonresident in India for PY 2024-25
- d) Salary and interest income of fixed deposits with SBI

28. Mr Suhaan (aged 35 years), a non-resident earned dividend income of ₹ 12,50,000 from an Indian Company which was declared on 30.09.2024 and credited directly to his bank account on 05.10.2024 in France and ₹ 15,000 as interest in Saving A/c from State Bank of India during PY 2024-25. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for AY 2025-26?

- a) ₹ 2,55,000
- b) ₹ 12,65,000
- c) ₹ 12,50,000
- d) ₹ 12,55,000



29. Mr Mango, an Indian citizen, lives in New York, USA since the last 10 years. He has a penthouse in Mumbai, given on rent @ ₹ 2,00,000 p.m. During PY 2024-25, he came to India for 152 days in aggregate. His total stay in India in the immediately preceding 4 previous years is 366 days. You, being the tax consultant of Mr Mango, advise him about his residential status for AY 2025-26.
- a) Non Resident
  - b) Resident but not ordinary resident
  - c) Resident and ordinary resident
  - d) Deemed resident
30. Lister Internationals Inc, a non-resident engaged in business of selling "Good Z", appoints Mr Risky as an agent in India for selling such product. Mr Risky works as an agent for several other persons also including nonresidents aiding them in selling their products. The appointment of Mr Risky will
- a) lead to business connection in India as he is not independent agent
  - b) lead to business connection in India as he is an independent agent
  - c) not lead to business connection in India as he is not independent agent
  - d) not lead to business connection in India as he is an independent agent
31. Determine residential status of Sundaram (HUF) which carries out its transactions in Malaysia. Its affairs are partly controlled from India. The Karta of HUF,
- Mr Sundaram who is from Chennai visits India on 01.06.2024 and leaves to Malaysia on 10.02.2025. He has not visited India for the past 11 years.
- a) Non-resident
  - b) Resident but not ordinarily resident
  - c) Deemed resident
  - d) Resident and ordinarily resident
32. Mr Rajesh, aged 53 years, and his wife, Mrs Sowmya, aged 50 years, are citizens of Country X. They are living in Country X since birth. They are not liable to tax in Country X. Both of them have keen interest in Indian Culture. Mr Rajesh's parents and grandparents were born in Country X. Mrs Sowmya visits India along with Mr Rajesh for four months every year to be with her parents, who were born in Delhi and have always lived in Delhi. During their stay in India, they organize Cultural Programme in Delhi-NCR. Income of Mr Rajesh and Mrs Sowmya from the Indian sources for PY 24-25 is ₹ 18 lakhs and ₹ 16 lakhs,



respectively. What is the residential status of Mr Rajesh and Mrs Sowmya for AY 2025-26?

- Both are resident and ordinarily resident in India
- Both are non-resident in India
- Mr Rajesh is resident but not ordinarily resident in India and Mrs Sowmya is non-resident
- Mrs Sowmya is resident but not ordinarily resident in India and Mr Rajesh is resident and ordinarily resident in India.

33. Mr Sushant is a person of Indian origin, residing in Canada. During PY 2024-25, he visited India on several occasions and his period of stay, in total, amounted to 129 days during PY 2024-25 and his period of stay in India during PY 2023-24, PY 2022-23, PY 2021-22 and PY 2020-21 was 135 days, 115 days, 95 days and 125 days, respectively. He earned the following incomes during the PY 2024-25:

Source of Income	Amt (₹)
Income accruing/arising abroad but received India	2,50,000
Income accruing/arising in India	3,75,000
Income accruing/arising and received outside India from business controlled from India	5,50,000
Income accruing/arising and received outside India from business controlled outside India	6,50,000

What is the residential status of Mr Sushant for AY 2025-26 and his income liable to tax in India during AY 2025-26?

- Non-Resident; ₹ 6,25,000 is liable to tax in India
- Resident and ordinary resident; ₹ 18,25,000 is liable to tax in India
- Resident but not ordinarily resident; ₹ 11,75,000 is liable to tax in India
- Non-Resident; ₹ 11,75,000 is liable to tax in India

#### SOLUTIONS TO MULTIPLE CHOICE QUESTIONS

1. [a]	2. [c]	3- [b]	4. [a]	5. [b]	6. [d]
7. [c]	8. [b]	9. [a]	10. [a]	11. [d]	12. [b]



13. [b]	14. [d]	15. [a]	16. [d]	17. [d]	18. [a]
19. [a]	20. [a]	21. [a]	22. [d]	23. [c]	24. [c]
25. [d]	26. [b]	27. [d]	28. [d]	29. [b]	30. [d]
31. [b]	32. [d]	33. [a]			

