

TAXATION OF NR

Chapter XII	Chapter XIIA
sec. 115A 115AC 115AD 115BBA	sec. 115C to sec. 115I
Compulsory	Optional

CHAPTER XII A

OPTIONAL PROVISIONS

Total Income of **NRI** = NR + **Indian**

Indian Income

Foreign Income

Fully Exempt

Int./div.

Investment
Income from

SD2GO

20% Tax

Exp. dedn. ⊗
Ch. VIA ⊗

LTCG
from

SD2GO

10% Tax

Index ⊗

Other
incomes

Taxable

@ Normal
Rates



Defn. Dedn. Tax Ex. Return Res. option⁶²⁴

	D	D	T	E	R	R	O
section 115	C	D	E	F	G	H	I

SD₂₄₀

		<u>Int./Div.</u>	<u>LTCG</u>
Yr.1	NR	✓	✓
Yr.2	NR	✓	✓
Yr.3	NR	✓	✓
Yr.4	R	✓	⊗
Yr.5	R	✓	⊗

Sale of
SD 250

FVOC 100 (SP)

(-) Trf. Exp. -

NC 100

(-) COA - 80

LTCG 20

- 8

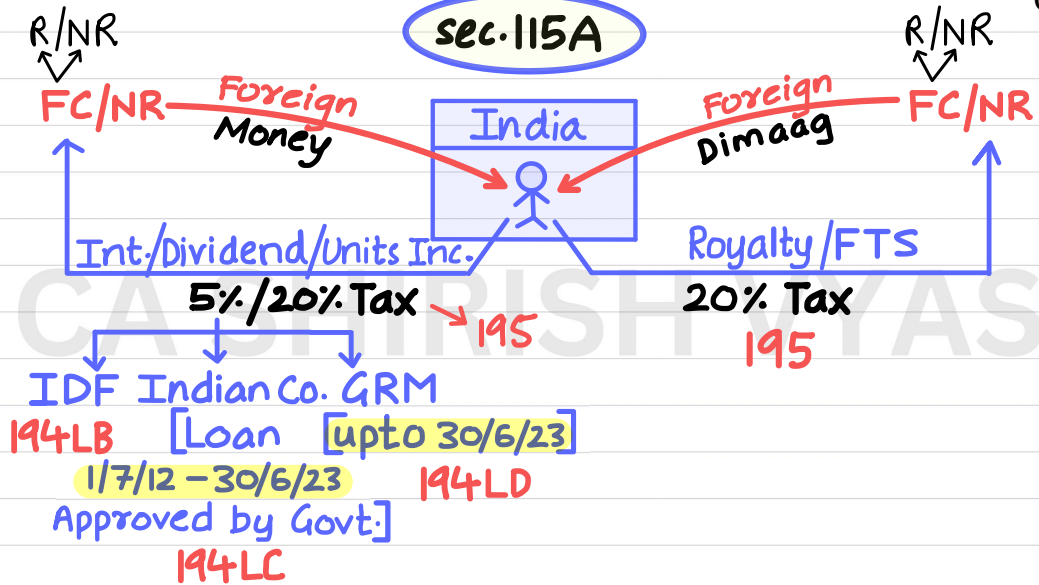
reinvest
40

$$\left[\underset{L4}{20} \times \frac{\overset{CNA}{40}}{\underset{NC}{100}} \right]$$

CHAPTER XII

COMPULSORY PROVISIONS

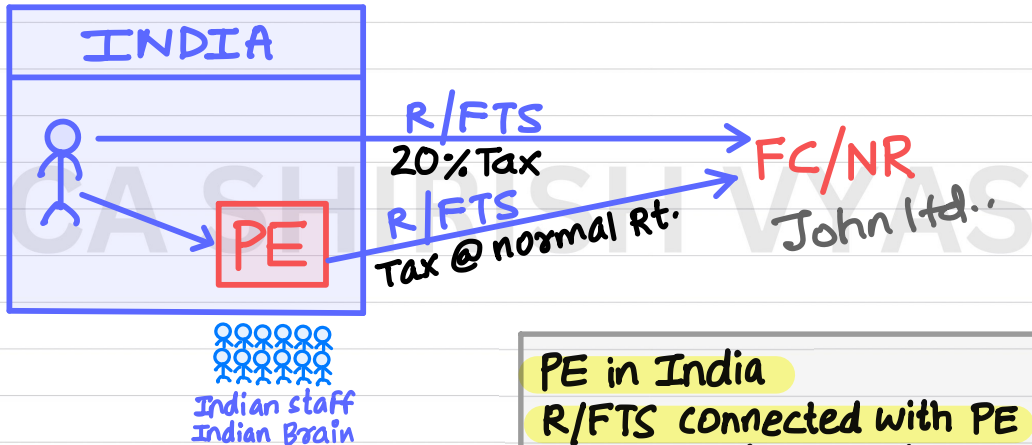
sec. 115A



Exp. dedn. Ch. VIIA

Exp. dedn. Ch. VIIA

sec.44DA



PE in India

R/FTS connected with PE

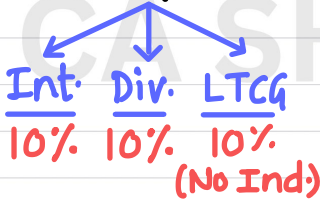
Agreement > 31/3/03

sec. 115AC

NR

For. curr..

Bonds/GDR



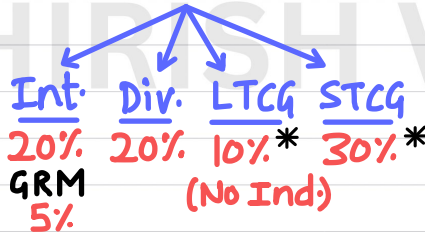
196C

sec. 115AD

FII

Any curr..

Securities



196D

→ 194LD

sec. 115BBA

**NRFC
SP../Ent...**

GAA/Perform



194E

sec.115A**FC/NR**

For. curr..

Money/DimaagIDU

5%/20%

R/FTS

20%

194LB
LC
LD

195

195

Sec.115C to I**NRI**

For. curr..

SD₂GOInv. Inc.

20%

LTCG

10%

(No Ind.)

195

CHAPTER XII

CHAP. XIIA

<p>sec. 115A</p> <p>FC/NR</p> <p>↓ For. curr.</p> <p>Money/Brain</p> <p>↙ ↘</p> <p><u>IDU</u> <u>R/FTS</u></p> <p>5%/20% 20%</p> <p>194 195</p> <p>LB LCLD</p>	<p>sec. 115AC</p> <p>NR</p> <p>↓ For. curr.</p> <p>Bonds/GDR</p> <p>↙ ↘ ↘</p> <p><u>Int.</u> <u>Div.</u> <u>LTCG</u></p> <p>10% 10% 10%</p> <p>(Ind) x</p> <p>196C</p>	<p>sec. 115AD</p> <p>FII</p> <p>↓ Any Curr.</p> <p>Securities</p> <p>↙ ↘ ↘ ↘</p> <p><u>Int.</u> <u>Div.</u> <u>LTCG</u> <u>STCG</u></p> <p>20% 20% 10% 30%</p> <p>(Ind) x</p> <p>196D</p>	<p>sec. 115BBA</p> <p>NRFC</p> <p>Sp./Ent...</p> <p>↓</p> <p>GAA/Perform</p> <p>↓</p> <p><u>Income</u></p> <p>20%</p> <p>194E</p>	<p>Sec. 115C to I</p> <p>NRI</p> <p>↓ For. curr.</p> <p>SD₂GO</p> <p>↙ ↘</p> <p><u>Inv. Inc.</u> <u>LTCG</u></p> <p>20% 10%</p> <p>(Ind) x</p> <p>195</p>
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	CHAPTER XII	CHAPTER XIIA
Sections	115A/AC/AD/BBA	115C to I
Nature	Compulsory	Optional
Assessee	All Assesseees	Only Individuals
Dedn.etc.	⊗ R/FTS Chapter VIIA ✓	⊗
Return	Not Reqd. FII ✓	Not Reqd.

PRESUMPTIVE TAXATION FOR NON-RESIDENTS

<Sec. 44B / BBA / BB / BBB / BBC>

IFS xxx
IFHP xxx

either **Accrued** in India
or **Received** in India

sec. 44... **IFB** **xxx** = ___% of Gross Receipts

CG xxx
IFOS xxx
GTI xxx
less: Dedn - xx
NTI xxx

7.5% - Shipping

5% - Aircraft


10% - Helping (mining)

10% - Helping (power)

sec. 115... Tax @ ___%

20% - Cruise Ships 

<u>GR</u>	<u>Booking</u>	<u>Receive</u>
✓ 100 Cr.	In	out
✓ 100 Cr.	out	In
✓ 100 Cr.	In	In
⊗ 100 Cr.	out	out
<u>400 Cr.</u>		

Taxable IFB = 7.5% of 300 cr. 

How to decide R or NR ?

Normally	182 days <input type="checkbox"/> 60 + 365 days
Employment (IC)	182 days N.A.
Visit (IC/PIO) Ind. Income \leq 15L	182 days N.A.
Visit (IC/PIO) Ind. Income $>$ 15L	182 days <input type="checkbox"/> 120 + 365 days
IC (Not liable in any Foreign country) Ind. Income $>$ 15L	Deemed Resident

How to decide ROR or NOR ?

Resident
(in PY 23-24)

Also

Resident in

≥ 2 yrs out of
10 preceding yrs.

+

≥ 730 days in India
in 7 preceding yrs.

ROR

otherwise

NOR

120 + 365 days

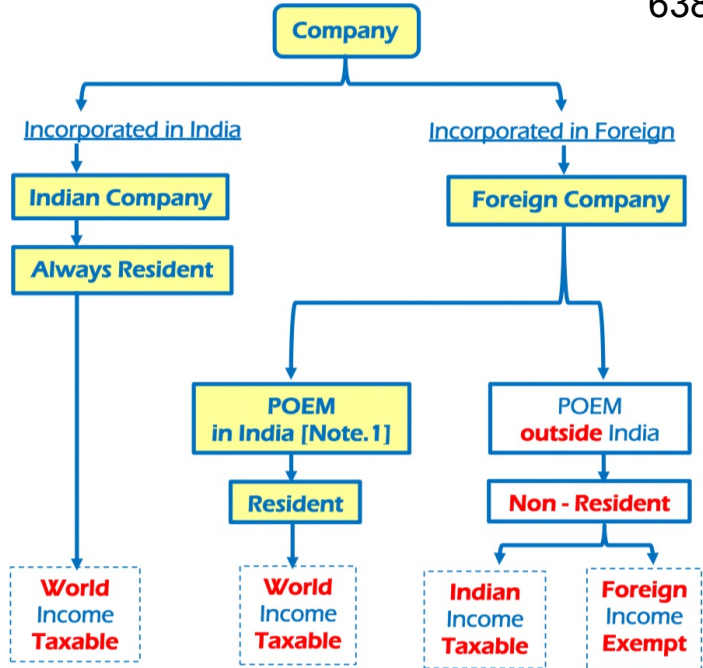
Deemed Resident

Always NOR

SCOPE OF TOTAL INCOME

	ROR	NOR	NR
<u>Indian Income</u> <u>Foreign Income</u> ⇒ Foreign Business Controlled from India ⇒ Other Foreign Income	⊕	⊕	⊕
	⊕	⊕	—
	⊕	—	—
	xxx	xxx	xxx
	<u>world</u>	Indian	<u>Indian</u>
	↓	+	↓
	Big	1 Foreign	Small
		<u>Income</u>	
		↓	
		Medium	

RESIDENTIAL STATUS OF COMPANY



FOREIGN COMPANY

Passive Income \leq 50%.

Assets in India $<$ 50%.

No. of Emp. -||- $<$ 50%.

Payroll Exp. -||- $<$ 50%.

DM ✓

Key decisions

DM ⊗

Subs. Activity
or
A/c'ing Records

SECTION 9

INCOME DEEMED TO ACCRUE/ARISE IN INDIA

NR

NR

Income from Salaries

If services **rendered in India**

Accrued
in India

If services **rendered outside**



IF Govt.
Employee
[Ind. citizen]

Accrued
in India

Otherwise

Accrued
outside

NR

Income from HP

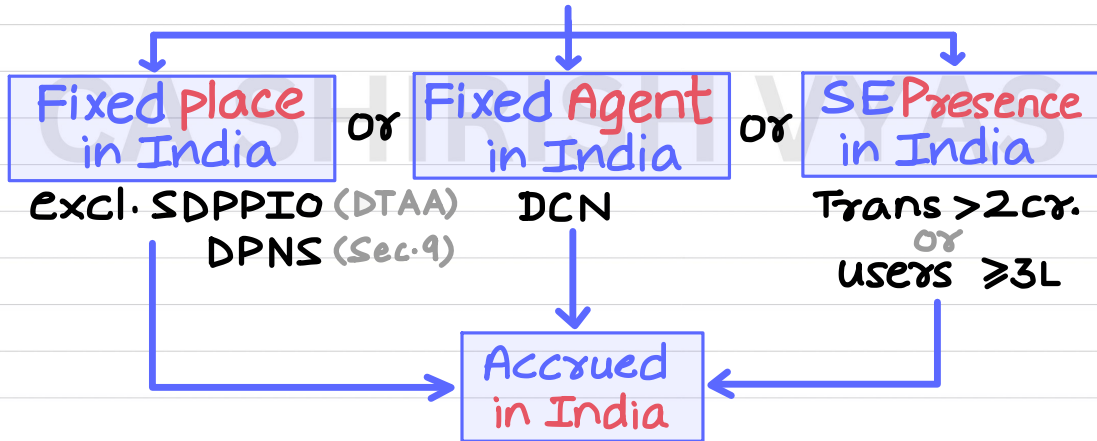
House Property located in India

Accrued
in India

NR

Income from Business

If **PE** (Business Connection) **in India**



NR

Capital Gains (Location of Asset)

Sale of
Shares of Foreign Co.
(> 5% shares)

★

B/S of Foreign Co. (Germany)			
Liabilities	Amt.	Assets	Amt.
		Indian Assets	15 cr.
		Foreign Assets	10 cr.
		Total	25 cr.

Indian Assets
> 10cr. + $\geq 50\%$ of Total

Accrued
in India

Sale of
Other Capital Assets

located in India

Accrued
in India

NR**IFOS**

Interest/Royalty/FTS




Gift > 50,000

Other Incomes

Loan/Patents/^{Tech.}service
used in IndiaGiver is
Residentsource
in IndiaAccrued
in IndiaAccrued
in IndiaAccrued
in India

Sec.44C**DEDN FOR H.O. EXP**

- 
- 1) 5% of Adjusted Total Income**
 - 2) Actual HO Expenditure**



Taxable Business Income /PGBP (Before HO Exp)
Add Back: Dedn of 1/5th Cap. Exp on **F**amily Planning
Add: Income under other heads

~~B/F Loss / UAD / CH VIA~~

SECTION 172: RECOVERY FROM SHIPPING BUSINESS OF NR 647

Before ship **departs** from Indian port

master of the ship

File a voyage return

[GR from Indian Port]

+

Pay tax

@ 35% on
[7.5% of such GR]

kind of advance tax

EXEMPTIONS FOR NR

sec.10(4)(ii)

sec.10(6)(ii)

sec.10(6C)

sec.10(4D)

sec.10(6)(vi)

sec.10(6D)

sec.10(4F)

sec.10(6)(viii)

sec.10(48)

sec.10(6)(xi)

sec.10(4)(ii)

NR ← Interest — NRE A/c

sec.10(4D)

AIF (IFSC) ← CG Income — BQRDO [IFSC st. Ex.]
and Foreign Securities

sec.10(4F)

NR ← Income — IFSC unit

Lease Aircraft/ship

sec.10(6)(ii)

Foreign Citizen ← Remuneration Foreign Embassy [in India]

sec.10(6)(vi)

Foreign Citizen ← Remuneration Foreign Enterprise [Service in India for max. 90 days]

sec.10(6)(viii)

Foreign Citizen ← Remuneration Foreign Ship
[in India for
max. 90 days]

sec.10(6)(xi)

Foreign Citizen ← Remuneration Foreign Govt.
[in India for
his Training
in office of
Indian Govt. or
Govt. company]

sec.10(6C)

Foreign Co. ← R/FTS — Indian Govt.
[Security of India]

sec.10(6D)

FC/NR ← R/FTS — NTRO

sec.10(48)

Foreign Co. ← Income — India
Sale of crude oil