

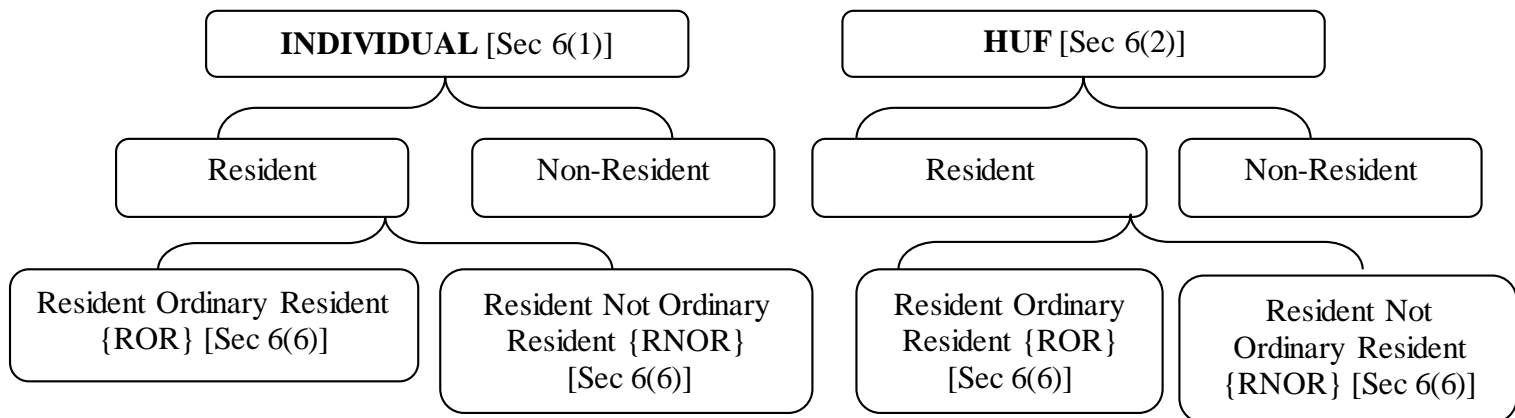
CHAPTER - 2

▣ **SCOPE OF TOTAL INCOME [SEC5]:** Scope of Total Income depends on Following :

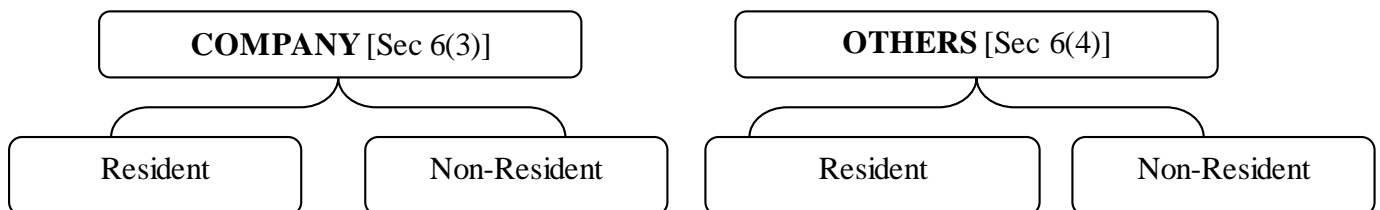
- Residential Status [Sec 6]
- Place of Accrual [Sec 9]
- Place of Receipt [Sec7]

▣ **TOTAL INCOME OF PERSON** can't be computed unless we know his Residential status, Place of Accrual & Place of receipt in India during PY.

RESIDENT STATUS CAN BE CLASSIFIED AS UNDER:



RESIDENT STATUS OTHER THAN INDIVIDUAL & HUF



RESIDENTIAL STATUS OF ASSESSEE IN INDIA

A. Basic Rule for Determining RS: The following rules must be kept in mind:

- It is determined for each category of **person** separately, because rules for determining RS are different for Individual & for Co.
- Total income of Person can't be determined w/o knowing his RS.
- Residential Status of a person is to be determined for every PY because it may be change year to year.
- A person can be **resident more than one country** for same PY.
- **Foreign Citizen:** May be resident in India.
- **Indian Citizen:** May be non-resident in India.

CA. SACHIN AJMERA TAXATIONS CLASSES

M: 99502-90358, 81076-26660

HOW TO DETERMINE THE RESIDENTIAL STATUS [SEC 6]**INDIVIDUAL [SEC 6(1)]**

(1) **BASIC CONDITION: Individual** shall be Resident in India if **ANY ONE** of the following conditions is satisfied:

- a) He **stayed** in India for a period of **182 days or more** in the **Relevant PY.** Or
- b) If he **stayed** in India for a period of **60 days or more** during RPY & **365 days or more** during four PY immediately preceding the RPY.

Analysis

- IF **BOTH OF ABOVE** condition not satisfied – He is **Non-Resident** in India.
- The day on which he **enters India as well as leaves** India shall be taken into a/c.

3. Provisions:

If Previous Year 14-15	Is Relevant Previous Year
Then: PY 13-14	} This is JRPY
PY 12-13	
PY 11-12	
PY 10-11	

4. Other Aspects:

CONTINUOUS PERIOD	▪ It is not necessary that stay should be continuously for 182 days.
TERRITORIAL WATER	▪ Presence in Territorial water in India will also consider stay in India
HOURLY BASIS	▪ Stay has to be calculated on hourly basis however if hour of entry & departure is not given, then both day of entry and day of departure as stay in India should be taken.

- If individual he is Resident as per Sec 6(1) then we will further check whether he is ROR or RNOR, hence sec 6(6) apply.

EXCEPTIONAL SITUATIONS

For the following persons, only Sec **6(1) (a) (i.e. 182 days)** shall apply:
In other words (60 + 365) days conditions will not apply.

A	Individual	Indian Citizen	Leaving India	For EMPLOYMENT PURPOSE
B	Individual	Indian Citizen	Leaving India	As a CREW MEMBER OF INDIAN SHIP
C	Individual	Indian Citizen or Indian Origin	Coming India	For VISITING PURPOSE

- INDIA ORIGIN:** A Person is deemed to be of India origin, if he or either of his parents or any of his grand parents was born in undivided India.

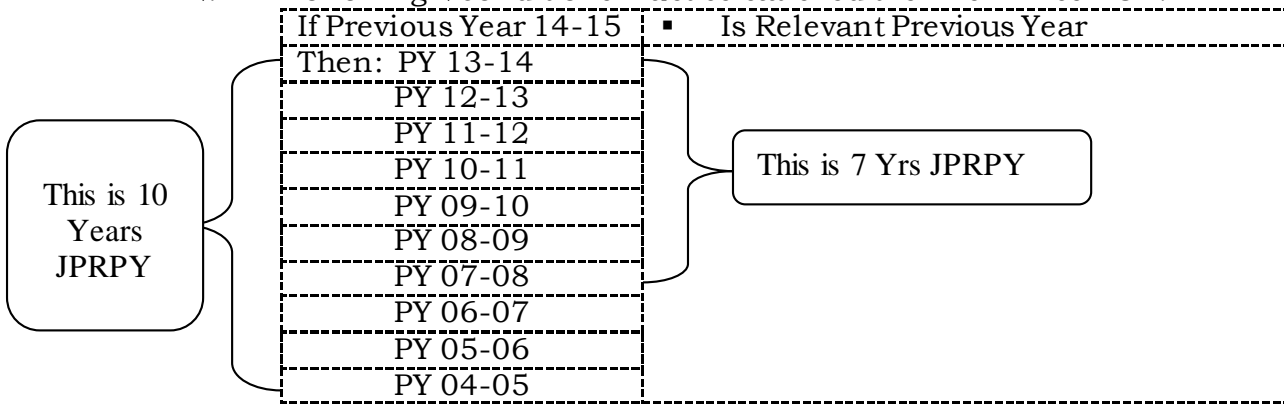
ADDITIONAL CONDITIONS [SEC 6(6)]

Individual shall be Resident and ordinarily resident in India if he satisfies **both the additional conditions**.

- a) He has been resident in India for at least **2 YRS OUT OF 10 P/Y** immediately PRPY as per Sec 6(1). **AND**
- b) He has been in India for **730 DAYS OR MORE DURING 7 P/Y** immediately PRPY.

ANALYSIS:

1. **INDIVIDUAL WILL BE ROR:** If he satisfies **BOTH** the additional conditions. He will be RNOR if: (1) He satisfies only one condition **or** (2) Both conditions not satisfied.
2. Following 2 conditions must be satisfied then he will be ROR.

**DETERMINE OF RESIDENTIAL STATUS OF OTHER PERSON**

Case	HUF [Sec 6(2)]	Firm / AOP/BOI [6(4)]
Control & Management Wholly in India	Resident	Resident
Control & Management Partly in India	Resident	Resident
Control & Management Wholly Outside India	Non Resident	Non Resident

HUF: If HUF is Resident as per Sec 6(2) above, Then We will check Further **whether** HUF is ROR or RNOR: If Karta of HUF satisfied both additional conditions of Sec 6(6), then HUF will be ROR otherwise RNOR.

ADDITIONAL CONDITIONS FOR HUF [SEC 6(6)]

HUF shall be Resident and ordinarily resident in India if he satisfies **both the additional conditions**.

- a. Individual being **KARTA**, has been resident in India for at least 2 yrs out of 10 PY immediately PRPY as per Sec 6(1). **AND**
- b. **KARTA** has been in India for 730 days or more during 7 PY immediately PRPY.

RESIDENTIAL STATUS OF COMPANY: [Sec 6(3)]

- (a) **INDIAN COMPANY:** It will be always Resident (whether Control or Management wholly situated outside India or India.
- (b) **FOREIGN COMPANY:** Will be resident, if **PLACE OF EFFECTIVE MANAGEMENT** in that year is in India.

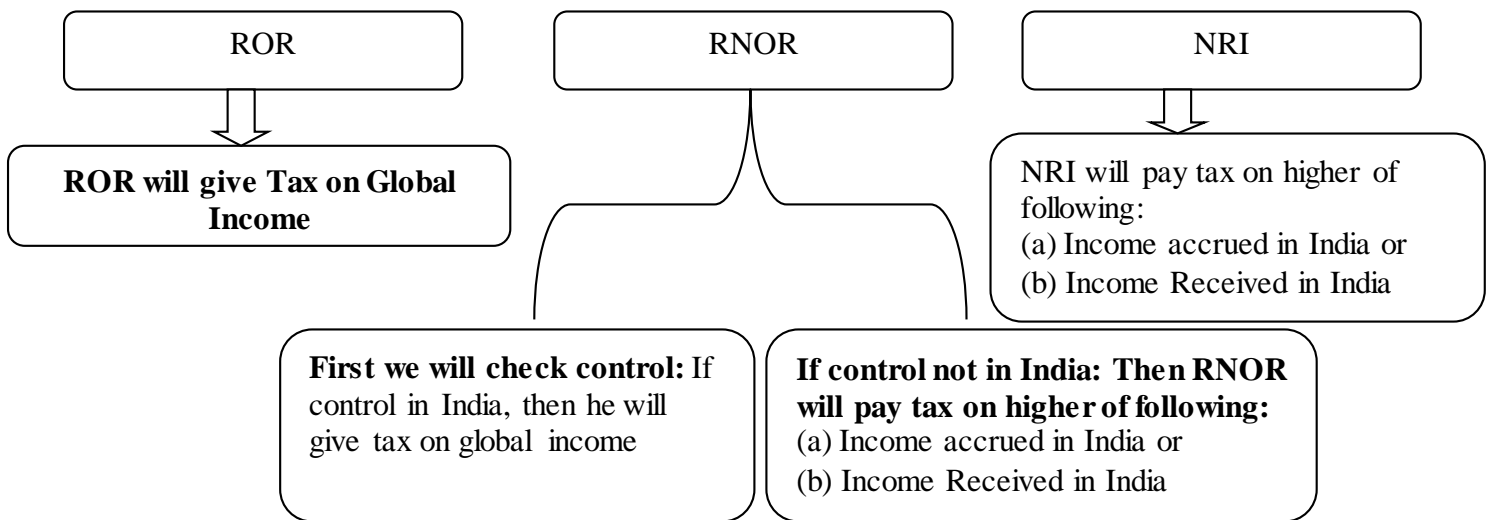
KEEP IT MIND:

1	KARTA STATUS	<ul style="list-style-type: none"> For determining whether HUF is Resident or not, The Residential Status of 'KARTA' is no relevance. But for determining whether HUF is ROR in India or not, KARTA's status for prior years become relevant
2	CONTROL & MANAGEMENT MEANS	<ul style="list-style-type: none"> Place where the decision regarding affairs is being taking. Means where directive power or head & brain situated. Mere right to control & manage does not amount control & management.

IMPACT OF RESIDENTIAL STATUS ON TAX INCIDENCE [SEC 5]

The Following chart highlights the provision of tax incidence in brief:

Nature of Income	ROR	RNOR	NRI
Accrued in India & Received in India	Taxable	Taxable	Taxable
Accrued in India & Received outside India	Taxable	Taxable	Taxable
Accrued outside India & Received in India	Taxable	Taxable	Taxable
Accrued & Received outside India but Control in India	Taxable	Taxable	Not Taxable
Accrued & Received outside India but Control o/s India	Taxable	Not Taxable	Not Taxable
Past Untaxed/Taxed profit remitted to India this year	NT	Not Taxable	Not Taxable

SUMMARY

INCOME DEEMED TO ACCRUE OR ARISE IN INDIA [SEC 9]
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SECTION	THE FOLLOWING INCOME SHALL BE DEEMED TO ACCRUE OR ARISE IN INDIA:	
9(1)(i)	All income Through:- <ul style="list-style-type: none"> ▪ Any BUSSINESS CONNECTIONS ▪ Any PROPERTY ▪ ASSETS or SOURCE OF INCOME ▪ ANY TRANSFER OF CAPITAL ASSETS. 	
9(1)(ii)	Salary shall be treated as earned in India if – <p>(a) It is payable for SERVICE RENDERED IN INDIA; or</p> <p>(b) It is paid for Rest period or leave period for service paid in India.</p>	
9(1)(iii)	Salaries payable by : <ul style="list-style-type: none"> ▪ GOVT OF INDIA to ▪ INDIAN CITIZEN for service rendered outside India. However allowance and perquisites in this case are exempt u/s 10(7) .	
9(1)(iv)	<ul style="list-style-type: none"> ▪ Dividend paid BY INDIAN COMPANY outside India. 	
9(1)(v)	INTEREST PAYABLE BY	WHETHER INCOME SHALL BE DEEMED TO ACCRUE IN HANDS OF RECIPIENT?
	<input type="checkbox"/> THE GOVERNMENT	Yes
	<input type="checkbox"/> A RESIDENT	Yes, HOWEVER, IT WILL NOT BE ACCRUED IN INDIA, if interest payable on money borrowed WHICH IS USED for the purpose of: <ul style="list-style-type: none"> ❖ A Bussiness carried on outside India or ❖ Earning any income from any source outside India.
	<input type="checkbox"/> A NON- RESIDENT	Yes, Only if Interest is payable on money borrowed and used for purpose of Buss or profession in India. Stress: If money borrowed & used for o/t buss or profession purpose then interest shall not be treated deemed to be accrued in India.
9(1)(vi)/(vii)	ROYALTY OR FEES FOR TECHNICAL SERVICE PAYABLE BY:	WHETHER INCOME SHALL BE DEEMED TO ACCRUE OR ARISE IN HANDS OF RECIPIENT?
	<input type="checkbox"/> THE GOVERNMENT	Yes
	<input type="checkbox"/> A RESIDENT	Yes, HOWEVER, IT WILL NOT BE ACCRUED IN INDIA, if Assets or Technology USED for the purpose of: <ul style="list-style-type: none"> ❖ A Bussiness carried on outside India or ❖ Earning any income from any source outside India
	<input type="checkbox"/> NON- RESIDENT	Yes, Only if Royalty or fees for TS are payable for purpose of <ul style="list-style-type: none"> ❖ Buss or profession in India or ❖ Earning any income from any source in India

Note: Bussiness connections include professional connections also.

EXPLANATIONS OF SEC 9(1) (i)

IN FOLLOWING CASES IT SHALL NOT BE DEEMED TO BE ACCRUED IN INDIA:

1	ALL OPERATIONS NOT CARRIED OUT INDIA	<input type="checkbox"/> Then only such part of income will deemed to accrue India which is related to Indian operations
2	GOODS BUY BY NRI FOR EXPORT PURPOSE	<input type="checkbox"/> If NRI goods purchase from India FOR PURPOSE OF EXPORT – not deemed to be arise
3	NRI ENGAGED IN NEWS AGENCY	<input type="checkbox"/> NRI engaged in Business of news agency or publishing newspaper, magazines or journal – collection of news/views.
4	FILM SHOOTING	<input type="checkbox"/> In case of Non resident being - <ul style="list-style-type: none"> ▪ Individual – not citizen of India. ▪ Firm – no partner is citizen or resident in India. ▪ Company – no shareholder is citizen or resident in India.. <input type="checkbox"/> Then no income from activity of shooting of any cinematography film in India – deemed to arise in India.

EXPLANATIONS [AMENDMENT BY FY 2010]

In Order to remove doubt by inserted explanations it is clarify that Income of Non-Resident shall be deemed to accrue in India U/S 9(1)(v), (vi),(vii) and, whether or not

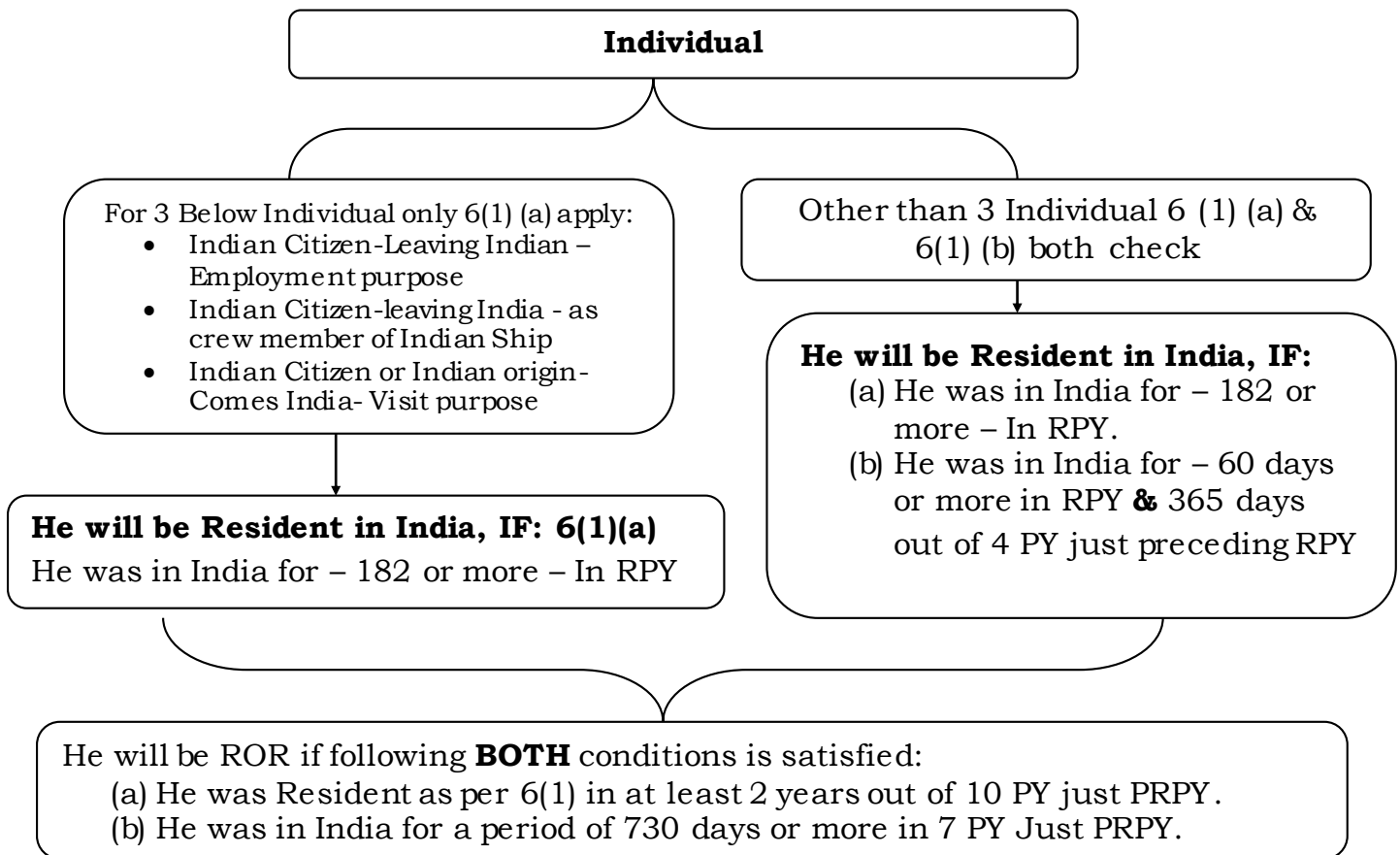
- The Non-Resident has a residence or place of Buss or Buss connections in India; or
- The Non-Resident has rendered services in India.

We can say, Interest, Royalty and Technical income will accrued or not in India in hands of recipient-It does not depend whether Non-Resident has residence or place of business in India or not. It depends on provisions of Sec 9(1)(v),(vi) & (vii)

INCOME DEEMED TO BE RECEIVED: [SEC 7]

- A. INCOME RECEIVED IN INDIA:** We already know that **income received** in India in PY is liable to pay tax in India, irrespective of the Residential Status.
- A. RECEIPTS MEANS FIRST RECEIPT:** Receipt of income refer to **first occasion** when the recipient gets money under his control. **Only receipt of income is liable to tax**, subsequent remittance not.
- B. INCOME IN KIND:** It is taxable, its value determined as provision of Income tax Act
- C. RECEIPT ITSELF NOT ATTRACT TO TAX: [SC] held** that every receipt is not necessarily income. It should qualify the definitions of income also.

CHAPTER RECAP



Case	HUF	Company		Firm / AOP/BOI
		Indian Co	Foreign Co	
Control & Management Wholly in India	Resident	Resident	Resident	Resident
Control & Management Partly in India	Resident	Resident	Non Resident	Resident
Control & Management Wholly Outside India	Non Resident	Resident	Non Resident	Non Resident

HUF: If HUF is Resident as per Sec 6(2), Then We will check HUF is ROR or RNOR: If Karta of HUF satisfied both additional conditions of Sec 6(2), then HUF will be ROR otherwise RNOR.

Other Person: Only Individual & HUF can be ROR or RNOR. CO, Firm, AOP, BOI etc can be either Resident or Non Resident

Foreign Company: will be resident in India if effective management situated in India.

Incidence of Tax [Sec 5]

Nature of Income	ROR	RNOR	NRI
Accrued in India & Received in India	Taxable	Taxable	Taxable
Accrued in India & Received outside India	Taxable	Taxable	Taxable
Accrued outside India & Received in India	Taxable	Taxable	Taxable
Accrued & Received outside India but Control in India	Taxable	Taxable	Not Taxable
Accrued & Received outside India but Control o/s India	Taxable	Not Taxable	Not Taxable
Past Untaxed/Taxed profit remitted to India this year	NT	Not Taxable	Not Taxable

INCOME DEEMED TO ACCRUE OR ARISE IN INDIA [SEC 9]

Sec	The Following income shall be deemed to accrue or arise in India:
9(1)(i)	All income accrue in India, Through:- <ul style="list-style-type: none"> ▪ Any Business Connections in India. or ▪ Any PROPERTY or ▪ ASSETS or SOURCE of income in India. or ▪ Any transfer of Capital Assets situated in India.
9(1)(ii)	Income chargeable under Salary head, if employee has worked in India.
9(1)(iii)	Salaries payable by: <ul style="list-style-type: none"> ▪ GOVT OF INDIA to ▪ INDIAN CITIZEN for service rendered outside India. However allowance and perquisites in this case are exempt u/s 10(7) .
9(1)(iv)	Dividend paid BY INDIAN COMPANY outside India.

Recipient is (Any One) →		INTEREST (S:9(1)(v))	ROYALTY S:9(1)(vi))	Technical Service S:9(1)(vii))
PAYER IS ↓				
Government	Used in India	Accrued	Accrued	Accrued
	Used outside India	Accrued	Accrued	Accrued
Resident	Used in India	Accrued	Accrued	Accrued
	Used outside India	Not Accrued	Not Accrued	Not Accrued
Non Resident	Used in India			
	Purpose	Buss & Prof.	Accrued	Accrued
	Purpose	Other than B&P	Not Accrued	Accrued
	Used outside India		Not Accrued	Not Accrued

New Clause inserted Sec 9(1)(viii)

- ✓ Income arising outside India, being any sum of money (i.e. gift of money)
- ✓ paid on or after 5-7-2019
- ✓ By a person **Resident in India** to a non-resident
- ✓ will always deemed to accrued in India.

Business Connections Means:

Particular	Bussiness connections India shall include:
What is doing	Any business activity
Who is doing	Carried out through a person (i.e. Agent)
For Whom is doing	Acting on behalf of the non-resident or other non-resident Under the same common control & management.
What is doing	<ul style="list-style-type: none"> • Secured order • Maintaing Stock • Conclude Contract
Bussiness Connections Does not include	<ul style="list-style-type: none"> • Goods Purchase for the purpose of Export • NRI engaged in news agency business • Bussiness activity of shooting in India • All operations not carried out in India

EXAMPLES AND QUESTIONS FOR YOUR PRACTICE:

Ex 1: What will be Residential Status for PY 14-15 in following cases:

CASE 1		CASE 2		CASE 3		CASE 4	
YEAR	STAY IN India	YEAR	STAY IN India	YEAR	STAY IN India	YEAR	STAY IN INDIA
PY 14-15	183	PY 14-15	59	PY 14-15	72	PY 14-15	170
PY 13-14	0	PY 13-14	365	PY 13-14	0	PY 13-14	50
PY 12-13	1	PY 12-13	300	PY 12-13	3	PY 12-13	100
PY 11-12	2	PY 11-12	365	PY 11-12	10	PY 08-09	150
PY 10-11	0	PY 10-11	365	PY 10-11	355	PY 07-08	150

Ex 2: Mr. Ricky, **Foreign Citizen** comes to India for **first time** during 04-05. During the FY 04-05, 05-06, 06-07, 07-08, 08-09, he was in India for 55days, 60days, 80days, 160days, and 70 days respectively. Determine the Resident status of Ricky Pointing in India for AY 09-10.

Solutions: Since during PY 08-09, Ricky was in India for 70days & during 4 years immediately preceding the PY. He was in India for 355 days as shown below:

PY 08-09	PY 07-08	PY 06-07	PY 05-06	PY 04-05
Relevant PY	JRPY	JRPY	JRPY	JRPY
70	160	80	60	55

THUS, RICKY POINTING DOES NOT SATISFY SEC 6(1), HE IS NON-RESIDENT IN INDIA FOR PY08-09

Ex 3: Miss Amisha, Indian citizen left India first time on 02/04/14 for joining job in London. She came to India on 12/10/14 for only 190 days. Determine the Residential Status for AY 15-16.

Solutions: Number of Days, Miss Amisha was in India for PY 14-15:

Month	D	Month	D	Month	D	Month	D
Apr -14	2	Aug-14	0	Dec-14	31	Apr -15	19
May-14	0	Sep -14	0	Jan-15	31	Total 14-15	173
Jun -14	0	Oct -14	20	Feb -15	28	Total 15-16	19
July -14	0	Nov-14	30	Mar-15	31		

SINCE MR. AMISHA LEFT INDIA FOR EMPLOYMENT PURPOSE, hence Sec 6(1)(a) only apply, therefore at least she should be 182 days in PY 14-15, but she could not satisfied the conditions , **HENCE SHE IS NON RESIDENT FOR AY15-16.**

Ex 4: Mr. Apurv Kumar, Director of Hotel Clarks Amer had undertaken foreign Tour (first time) on various occasions for Co's work and was out of India for 225 days during PY ending 31st March'2015. He said that He is Non-Resident- It is Correct?

Solutions: As per Sec 6(1), individual will be **RESIDENT IN INDIA**, if he satisfied any of following conditions:

- (a) He was in India for ≥ 182 days in Relevant PY
 (b) He was in India for ≥ 60 days in RPY & he was in India aggregate for ≥ 365 days out of 4 PY (JPRPY)

- ❖ Further If Individual is Indian citizen and left India for employment purpose, **THEN ONLY** Sec 6(1)(a) conditions will apply (i.e. 182 days)
- ❖ In given questions he has left India for official purpose, therefore we will check both basic conditions of Sec 6(1)(a) & (b).
- ❖ Since he has satisfied 2nd conditions. So he is Resident in India.
- ❖ **Conclusion: Argument of Mr. Kumar is wrong.**

Ex 5: Mr. Arnav, a Foreign Citizen, resides in India during PY 08-09 for 79 days. Determine his Residential Status for PY 8-9, assuming his stay in India during last few previous years as follows:

YR	Days	YR	Days	YR	Days	YR	Days
07-08	66	03-04	310	99-00	123	95-96	267
06-07	16	02-03	265	98-99	115	94-95	20
05-06	177	01-02	137	97-98	36	93-94	200
04-05	118	00-01	65	96-97	100		

An: During PY, X was in India for 79 days & during 4 years immediately preceding the PY he was in India for 377 days as per below:

PY 08-09	PY 07-08	PY 06-07	PY 05-06	PY 04-05
Relevant PY	JPRPY	JPRPY	JPRPY	JPRPY
79	66	16	177	118

Thus he satisfies the **one of conditions** specified u/s 6(1), hence he is Resident in India. Further for determining he is ROR or RNOR, he needs to satisfy **both the additional conditions** mentions u/s 6(6).

Sec 6(6)(a):

PY	Stay In India	Resident (R) or Non – Resident (NR)	Conditions Satisfied
07-08	66	R	Sec 6(1)(b)
06-07	16	NR	None
05-06	177	R	Sec 6(1)(b)
04-05	118	R	Sec 6(1)(b)
03-04	310	R	Sec 6(1)(a)&(b)
02-03	265	R	Sec 6(1)(a)&(b)
01-02	137	NR	None
00-01	65	R	Sec 6(1)(b)
99-00	123	R	Sec 6(1)(b)
98-99	115	R	Sec 6(1)(b)

AND

Sec 6(6)(b):

7-8	06-07	05-06	04-05	03-04	02-03	01-02	Total
66	16	177	118	310	265	137	1089

Since both the Additional conditions is satisfied, hence he is ROR in India for AY 09-10.

Ex 6: Amit provides following details of income, calculate the income which is liable to be taxed in India for AY 15-16 assuming that:

(a) He is ROR (b) He is RNOR or (c) He is NRI

Particulars	Amount	ROR	RNOR	NRI
1. Salary received in India from employer of UK	100000	100000	100000	100000
2. Income from tea business in UK controlled from India	200000	200000	200000	-
3. Interest on co deposit in USA (1/3 rd received in India)	90000	90000	30000	30000
4. Income from property in India but received in UK	50000	50000	50000	50000
5. Income from Property in London but received in India	40000	40000	40000	40000
6. Income from property in UK but received in USA	70000	70000	-	-
7. Income from Tea business in India controlled from UK	80000	80000	80000	80000
8. Past untaxed profit remitted to India in this year	10000	-	-	-
9. Income Accrued in USA Rs. 2,00,000 out of which Rs. 100000 remitted to India in same FY	200000	200000	-	-

Ex 7: MR. A who is Indian Citizen, left for USA for purpose for employment on 01-05-14. He has not visited India thereafter. Mr. A borrows money from his friend Mr. B who left India one week before Mr. A's departure.

Mr. A buy shares of Indian Co buy this borrowed money. Discuss the taxability in hands of Mr. B who charged the intt. @ 10% from Mr. A.

Solutions: As per Sec 9(1)(v), interest paid by NRI (Mr. A) to any person (MR. B) will be treated accrued or arise India only when Borrower NRI used the same for carrying B&P in India).

- **Since** Mr. A is using in India for purpose of earning other source income hence nothing will be taxable in hands of Mr. B (who is NRI).

Ex 8: A, Who is NRI, lent Rs. 5 lakh to Mr. B who is Resident in India. Mr. B used the money borrowed by him for purpose of business in India. B paid interest of Rs. 75000 To Mr. A during year 14-15 to X in UK. Discuss the tax implications in hands of Mr. A.

Solutions: 75000, Taxable in hands of Mr. A.

Ex 9: LG, A South Korean Co (**Non Resident**) had the following receipts of Royalty in 14-15. Discuss whether they will be taxable in India. Give reason for your answer:

- a. Rs. 70000 from Govt. of India under an agreement by Govt of South Korea and India. – **Yes**
- b. Rs. 50000 from Delhi co ltd a resident Indian co. for import of technical know-how for use in a business in India - **Yes**
- c. Rs. 60000 from Jaipur Co, a Indian resident for import of drawings for use in its business sin UK and USA. – **No**
- d. Rs. 40000 from Ajay, who is NRI under Income tax for use of formula for a Bussiness in India – **Yes**

QUESTIONS FOR YOUR PRACTICE:

Q.1 Determine the Residential Status of Mr. M in following Case for PY 14-15

Year		Case I	Case II	Case III	Case IV
2014-15	RPY	59	190	61	90
2013-14	1	200	50	365	300
2012-13	2	200	40	0	100
2011-12	3	200	0	365	100
2010-11	4	200	50	0	80
2009-10	5	200	59	0	0
2008-09	6	200	364	0	100
2007-08	7	200	170	0	50
2006-07	8	200	58	0	40
2005-06	9	200	40	0	10
2004-05	10	200	30	0	200
2003-04		200	20	0	5
Status					

Q.2 Determine the Residential Status of Mr. Y (**Indian Citizen**) Leave India for PY 14-15 due **to Employment Purpose**. Determine his Residential Status for PY 14-15?

Year		Case I	Case II
2014-15	RPY	100	190
2013-14	1	200	50
2012-13	2	200	40
2011-12	3	200	0
2010-11	4	200	50
2009-10	5	200	59
2008-09	6	200	364
2007-08	7	200	170
2006-07	8	200	58
2005-06	9	200	40
2004-05	10	200	200
2003-04		200	20
Status			

2.13

RESIDENTIAL STATUS

Q.3 Determine whether Mr. M is Indian origin or not in following case?

Type of Person	Birth Place	Date of Birth
Mr. M	India	1990
Father of Mr. M	India	1969
Mother of Mr. M	India	1970
Grand Father of Mr. M	India	20 August 1947
Grand Mother of Mr. M	India	1948
INDIA ORIGIN OR NOT		

Q.5 Determine whether Mr. M is Indian origin or not in following case?

Type of Person	Birth Place	Date of Birth
Mr. M	India	1990
Father of Mr. M	USA	1969
Mother of Mr. M	India	1970
Grand Father of Mr. M	Lahore	1944
Grand Mother of Mr. M	India	1948
INDIA ORIGIN OR NOT		

Q.6 Determine whether Mr. M is Indian origin or not in below case?

Type of Person	Birth Place	Date of Birth
Mr. M	USA	1990
Father of Mr. M	USA	1969
Mother of Mr. M	USA	1970
Grand Father of Mr. M	Dhaka	1942
Grand Mother of Mr. M	USA	1948
INDIA ORIGIN OR NOT		

Q.7 Mr. Dev (Indian Citizen) is export manager of RIL ltd since 01-05-10. He has been regularly visiting UK for export promotions. He spent the following days in UK during last 5 years:

PY ended	Days spent in UK
31-03-12	319
31-03-13	150
31-03-14	270
31-03-15	310
31-03-16	294

Determine the Residential Status for PY 15-16 assume that he never visited abroad prior to 01-05-10. [6 marks]

Q.8 Mr. Ajay was sponsored by his employer in India for **TRAINING IN USA**. He left India on 03.06.15. He came back to India on 05.04.16. Determine his Residential Status for PY 15-16 [AY16-17], assuming he previously he never go out of India. [5 marks]

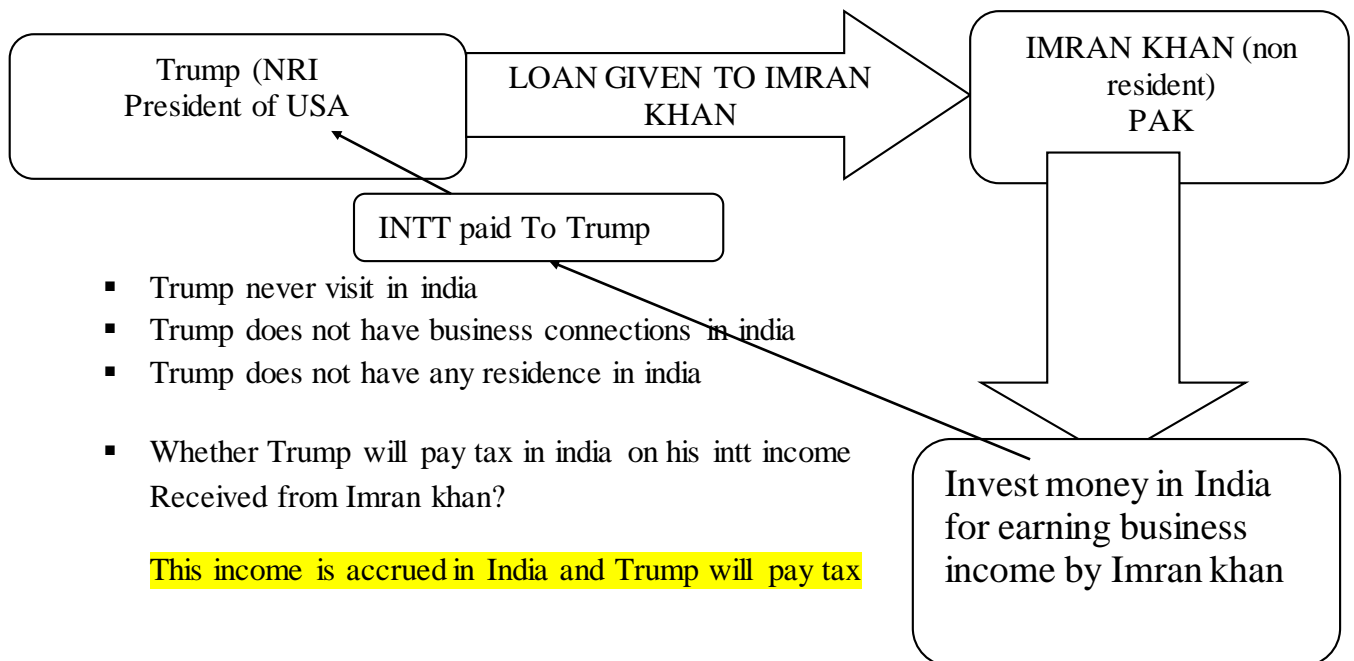
Q.7 Compute the Gross Total Income in hands of an individual, if he is:

- (a) A Resident & Ordinary Resident and
(b) A Non-Resident for AY 18-19

S	Particulars	Amount
1	Interest from German Derivatives Bonds (1/3 rd received in India)	21,000
2	Income from agriculture land situated in Malaysia, remitted to India	51,000
3	Income earned from business in Dubai, controlled from India (Rs. 20000 received in India)	75,000
4	Profit from business in Mumbai, controlled from Australia	1,75,000
5	Interest received from Mr. Ashok (NRI) on loan provided to him for business in India	35,000
6	Dividend from Brown Ltd, an Indian Company u/s 115 O of IT Act	30,000
7	Profit from Business in Canada Controlled from Mumbai (60% of profits deposited in bank in Canada and 40% remitted to India)	60,000
8	Amount received from an NRI for use of knowhow for his business in Singapore	8,00,000
9	Dividend received from foreign company in India	25,000
10	Past years untaxed foreign income brought to India	50,000

[May 18 – Inter – 10 marks]

Explanation – 2



Questions for your practice

Q.1 Taxability of Income of US based Company Heli Ltd, in India on entering following transactions during the PY 13-14. {Nov-13}

S.	Particulars	Taxability in India
1	Rs. 5 lakhs received from Indian Co. for providing technical know-how in India.	
2	Rs. 6 lakhs from an Indian firm for conducting the feasibility study for new project in USA	
3	Rs. 4 lakhs from a Non-Resident for use of patent for a Bussiness in India	
4	Rs. 8 lakhs from a Non-Resident Indian for use of know-how for a business in Singapore	
5	Rs. 10 lakhs for supply of manual & designs for business to be established in Singapore	

Q.2 State with reason whether the following transactions attract income tax in India in hands of recipients: **[5 Marks]**

- (1) Salary paid by Central Government to Mr. David (Indian Citizen) of Rs. 7,00,000 for service rendered outside India. He also received 5000 pm medical allowance outside India.
- (2) Interest on money borrowed from outside Inida of Rs. 10, 00,000 by a non-resident for the purpose of business within India.
- (3) Royalty paid by resident to a non-resident in respect of business carried on outside India.
- (4) Legal charges of Rs. 5, 00,000 paid to a lawyer of London who visited India to represent a case of Bombay High Court.

Q.3 From the following particulars, compute the taxable income of R, When his Residential status (i) ROR (ii) RNOR (iii) NRI.

Interest for debentures in an Indian company received in London	5,000
Interest on U.K Developments bonds 50% of interest received in India	40,000
Dividend from British Company and received in London	10,000
Profit on sale of plant at Germany 50% of profits are received in India	60,000
Profit from a Business in Delhi and control from London	45,000
Rent from property in London deposited in a KBC Bank at London and thereafter transfer to SBI bank in India	50,000
Profit earned from Bussiness in USA which is controlled in India, half of profits being received in India	40,000
Income from agricultural in Bhutan and remitted to India	10,000