

RESIDENTIAL STATUS

M1. Mr. Raj has determined his total income for the PY 2021-22 at Rs. 5,00,000. As the next step, he wants to ascertain.....
Total income is to be determined based on residential status

M2. The following categories of persons have claimed residential status of RNOR for AY 2022-23. The claim of which.....
Only individual and HUF can be RNOR

M3. BCD LLP has declared its residential status as RNOR and, consequently, not offered its foreign incomes to tax in.....
LLP cannot be RNOR

M5. Yuvaraj was present in India throughout the PY 2021-22. He earned salary income of Rs. 5 lakh (computed) from.....
Residential status is determined for each PY for a person. It is same for all sources of income. Yuvaraj will need to offer Rs. 6 lakh to tax (being his global income) based on his status as ROR.

M6. Janki was NR in India for PY 2020-21 and ROR in India for PY 2021-22. She earned interest of Rs. 5 lakh on bonds.....
Residential status is determined for each PY. She is resident for PY 2021-22 (as stay in India \geq 182 days) and, thus, taxable on salary of Rs. 15 lakh.

M7. Shobha, born in Chandigarh on 1.5.1973, has been living in the US since 1990 and has not visited India. She.....
Residential status is not based on place of birth. Shobha is a NR for PY 2021-22 as stay in India is of zero days. Property is situated outside India and income is received outside India. Not taxable in India.

M8. Kapil, a resident of a foreign country under its laws, stayed in India for 185 days during the PY 2021-22. Kapil.....
A person can be resident of more than one country. Double taxation in both countries can be avoided by taking resort to tax treaty, if applicable, between India and the foreign country (tax treaties are not within scope of CA Intermediate).

M9. Jack, a UK national, came on a visit to India during the PY 2021-22. He landed at Mumbai airport on 15.6.2021.....
Days of arrival and departure are included.

M10. In which of the following cases will Mr. C not be treated as a Person of Indian Origin?.....
Neither Mr. C or any of his parents or grand-parents was born in undivided India.

M11. Rachel, a national of Germany, visited India for the first time during the PY 2021-22. She was in Bangalore.....
182 day rule applicable. Presence in India = 182 days. She is resident. Being NR in 9 out of 10 preceding PYs and \leq 729 days in preceding 7 PYs, she is RNOR.

M12. Gaurav, a citizen of India, left India on 1.9.2021 for purpose of employment in Japan. He was in India throughout.....
Employment rule applies. He is in India for 154 days being $<$ 182 days. He is NR. 60 day rule is not relevant.

M13. Sushmita, a citizen of US and living there, came to India for the first time on 1.4.2019 and left India for the.....
Stay \geq 182 days. Hence, resident.
Stay from 1.4.2019 to 31.3.2021 is 731 days, i.e., $>$ 729 days in the preceding 7 PYs. She is in India \geq 182 days in PY 2019-20 and PY 2020-21. Hence, not a NR in 9 out of 10 preceding PYs. Hence, she is ROR.

M14. Suresh, employed with Z Ltd. in Hyderabad is a frequent flyer. During the PY 2021-22, he had to visit.....

Continuous stay not necessary. Stay in India = 190 days. He is resident. Not being NR in 9 out of 10 preceding PYs or not being ≤ 729 days in preceding 7 PYs, he is ROR.

M15. Ramesh left India on 28.5.2021 to stay with his children in Australia for a period of one year. He had never been.....

182 day or 60 day rule applicable. Stay in India = 58 days. Ramesh is NR.

M16. Gunjan has stayed in India for 200 days each in PYs 2017-18 to 2020-21. She would be a resident in India for.....

A: NR under ship crew rule as stay in India < 182 days

B: NR under employment rule as stay in India < 182 days

D: NR under visit rule as stay in India < 182 days

C: Resident under visit & income rule as stay in India ≥ 120 days + ≥ 365 days in preceding 4 PYs. RNOR as stay in India < 182 days.

M17. Sush was born in India in 1990. Her father was born in India in 1960 and mother was born in Pakistan in 1962.....

Neither she nor her parents or grandparents was born in undivided India – she is not PIO. She is also not citizen of India.

M18. Shane, a national of Mexico, has been visiting India every year for 90 days since the last ten years. Determine.....

182/60 days rule applies. He is in India < 182 days. Further, he is in India ≥ 60 days in current year but < 365 days in preceding 4 PYs. Hence, he is NR.

M19. Mr. X left India during the PY 2021-22 as a member of the crew of a foreign bound ship. He has been in India for.....

A & D: Ship crew rule and Rule 126 does not apply as he is not a citizen of India. 182/60 days rule applies. 1.4.2021 to 21.9.2021 is 174 days, i.e., < 182 days. But he is in India ≥ 60 days in current year and ≥ 365 days in preceding 4 PYs. Hence, he is resident.

B: Ship crew rule and Rule 126 applies: 1.4.2021 to 20.9.2021 is 173 days, i.e., < 182 days. Mr. X is NR.

C: Ship crew rule does not apply as ship is not Indian but Rule 126 applies as he is citizen of India. 182/60 days rule applies. 1.4.2021 to 20.9.2021 is 173 days, i.e., < 182 days. But he is in India ≥ 60 days in current year and ≥ 365 days in preceding 4 PYs. Hence, he is resident.

M20. Manav has been in India for 300 days every year for the two years preceding PY 2021-22. In which of the.....

A: Employment rule applies. Stay is 181 days, i.e., < 182 days. He is NR.

B, C, D: 182/60 days rule applies. Stay is 181 days, i.e., < 182 days. But he is in India ≥ 60 days and ≥ 365 days in preceding 4 PYs. Hence, he is resident.

M21. Romil is a citizen of India based out of Australia. During the PY 2021-22, his total income from sources in.....

TI from Indian sources > 15 lakh. Visit and income rule applies. Stay in India is 117 days which is < 120 days. He is NR.

M22. Romil is a citizen of Canada based out of Canada. He is not a PIO. During the PY 2021-22, his total income.....

Visit & Income rule not applicable as he is not a COI or PIO. 182/60 days rule applies.

Stay is 117 days, i.e., < 182 days. But he is in India ≥ 60 days and ≥ 365 days in preceding 4 PYs. Hence, he is resident. As he is in India ≤ 729 days in preceding 7 PYs, he is RNOR.

M23. Donald, a US national, has stayed in India during PY 2021-22 for 181 days. He is non-resident in 9 out of 10.....

182/60 days rule applies. Stay is < 182 days. But he is in India ≥ 60 days and ≥ 365 days in preceding 4 PYs. Hence, he is resident. As he is NR in 9 out of 10 preceding PYs and also in India ≤ 729 days in preceding 7 PYs, he is RNOR.

M24. Ms. Y, a citizen of India, has been living in Singapore for the last 12 years. She earns rental income of Rs. 3 lakh.....

Ms. Y is COI who comes on visit to India and has total income (other than income from foreign sources) > 15 lakh. Visit and Income Rule applies. She is in India ≥ 120 days and ≥ 365 days in preceding 4 PYs. Stay in India < 182 days in PY 2021-22. Hence, she is RNOR.

M25. Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India.....

Ms. Square is COI who comes on visit to India and has total income (other than income from foreign sources) ≤ 15 lakh. Visit Rule applies. He is < 182 days in PY. He is NR.

M26. Mr. Q is an Indian citizen who runs his business in UK. He also carries on business in India which he manages.....

He is Indian citizen who comes on visit to India during the PY and has total income (other than income from foreign sources) > 15 lakh.

Stay in India during PY 2021-22 ≥ 120 days and < 182 days and is ≥ 365 days during preceding 4 PYs. Hence, he is RNOR. Indian income will be taxable.

M27. Mr. V came to India on a visit during the PY 2021-22 for 100 days. He was in India for 125 days in PY 2020-21.....

A & D: He is not a COI or PIO. 182/60 days rule applies. He is ≥ 60 days in current PY and ≥ 365 days during preceding 4 PYs. Hence, resident.

B: He is PIO and total income from Indian sources > 15 lakh. Visit & income rule applies. He is ≥ 120 days in current PY and ≥ 365 days during preceding 4 PYs. Hence, resident. He is < 182 days. He is RNOR.

C: He is PIO and total income from Indian sources ≤ 15 lakh. Visit rule applies. He is < 182 days in current PY. Hence, NR.

M32. In which of the following cases relating to PY 2021-22 will Mr. Z, a citizen of India, be treated as a RNOR? Mr. Z.....

A: Stateless rule applies. He is deemed resident and RNOR.

B/C/D: Since stay in India is zero, he is NR. Stateless rule is not applicable.

M33. Saurabh, an Indian citizen, is a business development professional whose work involves travel across the.....

He is COI who comes on a visit to India and income, other than income from foreign sources is 20 lakh (> 15 lakh). Not a resident under visit & income rule as stay < 120 days. Stateless rule applies as not liable to tax in any country. He is RNOR. Indian income of 20 lakh is taxable.

M34. A person is resident but not ordinarily resident in which of the following cases.....

A: RNOR under visit and income rule.

B: Resident under visit rule who further fulfills RNOR conditions

C: Deemed resident (RNOR) under stateless rule

M35. The affairs of Ramesh HUF are controlled and managed wholly from London. Ramesh, the Karta, is a non.....

Control and management wholly outside India. Hence, NR.

M37. Shyam HUF runs a business from Patna. All its decisions are taken from Patna. After a gap of 10 years, Shyam.....

Control and management situated in India. Hence, HUF is resident.

Karta is NR in 9 out of 10 preceding PYs and also in India for ≤ 729 days in preceding 7 PYs. Hence, HUF is RNOR.

M38. Raj Narain HUF, comprising of Raj Narain, his wife and his son, carries on a business from Hyderabad. Raj Narain.....

Control and management wholly outside India. Hence, NR.

M39. BCD & Co, a partnership firm, has three partners, B, C and D. While B and C are based out of Mumbai, D is.....

Firm is resident unless control and management is wholly situated outside India. ROR/RNOR status applies only to individual or HUF.

M40. XYZ Pvt. Ltd. is incorporated under the Indian Companies Act, 2013 with its registered office in Dehradun. Its place.....

Indian company is always resident

M42. The key management and commercial decisions of ABC Ltd., a multi-national foreign company registered in.....

Though POEM is in India, TO/GR does not exceed 50 crore. Hence, it is NR.

SCOPE OF TOTAL INCOME

M44. Sushma has provided the following details of her income for the PY 2021-22: Salary of Rs. 6,00,000.....

Salary taxable as received in India; income from property taxable as property situated in India (income accrues/arises in India); dividend from Indian companies is deemed to accrue/arise in India.

M45. Govind, citizen of India, left India for the first time on 15.3.2022 to take up employment in the UK. During.....

As stay in India \geq 182 days, he is resident. Since he is not NR in 9 out of 10 preceding PYs or \leq 729 days in preceding 7 PYs, he is ROR. Hence, global income is taxable.

M46. Jasmine, a national of Denmark, has been coming to India for 100 days every year since the PY 2016-17.....

60 days rule applies. She is \geq 60 days in PY 2021-22 and \geq 365 days in preceding 4 PYs. Hence, she is resident. She has been in India for 500 days in preceding 7 PYs, i.e., \leq 729 days. Hence, she is RNOR.

10,00,000: Taxable as income accrues or arises outside India and is derived from a business controlled in India.

6,00,000: Not taxable as income accrues or arises outside India and is derived from a profession set up outside India.

20,000: Taxable as deemed to accrue or arise in India since dividend is from an Indian company.

1,50,000: Taxable as received in India.

Total = 11,70,000

M47. Charlie, a person of Indian origin, visited India for a period of 30 days during the PY 2021-22. During the year.....

Since stay in India is 30 days, he is NR for PY 2021-22.

1,20,000: Taxable as income received in India though accrued outside India.

1,00,000: Taxable as income received outside India but accrued in India

5,00,000: Not taxable as income accrues or arises and is received out of India

2,00,000: Taxable as income accrued outside India and received outside India but deemed to accrue or arise in India as capital asset situated in India

M48. During the PY 2021-22, Mr. Q earned salary income of Rs. 10 lakh (computed) for services rendered in.....

All are taxable in India irrespective of residential status as received in India even though accrued/arisen outside India.

M49. Mr. Zaidi left India on 1.5.2021 for deputation in Greece for the rest of the year in connection with a.....

Mr. Zaidi is NR.

Inclusion in total income = 6,00,000 salary received in India + 18,000 employer's contribution to RPF deemed to be received in India (3% of 6,00,000, i.e., in excess of 12%) + 5,000 RPF interest in excess of 9.5% + NIL gain on sale of gold as accrued and received outside India = 6,23,000.

M50. Govind, a non resident, lives in the US and is employed with a US company. He earns a salary of Rs. 1 lakh in.....

Not taxable for NR as accrual and receipt outside India; subsequent remittance not relevant.

M52. JK Ltd. prepared consolidated accounts for its businesses operating in different countries, including India. A.....

Income accruing or arising outside India is not deemed to be received in India merely because it is taken into account in a balance sheet prepared in India.

M53. Mr. X is the owner of a house property situated in South Africa. During the PY 2021-22, he received Rs. 12 lakh.....

Income is accrued and received outside India. Taxable only for ROR.

M54. Sahil was employed with JK Ltd. in Kochi. He received a salary of Rs. 40,000 p.m. from 1.4.2021 to 27.9.2021.....

Sahil is in India for 184 days. Hence, he is a resident. Since he was present in India all the time up to PY 2020-21, he is ROR. Thus, his global income is taxable.

M59. Kaushik, a non-resident, carries on business of manufacture of sale of computers in Portugal. For this purpose.....

Since operations in India are not confined to purchase of goods in India for the purpose of export, income will be deemed to accrue/arise in India and that attributable to Indian operations will be taxable.

M60. KJ Ltd. is a foreign company engaged in the business of production and distribution of feature films. It's crew.....

A: Exemption not available as a shareholder is a citizen of India.

B: Exemption not available as a shareholder is resident in India.

C: Exemption not available as operations of KJ Ltd. are not confined to shooting of film in India.

M61. In which of the following cases, will income arising to Zed Ltd., a foreign company, not be deemed to accrue or.....

A and B: Exemption not available as activity not confined to purchase of goods in India for export or to the collection of news and views in India for transmission out of India.

M63. Income through or from any property, asset or source of income in India is deemed to accrue or arise in India.....

It is deemed to accrue/arise in India irrespective of place of receipt.

M65. Kim, a citizen of Japan and a non-resident in India, owns a residential house property in India. It is given on rent.....

Property is in India; income is deemed to accrue/arise in India

M66. During PY 2021-22, Samar, a non-resident, received Rs. 75 lakh on account of sale of agricultural land in.....

Land situated outside India and receipt outside India. Not taxable for NR. Remittance not taxable.

M67. John is a resident of Australia and a non-resident in India. During the PY 2021-22, he earned income of Rs.....

John is NR. Amount taxable = Nil for shares of Australian company as income is accrued/received outside India + 2 lakh for shares of Indian company as income is deemed to accrue/arise in India (since capital asset is situated in India).

M68. Sushmita, a RNOR for PY 2020-21 and ROR for PY 2021-22 received rent from property in Canada amounting.....

Rent not taxable for RNOR in PY 2020-21 as income accrued/received outside India. Remittance is not taxable.

M70. Shares of BCD Ltd., a foreign company, derive value substantially from assets located in India. Mr. J, a

No, as per Circular 4/2015

M72. Warner, an Indian citizen and a Government employee, left India for the first time on 31.1.2021 on account.....

He is NR. Salary paid by Govt to Indian citizen for services outside India is deemed to accrue/arise in India. Allowances are exempt u/s 10(7). Rent not taxable as property outside India and rent received outside India. Interest taxable as source and receipt in India.

M73. Todd is a non-resident in India and a national of Finland. During the PY 2021-22, he received dividend of Rs.....

50,000: Not taxable as accrued/received outside India

60,000: Taxable as received in India

70,000: Taxable as deemed to accrue/arise in India

80,000: Taxable as accrued/received in India

Total = 2,10,000

M74. Dividend income from Australian company received in Australia in the year 2020, brought to India during.....

Subsequent remittance not taxable

M76. Money-wise Ltd., a non-resident company, earned interest income during the PY 2021-22 as per the.....

Interest from GOI of 15 lakh: Deemed to accrue/arise in India as paid by Government

Interest from MK Pvt. Ltd. of 5 lakh: Not deemed to accrue/arise in India as paid by resident and loan used for business carried on by payer outside India

Interest from Mr. T of 1 lakh: Deemed to accrue/arise in India as paid by resident and loan used for profession carried on by payer in India

Interest from JM LLP of 3 lakh: Not deemed to accrue/arise in India as paid by non-resident and loan used for business carried on by payer outside India

Interest from Mr. Q of 2 lakh: Not deemed to accrue/arise in India as paid by non-resident and loan not used for business or profession carried on by payer in India

Total = 16 lakh

M78. Mr. X, a non resident based out of Singapore, derived the following incomes during PY 2021-22: Rs. 2 lakh.....

All amounts, except capital gain on sale of copyright, are in the nature of royalty. Since payment of royalty is made by a resident and the right/information is used in the business carried on by the payer in India, royalty is deemed to accrue/arise in India.

M79. Which of the following services rendered by Mr. Y to his clients during the PY 2021-22 would not fall within.....

A: Managerial service; C: Technical service; D: Consultancy service

M80. Which of the following amounts received by Mr. Z during the PY 2021-22 would be classified as FTS?.....

A: Salary is not FTS; B: Consideration for construction project is not FTS; D: It is royalty

M83. During the PY 2021-22, Mr. Jack, a non-resident based out of Hong Kong, received the following incomes: Rs.....

Mr. Yen 2 lakh: FTS is not deemed to accrue/arise in India as the non-resident payer uses services in business carried on by the payer outside India.

BKT Pvt. Ltd. 5 lakh: Royalty deemed to accrue/arise in India as the resident payer uses information in business carried on by the payer in India.

GOG 10 lakh: FTS deemed to accrue/arise in India as the payer is Government

Total = 15 lakh.

M84. Gary is a non-resident based out of France. During the PY 2021-22 he earned Rs. 10 lakh as fees for technical.....

FTS is deemed to accrue/arise in India as the non-resident payer uses services in business carried on by the payer in India. It is not relevant if Rocky is NR or services are rendered outside India. Status of payer and utilization of services is relevant.