

# TAXBOOK<sup>+</sup>

## Working steps of solutions

### B1 to B15

#### Residential Status & Scope of Total Income

#### Build Your Confidence (BYC)

#### RESIDENTIAL STATUS

##### B1. 182/60 DAY RULE - Determine the residential status of Mr. French, a citizen .....

Special rule applies?	No since he is not a COI and assuming he is not a PIO either. Check general rules.
182 day rule – Stay condition of $\geq 182$ days in current PY	Stay for 182 days is $\geq 182$ days; satisfied. No need to check 60 day rule.
Resident under general rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Not satisfied
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Not satisfied
<b>Residential status</b>	<b>ROR</b>

##### B2. 182/60 DAY RULE – CA2011(N) – Brett Lee, an Australian cricket player, visits .....

Particulars	Result
Special rule applies?	No, since he is neither COI or PIO. Check general rules.
Period of stay during the previous year 2021-22	100 days
Period of stay during the preceding 4 previous years	400 days
Period of stay during the preceding 7 previous years	700 days
182 day rule – Stay condition of $\geq 182$ days in current PY	Not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	Satisfied since stay is of 100 days
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	Satisfied since stay is of 400 days
Resident under general rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Details not available. Assumed not satisfied.
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Satisfied since stay is of 700 days
<b>Residential status</b>	<b>Resident but not ordinarily resident</b>

##### B3. 182/60 DAY RULE - Mr. US is a US citizen. He visited India for the first time .....

Particulars	Result
Special rule applies?	No since he is not a COI and assuming he is not a PIO either. Check general rules.
Period of stay during the previous year 2021-22	75 days
Period of stay during the preceding 4 previous years	355 days
182 day rule – Stay condition of $\geq 182$ days in current PY	Not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	Satisfied
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	Not satisfied
Resident under general rule?	No
<b>Residential status</b>	<b>Non-resident*</b>

\*Stateless rule cannot apply as he is not a COI.

India includes its territorial waters. Hence, period of stay in India will not change if he stayed for 15 days during FY 2021-22 on the ship located in the territorial waters of India and the answer will remain the same.

**B4.182/60 DAY RULE – CA2019(N) (modified) - Bansuri, a Chinese national, got married to Keshav of India .....**

Particulars	She returned on 20 Feb 2022
Stay during PY 2021-22	1 April 2021 to 11 August 2021 = 133 days 20 Feb 2022 to 31 Mar 2022 = 40 days <b>Total = 173 days</b>
Special rule applies?	No, as she is a foreign national. Check general rules.
182 day rule – Stay condition of $\geq 182$ days in current PY	Not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	173 days $\geq 60$ days. Satisfied
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	14 Feb 2021 to 31 Mar 2021 = 47 days. Not satisfied
Resident under general rule?	No
<b>Residential status</b>	<b>Non-resident*</b>

\*Stateless rule cannot apply as she is not a COI.

Particulars	She returned on 20 Jan 2022
Stay during PY 2021-22	1 April 2021 to 11 August 2021 = 133 days 20 Jan 2022 to 31 Mar 2022 = 71 days <b>Total = 204 days</b>
Special rule applies?	No, as she is a foreign national. Check general rules.
182 day rule – Stay condition of $\geq 182$ days in current PY	204 days $\geq 182$ days. Satisfied
Resident under general rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Satisfied, since she stayed only for 47 days during PY 2020-21 and did not visit India earlier
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Satisfied, since stay is 47 days
<b>Residential status</b>	<b>Resident but not ordinarily resident</b>

**B5. SHIP CREW RULE – CA2017(M) (modified) - During the last 4 years preceding the PY 2021-22, Damodhar.....**

Where an Indian citizen leaves India as a member of crew of an Indian ship, he will be resident in India only if he stays in India for 182 days or more during the previous year.

As per Rule 126, in case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of an eligible voyage, not include the period commencing from the date entered into the CDC in respect of joining the ship by the said individual for the eligible voyage and ending on the date entered into the CDC in respect of signing off from the ship in respect of such voyage.

Eligible voyage includes a voyage undertaken by an Indian ship in the carriage of passengers in international traffic, originating from any port in India and having its destination at a port outside India.

In this case, voyage is undertaken by a foreign bound Indian ship engaged in the carriage of passengers in international traffic, originating from a port in India and having its destination at a port outside India. Hence, the voyage is an eligible voyage.

Particulars	Singapore/Malaysia trip
Special rule applies?	Ship crew rule as he is COI who leaves India in PY as member of crew of an Indian ship
Stay during PY 2021-22	Period from 12 August 2021 to 21 January 2022, i.e., 163 days, has to be excluded for computing period of stay of Damodhar in India. Further, 29 days with respect to the private tour outside India will also be excluded. Hence, Damodhar is in India during the previous year 2021-22 for 173 days.
Ship crew rule - Condition of $\geq 182$ days in current	Not satisfied

PY	
Resident under special rule?	No
<b>Residential status</b>	<b>Non-resident*</b>

\*Assuming stateless rule does not apply

Particulars	No Singapore/Malaysia trip
Special rule applies?	Ship crew rule as he is COI who leaves India in PY as member of crew of an Indian ship
Stay during PY 2021-22	Period of 29 days will not be excluded from stay in India during PY 2021-22 which will then be 173 + 29 = 202 days.
Ship crew rule - Condition of $\geq 182$ days in current PY	202 days $\geq 182$ days. Satisfied
Resident under special rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	NR in 3 out of 10 preceding years. Not satisfied
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Not satisfied, since stay is 830 days in preceding 7 PY's
<b>Residential status</b>	<b>Resident and ordinarily resident</b>

#### B6. SHIP CREW, EMPLOYMENT RULE – MASTER QUESTION - Suraj is a citizen of India. He has been .....

Particulars	Left for purposes of employment
Special rule applies?	Employment rule since he is a COI who leaves India in PY for the purposes of employment outside India.
Stay during PY 2021-22	1 Apr to 22 Sep = 175 days
Employment rule – Stay condition of $\geq 182$ days in current PY	Not satisfied since $< 182$ days
Resident under special rule?	No
<b>Residential status</b>	<b>Non-resident*</b>

\*Assuming stateless rule does not apply

Particulars	Left on personal tour
Special rule applies?	No, as he leaves India on personal tour. Check general rules.
Stay during PY 2021-22	1 Apr to 22 Sep = 175 days
182 day rule – Stay condition of $\geq 182$ days in current PY	Not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	Satisfied since $\geq 60$ days
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	Satisfied since he did not leave India before PY 2021-22
Resident under general rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Not satisfied since he did not leave India before PY 2021-22
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Not satisfied since he did not leave India before PY 2021-22
<b>Residential status</b>	<b>ROR</b>

Particulars	Left as ship crew member
Special rule applies?	Ship crew rule, as he is a COI leaving India in PY as a member of crew of an Indian ship
Stay during PY 2021-22	Period from 25 Sep to 31 Dec of 98 days is to be excluded under Rule 126. Stay during PY = 267 days
Ship Crew – Stay condition of $\geq 182$ days in current PY	Satisfied since $\geq 182$ days
Resident under special rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Not satisfied since he did not leave India before PY 2021-22
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Not satisfied since he did not leave India before PY 2021-22
<b>Residential status</b>	<b>ROR</b>

#### B7. CA2015(M) (modified) – Bindu, a non-resident, residing in New York since 1992, .....

Particulars	Result
Period of stay during the previous year 2021-22	365 days
Period of stay during the preceding 4 previous years	365 days
Condition of $\geq 182$ days in current PY for becoming a resident	Satisfied
Resident?	Yes

First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Satisfied since she was not at all in India for 9 out of 10 preceding PYs
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Satisfied since stay was only of 365 days
<b>Residential status</b>	<b>Resident but not ordinarily resident</b>

**B8. VISIT RULE - Shalu is a citizen of India living in Singapore. She wants to .....**

**Assessment year 2022-23**

Since Shalu is an Indian citizen who comes on a visit to India and has Total Income from Indian sources  $\leq 15$  lakh in the PY, Visit Rule will apply and she will be resident in India only if stay in India is 182 days or more during the previous year. Thus, if Shalu comes to India on 2 October 2021, she would stay in India for 181 days during the previous year 2021-22 and would be a non-resident. Stateless rule will not apply since Total Income from Indian Sources is not  $> 15$  lakh, even if she is not liable to tax abroad.

**Assessment year 2023-24**

For the preceding 4 previous years, i.e., 2018-19 to 2021-22, Shalu would stay for  $100 + 181$  days = 281 days. This is less than 365 days. Thus, she would not qualify as resident under the 60 day rule even if her stay in India during the previous year is 60 days or more. She should, however, ensure that her stay is not  $\geq 182$  days. Thus, she should leave India on 28 September 2022 to limit her stay to 181 days.

Thus, in all, her stay can be 362 days without a break.

It is assumed that the law to determine residential status for AY 2022-23 is the same for AY 2023-24. It is also assumed that her Total Income from Indian sources is not more than 15 lakh during the previous year 2022-23 as well. Hence, stateless rule will not apply, even if she is not liable to tax abroad.

**B9. VISIT, VISIT & INCOME RULE – MASTER QUESTION - Shalu, a citizen of India, lives with her family .....**

As per visit rule, where an Indian citizen comes on a visit to India, he/she will be resident in India only if stay in India is 182 days or more during the previous year, provided the total income (other than income from foreign sources) is not more than Rs. 15 lakh during the previous year. However, where the total income (other than income from foreign sources) is more than Rs. 15 lakh during the previous year, Visit & Income rule will apply and the person will become a resident if stay in India is 120 days or more during the previous year and 365 days or more during the 4 preceding previous years. Further, the person will be treated as a resident but not ordinarily resident in such case if stay in India is less than 182 days.

Particulars	TI (other than IFS) $\leq 15$ lakh	TI (other than IFS) $> 15$ lakh
Period of stay during the previous year 2021-22	1 April to 28 September = 181 days	1 April to 28 September = 181 days
Special rule applicable	Visit rule	Visit & Income rule
Visit rule – Stay condition of $\geq 182$ days in current PY	Not satisfied	-
Visit & Income rule -		
• First basic stay condition of $\geq 120$ days in current PY	-	Satisfied
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	-	Satisfied since stay is of 400 days
Resident under special rule?	No	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Not applicable	Not applicable
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Not applicable	Not applicable
<b>Residential status</b>	<b>Non-resident*</b>	<b>RNOR since stay is 120 days or more and less than 182 days</b>

\*Stateless rule cannot apply since TI (other than IFS) is not  $> 15$  lakh.

**B10. VISIT, VISIT & INCOME RULE - Mr. Happy, a US citizen, came to India on an assignment .....**

Stay during preceding 4 PY's:

PY 2017-18	11 Jan 2018 to 31 Mar 2018	81 days
PY 2018-19	1 Apr 2018 to 9 Oct 2018	192 days
PY 2019-20	-	-
PY 2020-21	5 July 2020 to 31 Mar 2021	270 days
<b>Total</b>		<b>543 days</b>

182/60 day rule (general rules) will apply since Mr. Happy is not a citizen of India and assuming he is also not a PIO and, thus, none of the special rules apply. He qualifies the second basic condition of 60 day rule, i.e., stay of  $\geq 365$  during preceding 4 PY's. To qualify as NR, Mr. Happy should stay for a maximum of 59 days during PY 2021-22. Period from 1 April 2021 to 26 May 2021 = 56 days. He can stay for 3 more days to limit his stay to 59 days, i.e., till 29 May 2021. In this case, stateless rule will not apply to make Mr. Happy a deemed resident as he is not a citizen of India.

*If Mr. Happy is a PIO and has total income (other than income from foreign sources) of Rs. 18 lakh:* Since a grandparent of Mr. Happy was born in undivided India, he would be a person of Indian origin. In such case, Mr. Happy will become a resident if he stays for 120 days or more during the previous year 2021-22 and is in India for 365 days or more during the preceding 4 previous years. This is because the Visit & Income rule will apply. He is in India for 543 days during the preceding 4 previous years. Thus, he should leave India latest by 28 July 2021 to limit his stay to 119 days. In this case, stateless rule will not apply to make Mr. Happy a deemed resident as he is not a citizen of India.

**B11. VISIT, VISIT & INCOME RULE – Saurabh is an Indian citizen, who resides in Finland. ....**

Particulars	Case 1	Case 2
Special rule applies?	Visit rule since he is a COI who comes on a visit to India during PY and total income from Indian sources is not > 15 lakh	Visit rule since he is a COI who comes on a visit to India during PY and total income from Indian sources is > 15 lakh
Period of stay during the previous year 2021-22	100 days	120 days
Period of stay during the preceding 4 previous years	400 days	480 days
Period of stay during the preceding 7 previous years	700 days	840 days
Visit rule – Stay condition of $\geq 182$ days in current PY	Not satisfied since stay < 182 days	-
Visit & Income rule -		
• First basic condition of $\geq 120$ days in current PY	-	Satisfied since stay $\geq 120$ days
• Second basic condition of $\geq 365$ days in preceding 4 PY's	-	Satisfied since stay is of 480 days
<b>Resident under special rule?</b>	<b>No</b>	<b>Yes</b>
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	-	-
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	-	-
<b>Residential status</b>	<b>Non-resident*</b>	<b>Resident but not ordinarily resident since stay &lt; 182 days</b>

\*Stateless rule cannot apply as his total income from Indian sources is not > 15 lakh.

**B12. STATELESS RULE – MASTER QUESTION - Mr. Rakesh lives abroad and he is not liable to tax .....**

**Situation 1**

Special rule applies?	Visit & Income rule since he is a COI who comes on visit to India in PY and his Total Income from Indian sources > 15 lakh
Visit & Income rule -	
• First stay condition of $\geq 120$ days in current PY	Not satisfied
• Second stay condition of $\geq 365$ days in preceding 4 PY's	Satisfied
Resident under special rule?	No
Stateless rule applies?	Yes, since he is COI having Total Income from Indian sources > 15 lakh and is not liable to tax in any other country or territory by reason of his domicile, residence or any other criteria of similar nature
<b>Residential status</b>	<b>Deemed resident (RNOR)</b>

### Situation 2

Special rule applies?	No since he is neither a COI nor PIO. Check general rules.
182 day rule – Stay condition of $\geq 182$ days in current PY	Stay of 100 days < 182 days; not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	Stay of 100 days is $\geq 60$ days – Satisfied.
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	Stay is $\geq 365$ days in preceding 4 years (400 days) – Satisfied
Resident under general rule?	Yes
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	Not satisfied
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	Satisfied
<b>Residential status</b>	<b>RNOR</b>

### B13. STATELESS RULE - Mr. Zen lives abroad and he is not liable to tax in any other country .....

*Situation (a)* - Since Mr. Zen is a citizen of India having total income (other than income from foreign sources) of more than Rs. 15 lakh during the previous year and he is not liable to tax in any other country by reason of his residence, domicile or any other relevant criteria, he would be deemed to be a resident, irrespective of his stay in India, since he is not a resident under any other rule (as stay in India during PY 2021-22 is only 10 days). Further, he would become a resident but not ordinarily resident due to express provisions of the Act.

*Situation (b)* - Since Mr. Zen is not a citizen of India or a PIO, special rules would not apply. The general 182 day or 60 day rule would apply.

Particulars	Result
182 day rule – Stay condition of $\geq 182$ days in current PY	Not satisfied
60 day rule -	
• First basic stay condition of $\geq 60$ days in current PY	Not satisfied
• Second basic stay condition of $\geq 365$ days in preceding 4 PY's	Not satisfied
<b>Resident under general rule?</b>	<b>No</b>
First RNOR condition of NR in 9 out of 10 preceding 10 PY's	-
Second RNOR condition of $\leq 729$ days in preceding 7 PY's	-
<b>Residential status</b>	<b>Non-resident*</b>

\*Stateless rule cannot apply since he is not a citizen of India.

### B14. HUF – CA2020(N) – MASTER QUESTION - Determine residential status of Sundaram (HUF) .....

Since affairs of HUF are partly controlled from India, it is resident. Since Mr. Sundaram is NR in 9 out of 10 preceding PYs and he is in India for  $\leq 729$  days in the preceding 7 PYs, the HUF is RNOR.

### B15. HUF - Gaurav HUF carries on trading business in Mexico. The business .....

Since the control and management of the affairs of the HUF is situated wholly outside India, it is a non-resident for the assessment year 2022-23.

In the second scenario, if the control and management of the affairs of the HUF is situated partly in India, the HUF would become a resident. In order for the HUF to be a resident but not ordinarily resident, Gaurav needs to (a) be a non-resident in 9 out of 10 preceding previous years, or (b) be in India for 729 days or less during the preceding 7 previous years. Since he has come to India after 15 years, he satisfies both the conditions. Hence, the HUF would be a resident but not ordinarily resident for the assessment year 2022-23.

# TAXBOOK<sup>+</sup>

## Working steps of solutions

### B18 to B34A

#### Residential Status & Scope of Total Income

#### Build Your Confidence (BYC)

#### SCOPE OF TOTAL INCOME

#### B18. SCOPE OF TOTAL INCOME - Determine whether the following incomes will be taxable in the hands of Rahul .....

#	Income	Category	ROR	RNOR	NR
1	Interest received in the fixed deposit account maintained with Pune branch of ICICI Bank	Receipt – India Accrual – India	Yes	Yes	Yes
2	Rent received in China from a house property situated in India	Receipt – China Accrual – India	Yes	Yes	Yes
3	Salary received in India for services rendered in US	Receipt – India Accrual – US	Yes	Yes	Yes
4	Income from sale of building situated in France and received in Canada	Receipt – Canada Accrual – Australia	Yes	No	No
5	Income received in Thailand from a business carried on in Canada, controlled in India	Receipt – Thailand Accrual – Canada Control – India	Yes	Yes	No
6	Income received in Thailand from a business carried on in Canada, controlled in Thailand	Receipt – Thailand Accrual – Canada Control – Thailand	Yes	No	No
7	Income received in USA from a profession carried on in USA, but set up in India	Receipt – USA Accrual – USA Setup – India	Yes	Yes	No
8	Income received in Sri Lanka from a profession carried on in India and set up in India	Receipt – Sri Lanka Accrual – India Setup – India	Yes	Yes	Yes

#### B19. INCOME ACCRUING/ARISING IN INDIA - Determine whether the following incomes will be .....

Income	Category	ROR	RNOR	NR
Income received in UK from a business carried on in UK, controlled in UK, but included in the group balance sheet prepared in India	Accrual – UK Receipt – UK Control – UK	Yes	No	No
Income arises from professional services rendered in UK and is received in India. Profession is set-up in India.	Accrual – UK Receipt – India Setup – India	Yes	Yes	Yes

#### B20. BUSINESS CONNECTION – MASTER QUESTION - Swamy is a non-resident based out of Brazil .....

#	Situation	Income deemed to accrue or arise in India?
1	He purchases raw cloth from Indian suppliers and exports to Mexico for being processed in a factory situated in Mexico. It is then sold to the customers in Mexico.	No, as operations confined to purchase of goods in India for the purpose of export
2	He publishes a law journal in Brazil for which he collects news and views from various sources located in India	No, as activity is confined to the collection of news and views in India for transmission out of India



3	He visited India for 20 days during the year to shoot a cinematographic film in Jodhpur. He later sold the film to a film distributor in Brazil.	No, as operations confined to the shooting of cinematograph film in India by an individual not a citizen of India
4	He is in the diamond business in connection with which he displayed uncut and unsorted diamonds in the special notified zone for 35 days.	Yes, since he is not a foreign company

**B21. BUSINESS CONNECTION - CA2017(N) - Daisy Ltd., a foreign company, incorporated in USA .....**

Since all major decisions were taken through Board meetings held in USA, POEM is outside India. Hence, Daisy Ltd. is a non-resident. Branch office constitutes business connection in India u/s 9(1)(i). Income from business connection is deemed to accrue or arise in India. However, export exclusion applies in this case as operations are confined to purchase of goods in India for the purpose of export. Hence, profits from export are not taxable in India.

**B22. PROPERTY/ASSET/SOURCE IN INDIA - State whether the following items of income can be deemed to accrue or.....**

#	Particulars	Deemed to accrue/arise in India?
1	Hire charges or rent paid outside India for the use of the machinery or buildings situated in India.	Yes u/s 9(1)(i), since property, asset or source of income is in India
2	Deposits with an Indian company for which interest is received outside India	Yes u/s 9(1)(i), since property, asset or source of income is in India
3	Rental income from a property situated in India	Yes u/s 9(1)(i), since property, asset or source of income is in India
4	Dividends received from shares or securities of an Indian company	Yes u/s 9(1)(iv) since dividend is paid by an Indian company
5	Interest from deposits held in Indian bank accounts	Yes u/s 9(1)(i), since property, asset or source of income is in India

**B23. PROPERTY/ASSET/SOURCE IN INDIA - CA2016(N) – Mr. Federer, a non resident residing in Sweden.....**

No, since income from any property, asset or source of income in India is deemed to accrue or arise in India u/s 9(1)(i). Hence, it is taxable in India.

**B24.. PROPERTY/ASSET/SOURCE IN INDIA - Determine whether the following are taxable in the hands of Sonu.....**

#	Particulars	ROR	RNOR	NR	Comment
1	Winning from lottery run by Brazilian Government, received in Mexico and remitted to India	Yes	No	No	Income accrues/arises and is received outside India. Subsequent remittance not relevant. However, global income taxable for ROR.
2	Interest on FD made in branch of State Bank of Colombo in Sri Lanka	Yes	No	No	Income accrues/arises outside India and is received outside India. However, global income taxable for ROR.
3	Loan from bank in Mexico credited in the bank account in Mexico	No	No	No	Loan is not in the nature of income.
4	Interest in money lending business carried out in UK, received in UK, where business is controlled from India	Yes	Yes	No	Accrues/arises and is received outside India, but business controlled in India. Taxable for ROR and RNOR.

**B25. CAPITAL ASSET IN INDIA - Determine whether the following are taxable in the hands of Johnny.....**

#	Particulars	ROR	RNOR	NR	Comment
1	Johnny owns a residential house property in India. He transfers the property to Bony, a non-resident, and receives the sale consideration outside India.	Yes	Yes	Yes	Capital asset is situate in India. Income deemed to accrue/arise in India u/s 9(1)(i).
2	Johnny is a real estate dealer. He sells a flat, forming part of his stock-in-trade, located in	Yes	Yes	No	Flat is not capital asset as it is stock-in-trade. Hence, income is business income, not capital gain.

	France, to Bony who lives in UK. Johnny's business is controlled from India.				Business income accrues/arises outside India but is controlled in India. Taxable for ROR and RNOR.
3	Johnny buys gold bars in India and then takes them to US where he sells these to Bony, a non-resident. Sale proceeds are credited to his bank account in the US.	Yes	No	No	It is transfer of capital asset situated outside India at the time of transfer. Receipt is outside India. Not deemed to accrue/arise in India. Thus, taxable only for ROR as global income.

**B26. SALARY - Determine whether the following incomes will be taxable in the hands of Siddharth, .....**

#	Income	Citizen of India	Citizen of US	Comment
1	Salary received in India from ABC Pvt. Ltd. for services rendered in India	Yes	Yes	Receipt in India. Also, income deemed to accrue/arise in India u/s 9(1)(ii) as services rendered in India.
2	Salary received in US from ABC Pvt. Ltd. for services rendered in India	Yes	Yes	Income deemed to accrue/arise in India u/s 9(1)(ii) as services rendered in India.
3	Salary received in US from ABC Pvt. Ltd. for services rendered in US	No	No	Receipt outside India. Also, income not deemed to accrue/arise in India u/s 9(1)(ii) as services rendered outside India.
4	Salary received in India from Government of India for services rendered in US while working in Indian embassy	Yes	Yes	Receipt in India. Also, income deemed to accrue/arise in India u/s 9(1)(iii) for citizen of India as it is payable by Government.
5	Salary received in US from Government of India for services rendered in US while working in Indian embassy	Yes*	No	Income deemed to accrue/arise in India u/s 9(1)(iii) for citizen of India as it is payable by Government.
6	Pension received in US from ABC Pvt. Ltd. for services rendered in India	Yes	Yes	Income deemed to accrue/arise in India u/s 9(1)(ii) as services rendered in India.

\*Allowance or perquisites will be exempt u/s 10(7).

**B27. SALARY - Simran, a Chartered Accountant, is presently working in a firm in India.....**

- Employment rule will apply. Stay in India  $\geq$  182 stay required to become resident. Should leave latest by 28 Sep 2021 to make her non-resident for PY 2021-22. In such case, income in the form of salary received outside India for services rendered outside India will not be taxable.
- Direct credit should be avoided as it will get taxed on receipt basis. Salary should be received abroad and then remitted.
- Stay in India  $\geq$  182 stay required to become a resident. She should ensure her overall stay during PY 2021-22 within this limit. Moreover, she should not visit again during current PY.

**B28. DIVIDEND - Determine whether the following dividend will be taxable in the hands of Zen, a non-resident, for.....**

#	Dividend from Reliance Ltd., an Indian company, received in India	Taxable?
1	Dividend from Reliance Ltd., an Indian company, received in China	Yes, as deemed to accrue/arise in India u/s 9(1)(iv) since paid by an Indian company outside India
2	Dividend from ByteDance Ltd., a Chinese company, received in China	No, as received outside India and not deemed to accrue/arise in India u/s 9(1)(iv)
3	Dividend from ByteDance Ltd., a Chinese company, received in India	Yes, as received in India, though not deemed to accrue/arise in India u/s 9(1)(iv)

**B29. INTEREST - Determine whether the following interest incomes will be taxable in the hands of Johnny, for the PY.....**

#	Particulars	ROR	RNOR	NR	Comments
1	Interest of Rs. 1 lakh is received from the Government of India which is used in a project being executed in Japan in collaboration with the Japanese Government.	Yes	Yes	Yes	Deemed to accrue/arise in India u/s 9(1)(v) as payable by Government
2	Interest of Rs. 2 lakh is received from Bony, a resident, in respect of loan given, which Bony uses to purchase plant and machinery for his	Yes	Yes	Yes	Deemed to accrue/arise in India u/s 9(1)(v) as payable by resident and loan is not used for business or profession carried on by the payer

	business in India. Loan agreement is executed in USA.				outside India or for earning any income from any source outside India.
3	Interest of Rs. 3 lakh is received from Mony, a non-resident, in respect of loan given, which Mony uses to set up a new office for his profession in Australia.	Yes	No	No	Not deemed to accrue/arise in India u/s 9(1)(v) as payable by non-resident and loan is not used for business or profession carried on by the payer in India. However, taxable for ROR on global basis.
4	Interest of Rs. 4 lakh is received (in USD) from Mony, a non-resident, in respect of loan given, which Mony uses to invest in shares of an Indian company.	Yes	No	No	Not deemed to accrue/arise in India u/s 9(1)(v) as payable by non-resident and loan is not used for business or profession carried on by the payer in India. However, taxable for ROR on global basis.

**B30. ROYALTY/FTS - Determine if the following are royalty or FTS.**

#	Particulars	Royalty/FTS	Comments
1	Royalty to author holding copyright in a book	Royalty	Transfer of all or any rights in respect of IPRs (including grant of a license)
2	Imparting of technical knowledge to use a machine installed in the factory	Royalty	Imparting of any information concerning IPR or know-how
3	Payment for use of a surgical robotic equipment belonging to another person	Royalty	Use of any IPR or right to use certain equipment
4	Outright sale of a patent	Not royalty	Royalty excludes consideration taxable as Capital Gains
5	License to download and use data analytics software	Royalty	Consideration for use or right to use computer software (including granting of license)
6	Management of a complex project	FTS	Yes. It is managerial services.
7	Buying a manual of how to use engineering techniques to work a machine	Not FTS	No. It is purchase of a product rather than a service.
8	Installation of equipment by an engineer	FTS	Yes. It is technical services.

**B31. ROYALTY/FTS - Determine whether the following royalty and FTS incomes will be taxable .....**

#	Particulars	ROR	RNOR	NR	Comment
1	Mr. Pro provides mechanical engineering services to the branch in Greece of JK Ltd., an Indian company. JK Ltd. makes payment of FTS to Mr. Pro in Greece. Service contract is entered into in India.	Yes	No	No	Service used by resident payer for business carried on by payer outside India. Not deemed to accrue/arise in India u/s 9(1)(vii). Also, receipt outside India. However, global income taxable for ROR.
2	Mr. Pro provides software development services to US Co, a US company. US Co utilizes the services at its branch office in India. Services are rendered in US and payment is made in USD.	Yes	Yes	Yes	Services used by non resident payer for business carried on by payer in India. Deemed to accrue/arise in India u/s 9(1)(vii).
3	Mr. Pro divulges a secret formula to C Co, a Japanese company, which uses it in manufacture of beverages in its factory set up in China. C Co pays royalty to Mr. Pro outside India.	Yes	No	No	Information used by non resident payer for business carried outside India. Not deemed to accrue/arise in India u/s 9(1)(vi). Also, receipt outside India. However, global income taxable for ROR.

**B31a. CA2021(J) – ROYALTY - Discuss the taxability of the following transaction giving reasons, in light of relevant.....**

Consideration for transfer of right to use the manufacturing process is royalty u/s 9(1)(vi). It is not taxable for Pratham as it is not deemed to accrue or arise in India since it is payable by a resident in respect of right used for the purpose of business carried on by the payer outside India.

**B32. CA2015(N) – ROYALTY - Soham, an Indian citizen, left India on 20 April 2019 for the first time to .....**

Where an Indian citizen comes on a visit to India, he will be resident in India only if stay in India is 182 days or more during the previous year. In this case, his stay in India from 15 May to 21 August is of 99 days. Hence, he is a non-resident.

Section 9(1)(vi) defines 'royalty' to mean consideration for transfer of all or any rights in respect of a design and also for the rendering of services in connection with such activity. Transfer of rights also includes transfer of right for use or right to use a computer software. Therefore, fees received by Soham is in the nature of 'royalty'.

Since royalty is paid by LK Ltd, which is a resident, royalty would be deemed to accrue or arise in India, as the rights are used for the purposes of its business carried on in India. Thus, royalty would be taxable in India.

**B33. CA2011(M) – FTS - Vivitha paid a sum of 5,000 USD to Kulasekhara, a management consultant .....**

Payment to a management consultant relating to project financing is in the nature of consultancy services. Hence, it is fees for technical services (FTS).

The residential status of Vivitha is not stated. However, since the payment is for services utilized in the business carried on in India, FTS shall be deemed to accrue or arise in India u/s 9(1)(vii) and, hence, taxable in India in the hands of Kulasekhara. This will be the position whether or not services are rendered in India or whether or not Kulasekhara has a residence or place of business or business connection in India.

**B34. CA2017(M) – ROYALTY/FTS - A Korean company, Damjung Ltd., entered into the following .....**

#	Particulars	Taxability
1	Rs. 20 lakh from a non-resident for use of patent for a business in India	Royalty is taxable since patent is used for purpose of business carried on by payer in India. Hence, deemed to accrue/arise in India u/s 9(1)(vi).
2	Rs. 15 lakh from a NRI for use of know-how for a business in Sri Lanka and this amount was received in Japan	Royalty is not taxable as know-how is used for purpose of business carried on by payer outside India, whether NRI is resident or NR. Hence, not deemed to accrue/arise in India u/s 9(1)(vi). Also, received outside India.
3	Rs. 7 lakh from CC Ltd., an Indian company for providing technical know-how in India	Royalty is taxable since know-how is used for purpose of business carried on by payer in India. Hence, deemed to accrue/arise in India u/s 9(1)(vi).
4	Rs. 5 lakh from B & Co., Mumbai, for conducting feasibility study for a new project in Nepal. Payment was made in Nepal.	FTS is not taxable as services are used for purpose of business carried on by payer outside India. Hence, not deemed to accrue/arise in India u/s 9(1)(vi). Also, received outside India.

**B34A. CA2021(J) - Income deemed to accrue or arise in India to a non-resident by way of interest, royalty and fee for.....**

Interest, royalty or FTS is included in the total income of a non-resident, whether or not,—

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

Thus, only status of payer and utilization is relevant for source rule. Territorial nexus of NR is not relevant.

# TAXBOOK<sup>+</sup>

## Working steps of solutions

### B35 to End

#### Residential Status & Scope of Total Income

#### Build Your Confidence (BYC)

#### COMPREHENSIVE QUESTIONS

**B35. Compute the gross total income in the hands of Vatsal, aged 45 years, if he is a ROR, RNOR or NR for AY 2022-23.**

Particulars	Rs.	ROR	RNOR	NR
Interest on Hong Kong Development Bonds (40% of interest is received in India)	20,000	20,000	8,000	8,000
Income from a business carried on in Ahmedabad (30% income is received in India)	30,000	30,000	30,000	30,000
Long term capital gain on sale of shares of Tata Ltd., an Indian company. Income was received in Hong Kong	10,000	10,000	10,000	10,000
Dividend from a UK based company. It was credited in bank account maintained in London.	15,000	15,000	-	-
Short term capital gain on sale of building in Sri Lanka (70% of profits were received in India)	50,000	50,000	35,000	35,000
Income earned from business in Denmark. Business was controlled from Jaipur (Rs. 60,000 were received in India)	90,000	90,000	90,000	60,000
Profits from a business carried on in Jodhpur. It was wholly managed from Jakarta.	25,000	25,000	25,000	25,000
Income from house property situated in Canberra (computed). Income was deposited in a bank at Canberra and then remitted to India.	70,000	70,000	-	-
Interest on debentures in BCD Ltd., an Indian company. Interest was credited in bank account held in Poland.	22,000	22,000	22,000	22,000
Fees received in London for technical services rendered in India to the Government of India	17,000	17,000	17,000	17,000
Profits earned from a business carried on in Bangalore. Business was managed from Hong Kong.	35,000	35,000	35,000	35,000
Income from a house situated in Beijing. Income was received in Beijing (computed)	25,000	25,000	-	-
Past foreign untaxed income brought to India during the PY 2021-22	10,000	-	-	-
Income from agricultural land situated in Bhutan. Income was received in Bhutan and then remitted to India through authorized banking channel.	36,000	36,000	-	-
Income from a profession carried on in South Africa. The profession was setup in India. Income was received in South Africa but later spent in India.	45,000	45,000	45,000	-
Interest on savings bank deposit in Coimbatore branch of SBI	34,000	34,000	34,000	34,000
Income from a business carried on in Moscow and received there. The business was controlled from London.	20,000	20,000	-	-
Dividend from Reliance Petro Ltd., an Indian company, received in bank account held in London.	16,000	16,000	16,000	16,000
Agricultural income from a land situated in Rajasthan, received in Jaipur	15,000	-	-	-
<b>Gross total income</b>		<b>5,60,000</b>	<b>3,67,000</b>	<b>2,92,000</b>

**B35a. CA2021(JUL) – Mr. Pratap earned following incomes during the FY 2021-22. He settled in Singapore in the year.....**

Since Mr. Pratap settled in Singapore in the year 1997 and no further information is given regarding his stay in India during the PY, it is assumed that he is a non-resident.

*Computation of total income of Mr. Pratap for AY 2022-23*

#	Particulars	Rs.	Comment
1	Interest on Singapore Development Bonds (only 50% of interest received in India)	17,500	Taxable to the extent received in India. Balance not taxable as it accrues/arises and is received outside India.
2	Dividend from German company received in Germany	-	Not taxable as it accrues/arises and is received outside India.
3	Profits from a business in Kanpur, which is managed directly from Singapore	1,00,000	Taxable as deemed to accrue/arise in India.
4	Short term capital gain on sale of shares of an Indian company received in India	60,000	Taxable as deemed to accrue/arise in India since capital asset is situated in India (being shares of an Indian company) and further it is received in India
5	Income from business in Mumbai	80,000	Taxable as deemed to accrue/arise in India.
6	Fees for technical services rendered in India, but received in Singapore	1,00,000	Taxable as deemed to accrue/arise in India since services rendered in India
7	Agricultural income from land situated in Punjab	-	Exempt u/s 10(1)
8	Rent received from house property at Lucknow	70,000	Deemed to accrue/arise in India as property situated in India. Amount is taxable after providing standard deduction of 30% u/s 24(a) (para 80.5)
	<b>Total income</b>	<b>4,27,500</b>	

**B35b. CA2021(J) - Discuss the taxability of the following items in the hands of different persons briefly explaining the....**

1. Taxable in India as income from transfer of capital asset situate in India is deemed to accrue or arise in India u/s 9(1)(i).
2. Taxable in India as income from property in India is deemed to accrue or arise in India u/s 9(1)(i). This will be the case whether Mr. Arpit is a non-resident or resident.
3. Taxable in India as income from interest payable by Government is deemed to accrue or arise in India u/s 9(1)(v).
4. Not taxable in India as Mr. Bhavesh is a non-resident and salary is received outside India. It is not deemed to accrue or arise in India u/s 9(1)(ii) as services are rendered outside India.

**B36. CA2013(M) (modified) – Devesh and Siddhant are brothers and they earned the following .....**

Since Devesh < 60 days in India during PY 2021-22 and < 365 days in preceding 4 PYs, he is a NR\*. Since Siddhant is in India for 11 months every year, he is a ROR.

*Computation of gross total income of Devesh and Siddhant for AY 2022-23*

#	Particulars	Devesh	Siddhant	Comment
1	Interest on American Development Bonds, 50% of interest received in India	23,000	18,000	Taxable for Devesh on receipt basis. Global income taxable for Siddhant.
2	Dividend from a Japanese company received in America	-	15,000	Not taxable for Devesh since accrual/receipt is outside India. Global income taxable for Siddhant.
3	Profit on sale of shares of an Indian company received in India	45,000	75,000	Accrues/arises and is received in India
4	Profit from a business in Mumbai but managed directly from America	10,000	-	Accrues/arises in India since business in India
5	Income from a business in Mumbai	32,000	28,000	Accrues/arises in India since business in India
6	Fees for technical services rendered in America and received in America. The services were, however, utilized in India	1,50,000	-	Deemed to accrue/arise in India since services utilized in India
7	Interest on savings bank deposit in State Bank of India, Mumbai	4,500	12,000	Accrues/arises in India
8	Rent received in respect of house property at Mumbai	67,200	38,500	Accrues/arises in India. Income from house property will be computed after providing 30% standard deduction u/s 24(a) (para 80.5)
	<b>Gross total income</b>	<b>3,31,700</b>	<b>1,86,500</b>	

\*Stateless rule will not apply to Devesh.



**B37. CA2019(M) – Mr. Bachhan has provided the following details of his income .....**

Particulars	ROR	RNOR	NR	Comments
Short term capital gains on sale of shares in Indian company received in Japan	85,000	85,000	85,000	Accrues/arises in India as capital asset situated in India
Dividend from a Chinese company received in China	30,000	-	-	Accrues/arises outside India. Taxable on global basis for ROR
Rent from property in Bangladesh deposited in a bank at Dhaka, later on remitted to India through approved banking channels	67,200	-	-	Accrues/received outside India. Subsequent remittance not relevant. Taxable only for ROR. Income under head IHP needs to be computed after giving standard deduction of 30% u/s 24(a) (para 80.5)
Dividend from ABC Ltd., an Indian company	22,000	22,000	22,000	Accrues/arises in India.
<b>Total income</b>	<b>2,04,200</b>	<b>1,07,000</b>	<b>1,07,000</b>	

**B38. CA2020(N) - Mr. Vinod, aged 45 years, earned the following incomes during the year ended on 31.3.2022.....**

Particulars	ROR	RNOR	Comment
Agricultural income from Sri Lanka	25,000	-	Taxable only for ROR since accrues/arises outside India and assumed it is not received in India and that activity is not controlled in India. Also, not exempt u/s 10(1) since land situated outside India (para 28).
Long term capital gain on sale of property in Mumbai but received in Burma	30,000	30,000	Capital asset is situated in India; income deemed to accrue/arise in India. Taxable in India.
Profit from business in Dubai controlled from India	2,50,000	2,50,000	Accrues/arises outside India and is derived from business controlled from India. Taxable in India.
Rent from house property in Thailand received in India	70,000	70,000	Received in India. Taxable in India. Income from house property will be computed after giving standard deduction of 30% u/s 24(a) (para 80.5)
Interest on Savings account from bank in India	8,000	8,000	Bank account in India; income accrues/arises in India; taxable in India.
Past untaxed foreign income brought into India during the year	-	-	Remittance of past untaxed foreign income not taxable.
Gross total income	3,83,000	3,58,000	
Less: Deduction u/s 80TTA	(8,000)	(8,000)	Deduction is allowable u/s 80TTA on account of saving bank interest (para 203)
<b>Total income</b>	<b>3,75,000</b>	<b>3,50,000</b>	

**B39. CA2015(M) - Explain with reasons whether the following transactions attract tax in India in the .....**

#	Transaction	Taxable?	Reason
1	Salary paid to David, a citizen of India, of Rs. 15 lakh, by the Central Government for services rendered in Canada	Yes	Salary payable by Government to citizen of India for services rendered outside India is deemed to accrue or arise in India u/s 9(1)(iii).
2	Legal charges of Rs. 7.5 lakh paid to Johnson, a lawyer of London, who visited India to represent a case in the Supreme Court.	Yes	It accrues or arises and is received in India
3	Royalty paid to Rajeev, a non resident, by Mukesh, a resident, for a business carried on in Sri Lanka	No	Royalty payable by a resident is not deemed to accrue or arise in India u/s 9(1)(vi) where used for purposes of business carried on by resident outside India. It is assumed that royalty is received by non-resident outside India.
4	Interest received of Rs. 1 lakh, on money borrowed in France, By Dyana, a non resident, for the business at Bangalore.	Yes	Interest payable by NR is deemed to accrue or arise in India u/s 9(1)(v) if used for purposes of business carried on in India.

**B40. CA2019(M) - Following are the incomes of Subhash, a citizen of India for PY 2021-22. Compute his GTI .....**

Particulars	ROR	RNOR	Comments
Income from business in India of Rs. 2 lakh. Business is controlled from London and Rs. 60,000 were remitted to London.	2,00,000	2,00,000	Income accrues or arises from a business in India. Control of business from London not relevant
Profits from business earned in Japan of Rs. 70,000 of which Rs. 20,000 were received in India. Business is controlled from India.	70,000	70,000	<ul style="list-style-type: none"> <li>Global income taxable for ROR.</li> <li>Income accruing or arising outside India from business controlled in India, taxable for RNOR.</li> </ul>
Untaxed income of Rs. 1.3 lakh for the year 2020-21 of a business in England which was brought in India on 3 March 2021.	-	-	Income does not pertain to PY 2021-22
Royalty of Rs. 4 lakh received from Ramesh, a resident, for technical service provided to run a business outside India.	4,00,000	-	<ul style="list-style-type: none"> <li>Global income taxable for ROR.</li> <li>Not deemed to accrue or arise in India u/s 9(1)(vii) as such income paid by resident for technical services used for purpose of business carried out by the payer outside India. Also, not received in India (assumed) or accrued in India (assumed that services rendered outside India). Hence, not taxable for RNOR.</li> </ul>
Agricultural income of Rs. 90,000 in Bhutan.	90,000	-	Taxable only for ROR since accrues outside India. Also, not exempt u/s 10(1) (para 28)
Income of Rs. 73,000 from house property in Dubai, which was deposited in bank at Dubai.	51,100	-	<ul style="list-style-type: none"> <li>Since income accrues/arises outside India and is also received outside India, only taxable for ROR.</li> <li>Since 73,000 is deposited, it is assumed to be rent received. Hence, IHP is computed after giving standard deduction of 30% u/s 24(a) (para 80.5). Alternatively, words in question 'Income from house property' can also be taken to be computed amount under the head IHP in which case entire 73,000 can also be stated to be taxable.</li> </ul>
<b>Gross total income</b>	<b>8,11,100</b>	<b>2,70,000</b>	

**B41. CA2018(N) - Following incomes are derived by Krishna Kumar during the year ended 31 March 2022. ....**

#	Income	Amount	Resident	Non-resident
1	Pension received from US Government	3,20,000	Taxable for ROR, since global income is taxable. Not taxable for RNOR assuming it is received outside India and is for services rendered outside India.	Not taxable, since accrues or arises outside India, assuming it is received outside India.
2	Agricultural income from lands in Malaysia	2,70,000	Taxable for ROR, since global income is taxable. Not taxable for RNOR as it accrues or arises outside India and assuming it is received outside India. Further, it is not exempt u/s 10(1) as land is outside India (para 28).	Not taxable, since accrues or arises outside India, assuming it is received outside India.
3	Rent received from let out property in Colombo	4,20,000	Taxable for ROR, since global income is taxable. Standard deduction of 30% will be allowed u/s 24(a) (para 80.5). Not taxable for RNOR as it accrues or arises outside India and assuming it is received outside India.	Not taxable, since accrues or arises outside India, assuming it is received outside India.

*Examiner comment – Many examinees could not substantiate their answers with proper reasoning.*

**B41a. Rupali, aged 60 years, is a citizen of Canada. She is employed with XYZ Ltd. in Mumbai since 2005. During the PY.....**

During the PY 2021-22, stay in India is 110 days (365 – 179 – 76). She is present in India  $\geq$  60 days in PY 2021-22 and  $\geq$  365 days in preceding 4 PYs. Hence, she is a resident. Since her stay in India  $\leq$  729 days in preceding 7 PYs, she is a RNOR.

*Computation of gross total income of Rupali for AY 2022-23*



Particulars	Rs.	ROR
Salary from XYZ Ltd. (computed)	4,80,000	Received in India
Interest on deposits with Mumbai branch of Bank of India	20,000	Accrued and received in India
Dividend from French company received in France	-	Accrued and received outside India
Gross total income	5,00,000	

**B42. CA2018(M) - Compute the GTI in the hands of an individual .....**

Particulars	Rs.	ROR	NR	Comment
Interest from German Derivative Bonds (1/3 <sup>rd</sup> received in India)	21,000	21,000	7,000	Global income taxable for ROR. Taxable for NR to the extent received in India.
Income from agricultural land situated in Malaysia, remitted to India	51,000	51,000	-	Global income taxable for ROR. Not taxable for NR since accrues/arises outside India. Subsequent remittance immaterial.
Income earned from business in Dubai, controlled from India (Rs. 20,000 received in India)	75,000	75,000	20,000	Global income taxable for ROR. Taxable for NR to the extent received in India since income accrues/arises outside India.
Profits from business in Mumbai, controlled from Australia	1,75,000	1,75,000	1,75,000	Taxable in India since accrues/arises in India.
Interest received from Ashok (NRI) on loan provided to him for business in India	35,000	35,000	35,000	Global income taxable for ROR. Taxable for NR since loan used for business in India, regardless of residential status of Ashok; deemed to accrue or arise in India u/s 9(1)(v).
Dividend from Brown Ltd., an Indian company	30,000	30,000	30,000	Taxable in India since paid by Indian company; deemed to accrue or arise in India u/s 9(1)(iv).
Profit from business in Canada controlled from Mumbai (60% deposited in bank in Canada and 40% remitted to India)	60,000	60,000	-	Global income taxable for ROR. Not taxable for NR since accrued/received outside India. Subsequent remittance immaterial.
Amount received from NRI for use of know-how for his business in Singapore	8,00,000	8,00,000	-	Global income taxable for ROR. Not taxable for NR since know-how used for business outside India, regardless of residential status of Ashok; not deemed to accrue or arise in India u/s 9(1)(vi).
Dividend received from a foreign company in India	25,000	25,000	25,000	Global income taxable for ROR. Taxable for NR as received in India.
Past years untaxed foreign income brought to India	50,000	-	-	Not taxable as does not relate to current AY. Subsequent remittance not relevant.
<b>Gross total income</b>		<b>12,72,000</b>	<b>2,92,000</b>	

**B43. CA2016(N) – Rajneesh, a citizen of India, serving in the Ministry of Finance in India, was transferred .....**

Since Rajneesh did not stay throughout the PY 2021-22, he is a non-resident. His gross total income is computed below:

Particulars	Rs.	Comments
Salary from Government of India	7,20,000	Salary, for service rendered outside India, paid by Government to citizen of India, is deemed to accrue/arise in India u/s 9(1)(iii).
Foreign allowance from Government of India	-	Exempt u/s 10(7)
Less: Standard deduction u/s 16(ia)	(50,000)	Refer para 73
Income from salary	6,70,000	
Rent from a house situated at London, received in London	-	Not taxable in India since income does not accrue/arise in India (or is deemed to be so) and is not received in India.
Interest accrued on National Saving Certificate during the year 2021-22	45,000	Taxable in India since income accrues/arises in India
<b>Gross total income</b>	<b>7,15,000</b>	

**B44. CA2014(N) (modified) – Geetha and Leena are sisters and they earned the following income .....**

Since Geetha is < 60 days in India during PY 2021-22 and < 365 days in preceding 4 PYs, she is a NR\*. Since Leena is in India since 1995, she is a ROR.

*Computation of gross total income of Geetha and Leena for AY 2022-23*

#	Particulars	Geetha	Leena	Comment
1	Income from profession in Malaysia (set up in India) received there	Nil	-	Accrues or arises outside India
2	Profit from business in Delhi, but managed directly from Malaysia	40,000	-	Accrues or arises in India
3	Rent (computed) from property in Malaysia deposited in a bank at Malaysia, later on remitted to India through approved banking channels	Nil	-	Accrues or arises and is received outside India. Subsequent remittance not relevant.
4	Dividend from PQR Ltd., an Indian company	5,000	9,000	Accrue or arises in India
5	Dividend from a Malaysian company received in Malaysia	Nil	8,000	Accrues or arises outside India. Global income taxable for Leena.
6	Agricultural income from land in Maharashtra	Nil	Nil	Accrues or arises in India but exempt u/s 10(1) (para 28)
7	Past foreign untaxed income brought to India	Nil	-	Not pertaining to current AY. Subsequent repatriation not relevant.
8	Fees for technical services rendered in India received in Malaysia	25,000	-	Accrues or arises in India since service rendered in India
9	Income from a business in Pune (Geetha receives 50% of income in India)	12,000	15,000	Accrues or arises in India since business in India
10	Interest on debentures in an Indian company (Geetha received the same in Malaysia)	18,500	14,000	Accrues or arises in India
11	Short term capital gain on sale of shares of an Indian company	15,000	25,500	Accrues or arises in India
12	Interest on savings account with SBI in India	12,000	8,000	Accrues or arises in India
<b>Gross total income</b>		<b>1,27,500</b>	<b>79,500</b>	

\*Stateless rule will not apply to Geetha.

**B45. CA2018(N) (modified) - Surya, an Indian citizen, travelled frequently out of India for his business .....**

Stay in India during PY is only 59 days. Hence, he is NR.\*

*Computation of gross total income of Surya for AY 2022-23*

Particulars	Amount	Comment
Short term capital gain	58,000	Accrued/arisen in India as capital asset situated in India
Dividend	-	Neither accrued nor received in India
Interest on FD	9,500	Accrued and received in India
<b>Gross total income</b>	<b>67,500</b>	

\*Stateless rule will not apply to Surya.

**B46. CA2020(N) - Mr. Thomas, a non resident and citizen of Japan, entered into .....**

#	Item	Tax implications
1	Interest received from Mr. Marshal	Not deemed to accrue or arise in India u/s 9(1)(v) since funds not used for the purpose of a business or profession carried on by the payer in India. Not taxable.
2	Grant of license	Consideration for use or right to use computer software (including granting of license) is treated as royalty. Taxable in India since it is payable by a resident (business enterprise in India) and license is not used in or for the purposes of a business or profession carried on by the payer outside India; or for the purposes of making or earning any income from any source outside India. Hence, deemed to accrue or arise in India u/s 9(1)(vi).
3	News agency	Not deemed to accrue or arise in India u/s 9(1)(i) since activities confined to the collection of news and

		views in India for transmission out of India. Not taxable
4	Set up services	Rs. 10 lakh taxable in India since it represents royalty/FTS payable by a resident and service is not used in or for the purposes of a business or profession carried on by the payer outside India; or for the purposes of making or earning any income from any source outside India. Hence, deemed to accrue or arise in India u/s 9(1)(vii).

**B47. MASTER QUESTION** - Compute the gross total income in the hands of Raghav, aged 45 years, if he is a ROR, RNOR or NR for AY 2022-23.

Particulars	Rs.	ROR	RNOR	NR
Interest on German Development Bonds (40% of interest is received in India)	10,000	10,000	4,000	4,000
Income from business carried out in Tokyo and controlled from Delhi. Income is received in Tokyo.	20,000	20,000	20,000	-
Income from profession carried out in Hong Kong and set up in India. 30% income is received in Gurgaon.	30,000	30,000	30,000	9,000
Interest credited on fixed deposits in bank account in London, later remitted to India.	15,000	15,000	-	-
Employer's contribution to recognized provident fund in India @ 15% of salary (deemed to be received u/s 7 in excess of 12%)	30,000	6,000	6,000	6,000
Income from business carried out in Germany and received there and further taken into account in the group balance sheet prepared in India. Business is controlled from Germany.	50,000	50,000	-	-
Rent from house property in Mumbai, received in Sydney and rent agreement executed in Sydney	14,000	14,000	14,000	14,000
Agricultural income from land situated in Malaysia, received in Malaysia	35,000	35,000	-	-
Income from sale of shares of Wipro Ltd., an Indian company, to a non-resident where consideration is received in the bank account in Japan	43,000	43,000	43,000	43,000
Salary received in US from Zed Ltd. for services rendered while in Chennai	45,000	45,000	45,000	45,000
Salary received in Tokyo from Government of India for working in Japan. Assume that Raghav is a citizen of India.	36,000	36,000	36,000	36,000
Dividend received from Tata Steel Ltd., an Indian company, in bank account in Canberra.	26,000	26,000	26,000	26,000
Dividend received from JSW, a US based company, in bank account held in London	14,000	14,000	-	-
Interest received from Government of India on money borrowed to fund project in Uganda. Interest was received in Dubai.	46,000	46,000	46,000	46,000
Interest received from Piyush, a resident, on loan taken which he used in his business carried out in France	23,000	23,000	-	-
Interest received from John, a non resident, on loan taken which he used to purchase a house property in Kolkata to gain from appreciation in value of property	65,000	65,000	-	-
Fees received from Government of India for providing engineering services for a project being carried out in Maldives	34,000	34,000	34,000	34,000
Royalty received from Suraj, a resident, for grant of license to use patent in production process in his factory in Chennai. Royalty was received in Thailand.	37,000	37,000	37,000	37,000
Fees received from Abraham, a non resident, for providing management consultancy which he used in the business carried on by him in South Korea. Services were rendered from UK and fee was received in UK.	40,000	40,000	-	-
<b>Gross total income</b>		<b>5,89,000</b>	<b>3,41,000</b>	<b>3,00,000</b>

#### 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  $\leq 729$  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  $\geq 120$  days +  $\geq 365$  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  $\geq 60$  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  $\geq 60$  days in current year and  $\geq 365$  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  $\geq 60$  days in current year and  $\geq 365$  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  $\geq 60$  days and  $\geq 365$  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  $\geq 60$  days and  $\geq 365$  days in preceding 4 PYs. Hence, he is resident. As he is in India  $\leq 729$  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  $\geq 60$  days and  $\geq 365$  days in preceding 4 PYs. Hence, he is resident. As he is NR in 9 out of 10 preceding PYs and also in India  $\leq 729$  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  $\geq 120$  days and  $\geq 365$  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.