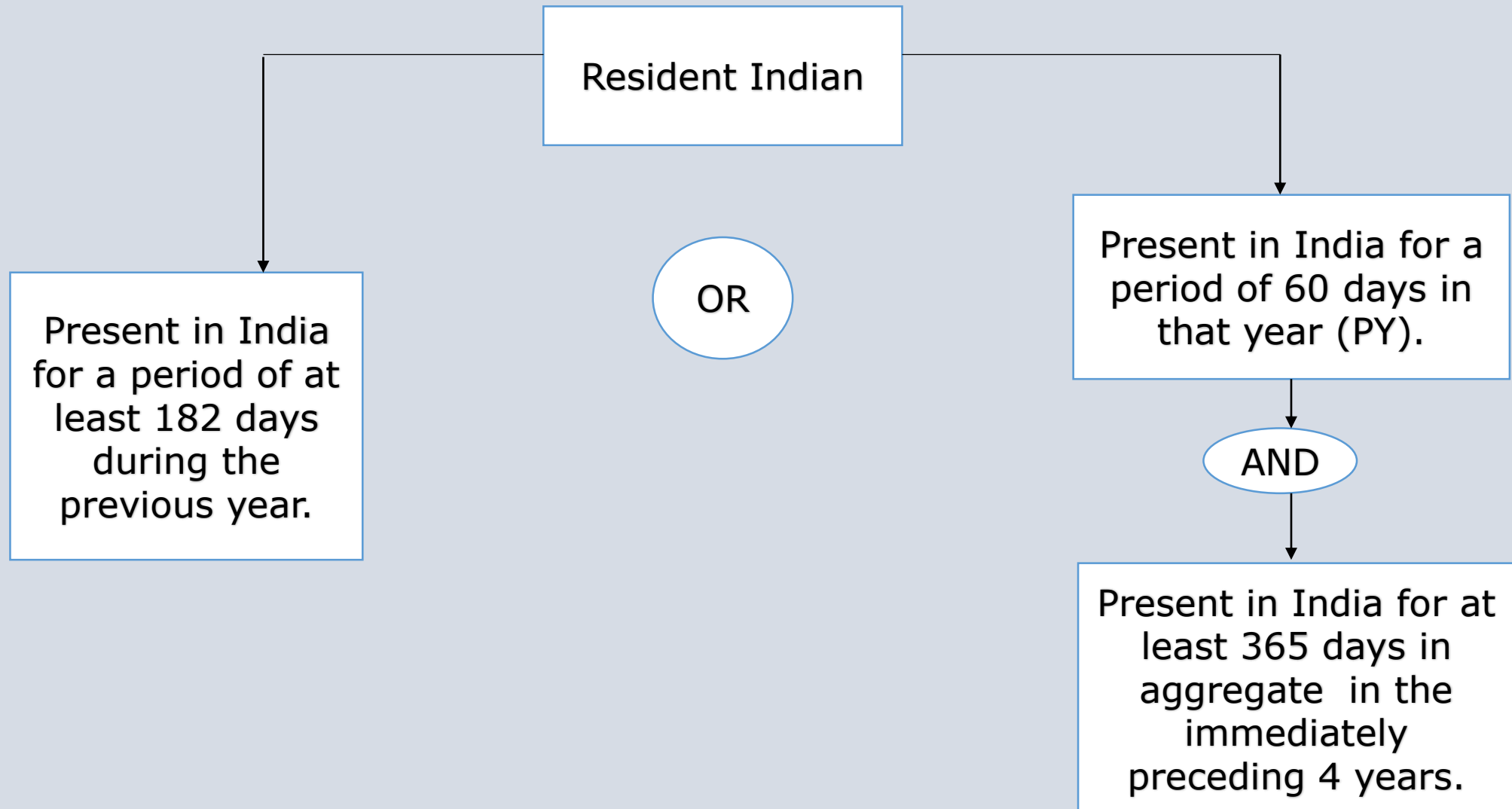


RESIDENTIAL STATUS OF
INDIVIDUALS

TEST OF RESIDENCY UNDER THE INCOME TAX ACT



EXCEPTIONS TO THE SECOND BASIC CONDITION

In the following cases 60 days threshold limit is increased to 182 days.

- ❖ **Indian citizen** leaves India as a member of the crew of an Indian ship.
- ❖ **Indian citizen** leaves India for the purposes of employment.

EXCEPTIONS TO THE SECOND BASIC CONDITION

- An Indian citizen or a person of Indian origin comes on a visit to India and has Indian sourced income:

Exceeding 15 Lakhs

60 days threshold is increased to 120 days.

Not Exceeding 15 Lakhs

60 days threshold is increased to 182 days.

DEEMED TO BE RESIDENT

- An Individual being an **INDIAN CITIZEN**.
- Having Indian sourced income other than **FOREIGN SOURCES** exceeding 15 Lakhs.
- Is not liable to tax in any other country or residency by reason of domicile or residency or any other similar nature.

Shall be **DEEMED TO BE RESIDENT IN INDIA** in that previous year.

INCOME FROM FOREIGN SOURCES

- Section 6(6)

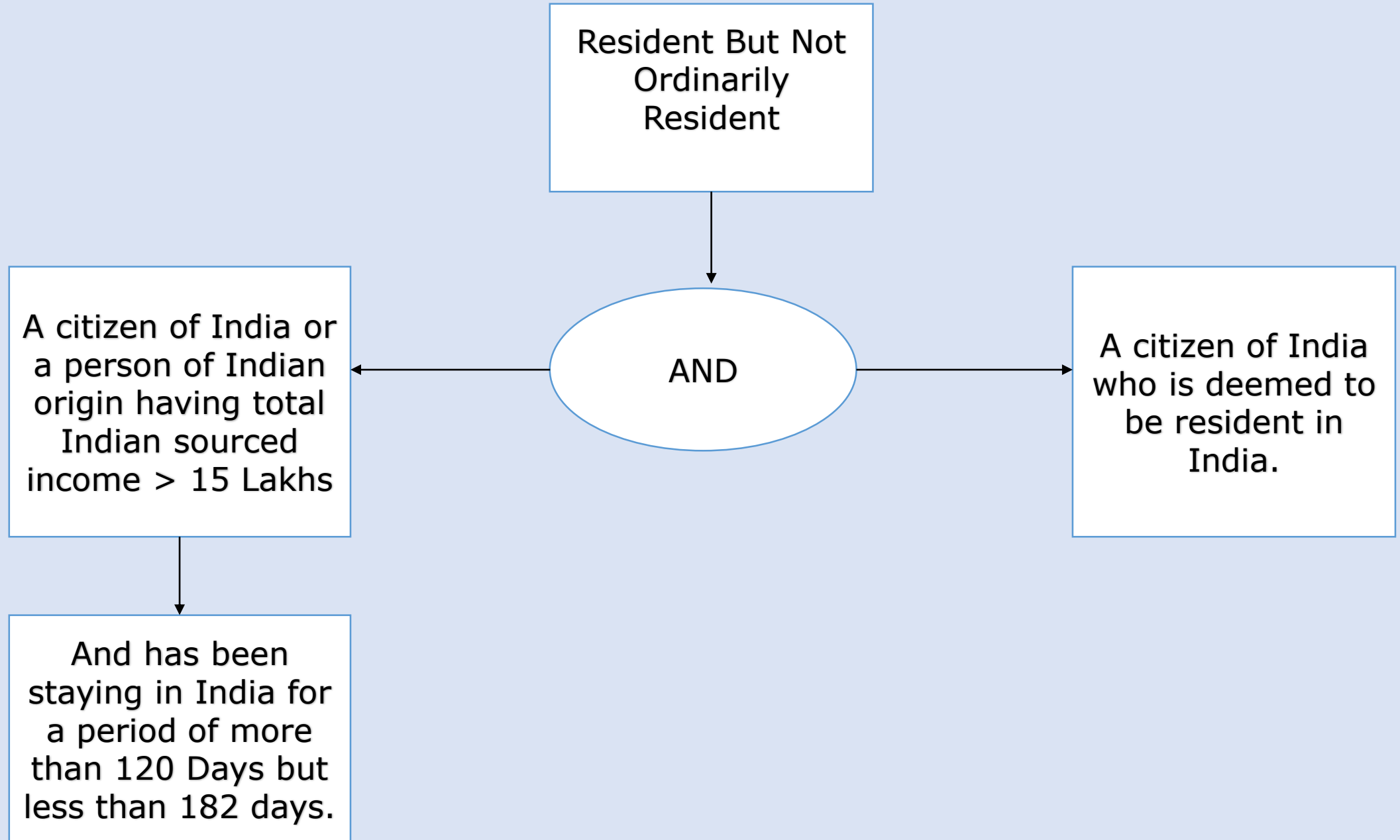
Income which accrues or arises outside India(except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India

Resident But Not Ordinarily Resident

OR

Has been a NON RESIDENT in India in 9 out of the 10 previous years preceding that year.

Has during the 7 previous years preceding that previous year been in India for a period of 729 days or less.



Resident But Not Ordinarily Resident

AND

A citizen of India or a person of Indian origin having total Indian sourced income > 15 Lakhs

A citizen of India who is deemed to be resident in India.

And has been staying in India for a period of more than 120 Days but less than 182 days.

SECTION 5: SCOPE OF INCOME

Particulars	Resident	RNOR	Non Resident
Income received in India	Taxable	Taxable	Taxable
Income Deemed to be received in India	Taxable	Taxable	Taxable
Income accrues or arises in India	Taxable	Taxable	Taxable
Income deemed to accrue or arise in India	Taxable	Taxable	Taxable
Income accrues or arises outside India	Taxable	No	No
Income accrues or arises outside India from a business/Profession controlled or setup in India	Taxable	Taxable	No
Income other than above (No Relation In India)	Taxable	No	No

EXAMPLE

1. Mr. Kumar a Canadian Citizen comes on a visit to India for the first time during the PY 2018-19. During the FY 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23, he was in India for 55 days, 60 days, 90 days, 150 days and 70 days, respectively. Determine his residential status for AY 2023-24.

During the PY 2023-23 he was in India for 70 days and during the 4 preceding the previous year 2022-23, he was in India for 355 days (55+60+90+150).

He does not satisfy the basic condition. Thus he is a **NON RESIDENT**.

2. Mr Dev, an Indian Citizen, left India on 22-09-2022 for the first time to work as an officer of a company in Germany. Determine the residential status of Dev for AY 2023-24.

For an Indian Citizen who is leaving India for the purpose of employment, the period of stay during the PY must be 182 days instead of 60 days.

Mr Dev was in India for 175 days (30+31+30+31+31+22). Thus he is **NON RESIDENT** for the AY 2023-24.

THANK YOU