

INDIVIDUAL		HINDU UNDIVIDED FAMILY	
Basic Conditions [Any 1 Basic Condition is satisfied → Resident]		If Control & Management of HUF is situated wholly/partly in India	Resident
(a)	Total stay in India during PY ≥ 182 days;	If Control & Management of HUF is situated wholly outside India	NR
(b)	(i) Total stay in India during PY ≥ 60 days & (ii) Total stay in India during last 4 PYs ≥ 365 days.	PC Note: C&M is situated at a place where the head & brain is situated.	
Exceptions to 2nd Basic Condition: [Residents only if he satisfy 1st Basic Condition]		Status of ROR/RNOR for HUF [Check Additional Conditions on Karta]	
(i)	Indian Citizens who leave India during PY as a member of crew of Indian ship	▪ If KARTA satisfy Both Additional Conditions → HUF is ROR &	
(ii)	Indian Citizens who leave India for employment outside India	▪ If KARTA satisfy One/Zero Additional Conditions → HUF is RNOR.	
(iii)	Indian Citizen or Person of Indian Origin who comes on visit to India in PY.	COMPANY - A Company shall be Resident in India if:	
Amendment Inserted by FA, 2020		▪ It is an Indian company (PC Note: Indian Company is always Resident in India)	
Indian Citizen or Person of Indian Origin having taxable income > Rs. 15 lacs during PY (<i>other than income from foreign sources</i>) will be treated as resident in India if – - Period of his stay in India during relevant PY ≥ 182 days OR - Stay in India (i) during Last 4 PYs for ≥ 365 days & (ii) for ≥ 120 days in PY.		▪ POEM of the company is in India in that PY.	
Meaning of 'Income from Foreign Sources' → Income which accrues/arises outside India & which is not deemed to accrue or arise in India except (i) Income from a business controlled from India or (ii) Profession set up in India.		POEM: A Place where key management & commercial decisions necessary for the conduct of the business of an entity as a whole are substantially made.	
Deemed Resident [Section 6(1A)] [Inserted by FA, 2020]		FIRMS/AOP/LA/AJP	
▪ Individual (being an Indian citizen) having taxable income > Rs. 15 lacs during PY (other than income from foreign sources) &		If Control & Management of HUF is situated wholly/partly in India	Resident
▪ he is not liable to pay tax in any other country by reason of his domicile or residence or any other criteria, he shall be <u>deemed to be resident</u> in India in that PY.		If Control & Management of HUF is situated wholly outside India	NR
⇒ Deemed Resident u/s 6(1A) are always considered as RNOR.		Circular: NR Seafarer receiving Remuneration (salary) in NRE (Non-Resident External) A/c maintained with Indian Bank for services rendered outside India on a foreign going ship (with Indian flag or foreign flag) → Not taxable in India. [Read once]	
Additional Conditions [Satisfy Both → ROR]		Rule 126: Individual who is Indian Citizen & Member of Crew of Foreign going ship	
(i)	Total stay in India in last 7 years ≥ 730 days &	Period of Stay in India shall not include the following period:	
(ii)	Resident in Any 2 PY out of last 10 PYs.	Stay in India Not Include Period from	Ending on
Note: Indian citizen/Person of Indian Origin who comes on a visit to India during PY & having taxable income > Rs. 15 lacs during PY (other than income from foreign sources) & stay in India during PY is ≥ 120 days but < 182 days → Always RNOR.		Date entered into CDC for joining ship	Date entered into CDC for signing off
		Important Note:	
		▪ Continuous Stay in India → Not Necessary [Total Period to be considered].	
		▪ Date of Arrival & Departure → Considered in India for counting no. of days in India.	
		▪ Individual can be resident in more than 1 country, but citizen in only 1 Country.	
		▪ Person of Indian Origin: If the person or his parents or his grandparents were born in UNDIVIDED INDIA. Grandparents include both maternal & paternal grandparents.	

SCOPE OF TOTAL INCOME

Indian Income	1. Income Received/Deemed to be received in India OR 2. Income Accrued/Deemed to be accrued in India.	Income	Resident	Non-Resident
		Indian	Taxable	Taxable
Foreign Income	Income which is Neither Received nor Accrued in India.	Foreign	Taxable	Not Taxable
** Following 2 Foreign Incomes are taxable to RNOR even if it accrues o/s India:		Income	Tax Treatment for INDIVIDUAL & HUF	
(i) Income from Business (o/s India) which is controlled wholly/partly from India.			ROR	RNOR
(ii) Income from profession set up in India.		Indian	Taxable	Taxable
No other foreign Income (Salary, Rent, Interest etc.) is taxable in India to RNOR.		Foreign	Taxable	** [Given on Left Side]
				NR
				Not Taxable

INCOMES DEEMED TO ACCRUE OR ARISE IN INDIA [SECTION 9]

1	Income (of a NR) from Business Connection in India	2	Income from Property or Asset situated in India → Always Taxable	
	<ul style="list-style-type: none"> ❖ Business connection includes any business activity carried out through a person acting on behalf of NR. Ex: Branch office, Agent, factory of NR in India. ❖ Person Acting on behalf of NR (Agent) must satisfy follⁿ conditions: <ul style="list-style-type: none"> ▪ Agent of NR must have authority to conclude contracts on behalf of NR. ▪ he maintains stock of goods from which he regularly delivers goods in India ▪ Where he habitually secures orders in India for NR. ❖ [2 NR → 1 Agent]: Business connection for other NR is established if: → 2nd NR controls 1st NR; → 1st NR controls 2nd NR; → 1 & 2 NR is controlled by 3rd NR. ❖ No Business Connection → Independent Agent/or authority of agent is limited for purchase of goods in India. 	3	Capital Gain from Capital Asset in India → Always Taxable to Everyone.	
		4	Dividend paid by Indian company outside India → Always Taxable.	
		5	Money Paid by Resident to NR/Foreign Company/ RNOR on/after 5.7.2019 if Total Sum received by NR/FC in a FY > Rs. 50,000 (without consideration).	
		6	Salary → Deemed to accrue at the place where services are rendered. <ul style="list-style-type: none"> ▪ Exception: Salary payable by Govt. to Indian Citizen for services rendered outside India → Deemed to accrue in India & thus taxable to everyone. ▪ But Allowances & perquisites paid o/s India by Govt. → Exempt u/s 10(7). 	
		7	Interest, Royalty, FTS → Deemed to accrue in India & taxable to NR	
		SIGNIFICANT ECONOMIC PRESENCE of NR in India = Business connection in India	SN	Taxable if Paid by
	Significant economic presence means-	(a)	Government → NR	Always Taxable to NR if paid by GoI.
	(a) Transaction i.r.o. any goods, services or property carried out by NR with any person in India including provision of download of data or software in India	(b)	Resident → NR	<ul style="list-style-type: none"> ▪ Taxable if BM is used for Business in India. ▪ Not taxable if: <ul style="list-style-type: none"> (i) BM is used for business/profession o/s India (ii) Royalty/FTS are for business/profession o/s India.
	(b) systematic & continuous soliciting of business or engaging in interaction with users in India			
	Aggregate payments from such transaction(s) during PY should exceed Rs. 2 crores.	(c)	NR → NR	<ul style="list-style-type: none"> ▪ Taxable if BM are used for business/profession in India. ▪ Not Taxable: BM is used by NR for other than Business.
	Number of users should be at least 3 lakhs.			
	Further, above transactions or activities shall constitute SEP in India, whether or not, <ol style="list-style-type: none"> 1. Agreement for such transactions or activities is entered in India; 2. NR has a residence or place of business in India; or 3. NR renders services in India. 			
				PC Note: Consideration for sale, distribution or exhibition of cinematographic films is covered within the scope of royalty.
	Receipt → First time when recipient of Income gets money under his control. No Tax on Remittance to another place/person <input checked="" type="checkbox"/> 'Receipt' in the hands of subsequent recipient.			