

Non- Resident Assessee – Provisions and Tax Rates [Assessment Year 2025-2026]

Sl.	Section	Particulars	Brief head of Transaction	Available to
<u>A. Income not chargeable to tax</u>				
1.	10(4)(i)	Interest on bonds or securities notified before 01-06-2002 by the Central Government including premium on redemption of such bonds.	Interest amount	Non resident
2.	10(4)(ii)	Interest on money standing to the credit in a Non-resident (External) account in India.	Interest amount	Person resident outside India (under FEMA Act) and person who has been permitted to maintain said account by RBI
3.	10(4B)	Interest on notified savings certificates issued before 01-06-2002 by the Central Government and subscribed to in convertible foreign exchange.	Interest amount	Individual, being a citizen of India or a person of Indian Origin, who is a non resident.
4.	10(4C)	Interest on Rupee Denominated Bonds (as referred to in Section 194LC) issued outside India during the period 17-09-2018 to 31-03-2019 by an Indian company/business trust	Interest amount	Non-resident person or foreign company
5.	10(4D)	Income accrued or arisen or received by specified fund which is attributable to units held by a non-resident (not being a PE in India) or to the investment division of offshore banking unit. Such exemption is allowed in respect of the following incomes: (a) Income from transfer of a capital asset as referred to in Section 47(viib) on a recognised stock exchange located in IFSC and consideration is paid or payable in 'convertible foreign exchange'; (b) Income arising from transfer of securities (other than shares in a company resident in India); (c) Income from securities issued by a non-resident (not being a PE of a non-resident in India) and where such income otherwise does not accrue or arise in India; or (d) Income from a securitization trust which is chargeable under the head 'Profits and gains from business or profession' to the extent such income accrued or arisen to or is received, is attributable to units held by non-resident (not being the permanent establishment of NR); or is attributable to the investment division of offshore banking unit.	Capital Gain/PGBP	Specified Fund
6.	10(4E)	Transfer of non-deliverable forward contracts or offshore derivative instruments or over the counter	Entire income	Non-resident

		derivative or income distributed on the offshore derivative instruments entered into with an offshore banking unit of IFSC as referred in section 80LA(1A) and fulfils prescribed conditions		
7.	10(4F)	Income on account of leasing of aircraft or a ship in a previous year, paid by a unit of an IFSC unit as referred to in section 80LA(1A), if unit has commenced operations on or before the 31st March 2025	Royalty or interest income	Non-resident
8.	10(4G)	Income by way of portfolio of securities or financial products or funds which is managed or administered by a portfolio manager on behalf of a non-resident in an account maintained with an Offshore Banking unit in an IFSC as referred in section 80LA(1A). The CBDT may also notify specified activity carried out by specified person that will fall under scope of this section.	Income from portfolio services	Non-resident
9.	10(4H)	Income earned by a non-resident or Unit of an IFSC as referred to in section 80LA(1A). The exemption shall be allowed subject to the following conditions: (a) Non-resident or Unit of an IFSC must be engaged primarily in the business of leasing of an aircraft; (b) Income should be in the nature of capital gains arising from the transfer of equity shares of a domestic company; (c) Domestic company must be a Unit of an IFSC as referred to in section 80LA(1A); (d) Domestic company must be engaged primarily in the business of leasing of an aircraft; (e) Domestic company must commence its operations on or before 31-03-2026; (f) Equity shares of the domestic company must be transferred within 10 years of commencing of its operations. However, if the domestic company commenced its operations before 01-04-2025, the 10-year time limit shall be counted from 01-04-2025. For the above purposes "aircraft" means an aircraft, helicopter, an engine or part of an aircraft or a helicopter.	Income from Capital Gains (transfer of equity shares of a domestic company) or PGBP (engaged in the business of leasing an aircraft)	Non-Resident or a Unit of IFSC
10.	10(6)(ii)	Remuneration received by Foreign Diplomats/Consulate and their staff (Subject to conditions)	Remuneration	Individual (not being a citizen of India)
11.	10(6)(vi)	Remuneration received by non-Indian citizen as employee of a foreign enterprise for services rendered by him during his stay in India, if:	Remuneration	Individual - Salaried Employee (not being a citizen of India)

		a) Foreign enterprise is not engaged in any trade or business in India b) His stay in India does not exceed in aggregate a period of 90 days in such previous year c) Such remuneration is not liable to be deducted from the income of employer chargeable under this Act		
12.	10(6)(viii)	Salary received by a non-resident, for services rendered in connection with his employment on a foreign ship if his total stay in India does not exceed 90 days in the previous year.	Salary	Non-resident Individual - Salaried Employee (not being a citizen of India)
13.	10(6)(xi)	Remuneration received by an Individual, who is not a citizen of India, as an employee of the Government of a foreign state during his stay in India in connection with his training in any Government Office/Statutory Undertaking, etc.	Remuneration	Individual-Salaried Employee (not being a citizen of India)
14.	10(6A)	Tax paid by Government or Indian concern on royalty or FTS from Government or Indian concern under agreement made before 1-6-2002 which either relates to a matter included in the industrial policy of the Government and is in accordance with that policy or is approved by Central Government	Tax liability of foreign company borne by taxpayer	Foreign Company
15.	10(6B)	Tax paid by Government or Indian concern under terms of agreement entered into before 1-6-2002 by Central Government with Government of foreign State or international organization on income derived from Government or Indian concern, other than income by way of salary, royalty or fees for technical services	Tax liability of non-resident borne by taxpayer	Non-resident
16.	10(6BB)	Tax paid by Indian company, engaged in the business of operation of aircraft, who has acquired an aircraft or its engine on lease, under an approved (by Central Government) agreement entered into between 31-3-1997 and 1-4-1999, or after 31-3-2007, on lease rental/income	Tax liability so borne by Indian Company	Government of foreign State or foreign enterprise
17.	10(6C)	Income by way of royalty or fees for technical services rendered in India or abroad in projects connected with security of India pursuant to agreement with Central Government	Royalty and fee for technical services	Notified foreign company
18.	10(6D)	Income by way of royalty or FTS for services rendered in or outside India to the National Technical Research Organization.	Entire Income	Non-resident or Foreign Company
19.	10(15)(iid)	Interest on notified bonds (notified prior to 01-06-2002) purchased in foreign exchange (subject to	Interest Amount	Individual, being a: a) NRI or nominee or survivor

		certain conditions)		of NRI; b) Individual to whom bonds have been gifted by NRI.
20.	10(15)(iii)	Interest on securities	Interest amount	Issue Department of Central Bank of Ceylon
21.	10(15)(iiia)	Interest on deposits made with scheduled bank with approval of RBI	Interest amount	Bank incorporate abroad
22.	10(15)(iiib)	Interest payable to Nordic Investment Bank on a loan advanced to a project approved by the Central Government.	Interest amount	Nordic Investment Bank
23.	10(15)(iiic)	Interest payable to the European Investment Bank on loan granted by it in pursuance of framework agreement dated 25-11-1993 for financial corporation between Central Government and that Bank	Interest amount	European Investment Bank
24.	10(15)(iv)(b)	Interest received from industrial undertaking in Indian on money lent to it under a loan agreement entered into before 01-06-2001	Interest amount	Approved foreign financial institution
25.	10(15)(iv)(fa)	Interest payable by scheduled bank on deposits in foreign currency where acceptance of such deposit by the bank is duly approved by RBI.	Interest amount	a) Non-resident b) Individual or HUF being a resident but not ordinary resident
26.	10(15)(viii)	Interest on deposit made on or after 01.04.2005 in an offshore Banking Unit referred to in Section 2(u) of the Special Economic Zones Act, 2005.	Interest amount	Person who is a non-resident or not ordinarily resident.
27.	10(15)(ix)	Any interest payable in respect of money borrowed by a unit located in IFSC on or after September 1, 2019.	Interest amount	Non-resident
28.	10(15B)	Income from the lease rental received from cruise ships operating in India	Lease rental income	Foreign Company
29.	10(23BBB)	Income of European Economic Community from interest, dividends or capital gains from investment of funds under specified scheme	Specified interest, dividends or capital gains	European Economic Community
30.	10(23BBC)	Income of SAARC Fund for Regional Projects set up by Colombo Declaration issued on 21-12-1991	Entire income	SAARC Fund for Regional Projects
31.	10(23FBC)	Income from specified fund or transfer of unit in specified fund Note: Specified fund means fund as referred to in Section 10(4D)	Entire income	Unit holder
32.	10(23FE)	Income of a specified person Note: 'Specified person' means:	Dividend, interest, any	Specified person

		a) Wholly owned subsidiary of Abu Dhabi Investment Authority, which is resident of UAE and makes investment, directly or indirectly, out of the fund owned by the Government of the Abu Dhabi. b) Sovereign wealth fund and pension fund which satisfies prescribed conditions.	sum referred to in clause (xii) of section 56(2), or long-term capital gains arising from an investment made in India	
33.	10(23FF)	Income on transfer of shares of a company resident in India, by the resultant fund or specified fund if prescribed conditions are satisfied	Capital gain	Non-resident
34.	10(34B)	Dividend income earned by an IFSC unit primarily engaged in aircraft leasing business. However, the exemption is subject to the condition that the company paying the dividend should also be an IFSC unit and engaged in the aircraft leasing business.	Dividend Income	IFSC engaged in the business of leasing aircrafts.
35.	10(48)	Any income received in India in Indian currency by a foreign company on account of sale of crude oil or any other goods or rendering of services as may be notified by the Central Government, to any person in India under an approved and notified agreement or arrangement (Subject to certain conditions)	Specified Income	Foreign Company
36.	10(48A)	Any income accruing or arising to a foreign company on account of storage of crude oil in a facility in India and sale of crude oil therefrom to any person resident in India (subject to certain conditions)	Entire income	Foreign company
37.	10(48B)	Any income arising to a foreign company on account of sale of leftover stock of crude oil from the facility in India after expiry of the agreement referred to in 10(48A) or on termination of the said agreement (Subject to certain conditions)	Entire Income	Foreign Company
38.	10(50)	Any income which is chargeable to equalization levy under Chapter VIII of the Finance Act, 2016.	Entire income	Non-resident

B. Income under the head Profit and gains from business or profession

1.	44B read with 172	Income from shipping business shall be computed on presumptive basis (Subject to certain conditions).	7.5% of specified sum shall be deemed to be the presumptive income	Non-resident engaged in shipping business
2.	44BB	Income of a non-resident engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be	10% of specified sum shall be deemed to be	Non-resident engaged in activities connected with exploration of mineral oils

		used, in the prospecting for, or extraction or production of, mineral oils shall be computed on presumptive basis (Subject to certain conditions).	the presumptive income	
3.	44BBA	Income of a non-resident engaged in the business of operation of aircraft shall be computed on presumptive basis (Subject to certain conditions).	5% of specified sum shall be deemed to be the presumptive income	Non-resident engaged in the business of operating of aircraft
4.	44BBB	Income of a foreign company engaged in the business of civil construction or the business of erection of plant or Machinery or testing or commissioning there of, in connection with a turnkey power projects shall be computed on presumptive basis (Subject to certain conditions).	10% of specified sum shall be deemed to be the presumptive income	Foreign Company
5.	44BBC	Presumptive taxation scheme for the business of operation of cruise ships by non-residents	20% of the specified amounts shall be deemed to be the presumptive income.	Non-resident
6.	44C	Deduction for Head office Expenditure (Subject to certain conditions and limits)	Deduction for head-office expenditure shall be limited to lower of following: a) 5% of adjusted total income* ; or b) Head office exp. as attributable to business or profession of taxpayer in India * In case where adjusted total income of assessee is a loss, adjusted total income shall be substituted by average adjusted total income ** Adjusted	Non-resident

			total income or average adjusted total income shall be computed after prescribed adjustments i.e. unabsorbed depreciations, carry forward losses, etc.	
7.	44DA	Deduction of expenditure from royalty and FTS received under an agreement made after 31-03-2003 which is effectively connected to the PE of non-resident in India (Subject to certain conditions)	Expenditure incurred wholly and exclusively for the business of PE or fixed place of profession in India shall be allowed as deduction.	Non-resident (not being a company) or Foreign Company

C. Income under the head Capital Gains

1.	47(via)	Transfer of a capital asset being shares in an Indian company by the amalgamating foreign company to the amalgamated foreign company (in scheme of amalgamation) shall not be treated as 'transfer' (Subject to certain conditions).	No capital gains shall arise in the hands of foreign amalgamating company due to transfer of capital assets.	Foreign amalgamating company
2.	47(viab)	Transfer of share of a foreign company (which derives, directly or indirectly, its value substantially from the share or shares of an Indian company) held by a foreign company to another foreign company under a scheme of amalgamation shall not be regarded as transfer (Subject to certain conditions)	No capital gains shall arise in the hands of foreign amalgamating company	Foreign amalgamating company
3.	47(viiab)	Transfer of bonds or GDRs as referred to in Sec. 115AC(1) or Rupee Denominated Bond of Indian Co. or Derivative or any other specified security by a non-resident on a recognized stock exchange located in any IFSC and where the consideration is paid in foreign currency	No capital gains shall arise in the hands of non-resident	Non-resident
4.	47(vic)	Transfer of a capital asset being shares in an Indian company by the demerged foreign company to the	No capital gains shall arise in the	Foreign demerged company

		resulting foreign company (in scheme of demerger) shall not be treated as 'transfer' (Subject to certain conditions).	hands of foreign demerged company due to transfer of capital assets.	
5.	47(vicc)	Transfer of share of a foreign company (which derives, directly or indirectly, its value substantially from the share or shares of an Indian company) held by a demerged foreign company to resulting foreign company pursuant to demerger shall not be regarded as transfer (Subject to certain conditions)	No capital gains shall arise in the hands of foreign demerged company	Foreign demerged company
6.	47(viia)	Transfer of capital asset being bonds or GDR [referred to in section 115AC(1)] outside India by one non-resident to another non-resident shall not be treated as 'transfer'.	No capital gains shall arise in the hands of non-resident transferor	Non-resident
7.	47(viiaa)	Transfer of capital asset being rupee denominated bond of an Indian company issued outside India by one non-resident to another non-resident shall not be treated as 'transfer'.	No capital gains shall arise in the hands of non-resident transferor	Non-resident
8.	47(viiac)	Transfer of a capital asset by the original fund to the resultant Fund, in relocation, shall not be considered as a transfer for capital gain tax purpose <i>Note: Refer Explanation to section 10(viiad) for meaning of original fund, relocation & resultant fund.</i>	Amount of capital gain	Non-resident
9.	47(viiad)	Transfer of capital asset being share or unit or interest (in relocation) held by shareholder or unit holder in original fund, in consideration for share or unit or interest in resultant fund <i>Note: Refer Explanation to section 10(viiad) for meaning of original fund, relocation & resultant fund.</i>	Amount of capital gain	Non-resident
10.	47(viib)	Transfer of a capital asset, being a Government security carrying a periodic payment of interest, made outside Indian (through an intermediary dealing in settlement of securities) by a non-resident to another non-resident shall not be treated as 'transfer' (Subject to certain conditions).	No capital gains shall arise in the hands of non-resident transfer	Non-resident
11.	First Proviso to 48	Computation of capital gains when shares or debentures in an Indian Company are transferred which were acquired in foreign currency (Subject to certain conditions)	Capital gain shall be computed in same foreign currency (utilized for	Non-resident

			acquiring shares or debentures) which shall be reconverted into Indian currency (without providing benefit of indexation)	
12.	115F	Long-term capital gain arising from transfer of specified foreign exchange assets shall be exempt from tax if net consideration is invested within six months after date of transfer in any specified asset or deposited in notified saving certificates (Subject to certain conditions).	Amount of exemption shall be computed in following manner: Amount invested in new asset X Capital gains / Net Sales consideration	Non-resident Indian

D. Other Provisions

1.	90	A non-resident can apply either provisions of the Act or the relevant DTAA (India has entered into with counterpart foreign country), whichever is more beneficial.	Beneficial provisions of DTAA or the Income-tax Act	Non-resident
2.	95	Provisions of GAAR shall be applicable in respect of any assessment year beginning on or after April 1, 2018.	-	-
3.	192	If net taxable income (being income from employment) is less than maximum amount which is not chargeable to tax (Rs. 2,50,000) no tax shall be deducted at source.	No deduction of tax at source from salaries	Non-resident - Individual
4.	245N, 245Q	A non-resident applicant can apply before Authority for Advance Ruling for determination of tax liability that may arise out of a business carried out in India (Subject to certain conditions) Note: The Finance Act, 2021 has provided that the Authority for Advance Rulings shall cease to operate with effect from such date, as may be notified by the Central Government in the Official Gazette.	Non-resident can file application for Advance Ruling	Non-resident
5.	245-OB	The Central Government to constitute one or more Board for Advance Rulings for giving advance rulings	Non-resident can file	Non-resident

		on and after the notified date.	application for Advance Ruling	
6.	115G	A non-resident Indian shall not be required to file his return of income if his total income consists only following incomes and tax has been deducted therefrom: a) Income from investment in foreign exchange assets b) Long-term capital gains arising from transfer of foreign exchange assets.	Exemption from filing of return of income	Non-resident Indian

Special Rates of Taxes for Non-Resident

Sl.	Section	Particulars	Rates
1.	112(1)(c)	Long Term Capital Gains	20%- If transfer takes place before 23-07-2024 12.50% - If transfer takes place on or after 23-07-2024
2.	112(1)(c)	Long term capital gains arising from transfer of a capital asset, being unlisted securities or shares of a company not being a company in which public are substantially interested.	10%- If transfer takes place before 23-07-2024 12.50% - If transfer takes place on or after 23-07-2024
3.	112(1)(c)	Concessional rate of tax if long term capital gains arising from transfer of listed securities or units or zero coupon bonds is calculated without taking into consideration the benefit of indexation.	10%
4.	111A	Concessional rate of tax if short term capital gains arising from transfer of equity shares or units of an equity oriented fund, or a unit of business trust is chargeable to securities transaction tax. With effect from assessment year 2016-17 the concessional tax rate shall also apply to any income arising from transfer of any units of a business trust which were acquired in consideration of a transfer referred to in section 47(xvii) and in respect of which security transaction tax has been paid.	15%- If transfer takes place before 23-07-2024 20% - If transfer takes place on or after 23-07-2024
5.	112A	Long-term capital gains arising from transfer of capital assets, being listed equity shares, units of equity oriented fund or unit of business trust. The capital gains shall be computed without applying the first and second proviso to Section 48.	10%- If transfer takes place before 23-07-2024 12.50% - If transfer takes place on or after 23-07-2024
6.	115AD	Income in respect of securities received by foreign institutional investor as specified by the Government or by a specified Fund: • Short term capital gain covered by section 111A (if transfer takes place before 23-07-2024)	15%

		<ul style="list-style-type: none"> • Short term capital gain covered by section 111A (if transfer takes place on or after 23-07-2024) • Any other short-term capital gain • Long-term capital gain • Long-term capital gain (referred to in section 112A) in excess of Rs. 1 lakh (if transfer takes place before 23-07-2024) • Long-term capital gain (referred to in section 112A) in excess of Rs. 1.25 lakh (if transfer takes place on or after 23-07-2024) • Interest referred to in section 194LD • Other income in the case of FI • Other income in the case of specified Fund 	20% 30% 10% 10% 12.5% 5% 20% 10%
7.	115A(1)(a)(i)	Dividends	20%
8.	115A(1)(a)(i)	Dividend from a unit located in IFSC (as referred to in section 80LA(1A))	10%
9.	115A(1)(a)(ii)	Interest received from Government or an Indian concern on monies borrowed or debt incurred in foreign currency	20%
10.	115A(1)(a)(iia)	Interest from notified Infrastructure Debt Fund as referred to in section 10(47)	5%
11.	115A(1)(a)(iiaa)	Interest of the nature and extent referred to in Section 194LC	5% or 4% or 9%
12.	115A(1)(a)(iiab)	Interest of the nature and extent referred to in Section 194LD	5%
13.	115A(1)(a)(iiac)	Distributed income being interest referred to in Section 194LBA	5% or 10% or 30%
14.	115A(1)(a)(iii)	Income in respect of units purchased of a Mutual Funds in foreign currency [specified under section 10(23D) or of UTI]	20%
15.	115A(1)(b)	Income by way of Royalty or FTS (other than income referred to in Section 44DA) received in pursuance of an agreement made at any time after 31-03-1976.	20%
16.	115AB	Income of an overseas financial organization on transfer of units purchased in foreign currency being long-term capital gains (if transfer takes place before 23-07-2024)	10%
17.	115AB	Income of an overseas financial organization on transfer of units purchased in foreign currency being long-term capital gains (if transfer takes place on or after 23-07-2024)	12.5%
18.	115AB	Income of an overseas financial organisation in respect of units purchased in foreign currency	10%
19.	115AC	Income from bonds or GDRs of a public sector company sold by the Government and purchased in foreign currency	10%
20.	115AC	Income from long-term capital gains arising from transfer of bonds or GDRs (if transfer takes place before 23-07-2024)	10%
21.	115AC	Income from long-term capital gains arising from transfer of bonds or GDRs (if transfer takes place on or after 23-07-2024)	12.5%
22.	115AD(1)(b)	Short term capital gains earned by specified fund or FIIs as	15%

		referred to in Section 111A	
23.	115AD(1)(b)	Short term capital gains earned by specified fund or FIIs as referred to in Section 111A	15%
24.	115AD(1)(b)	Any other short term capital gain earned by specified fund or FIIs (other than as referred to in Section 111A)	30%
25.	115AD(1)(b)	Long term capital gains earned by specified fund or FIIs	10%
26.	115AD(1)(a)	Interest referred to in section 194LD earned by specified fund or FIIs	5%
27.	115AD(1)(a)	Other income earned by specified fund or FIIs	20% for FIIs & 10% for specified fund
28.	115BBA(1)(a)/(b)	Income of a non-resident foreign citizen sportsman for participation in any game in India or received by way of advertisement or for contribution of articles relating to any game or sport in India or income of a non-resident sport association by way of guarantee money	20%
29.	115BBA(1)(c)	Income of non-resident foreign citizen (being an entertainer) for performance in India	20%
30.	115E	Income from specified asset purchased in foreign currency	20%
31.	115E	Long-term capital gains arising from transfer of specified asset purchased in foreign currency	10%
32.	115E	Income from long-term capital gains of an asset other than a specified asset	20%