



Residential Status and Incident of Taxes

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Introduction





Residential Status

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Residential Status

Individual



Residential Status - Individual

Section 6

- Residential Status of an individual is of utmost importance since it determines the scope of taxable income under Indian Income Tax Act
- Three types of Residential Status in India

ROR

Resident and Ordinarily Resident in India

RNOR

Resident but Not Ordinarily Resident in India

NR

Non-Resident in India

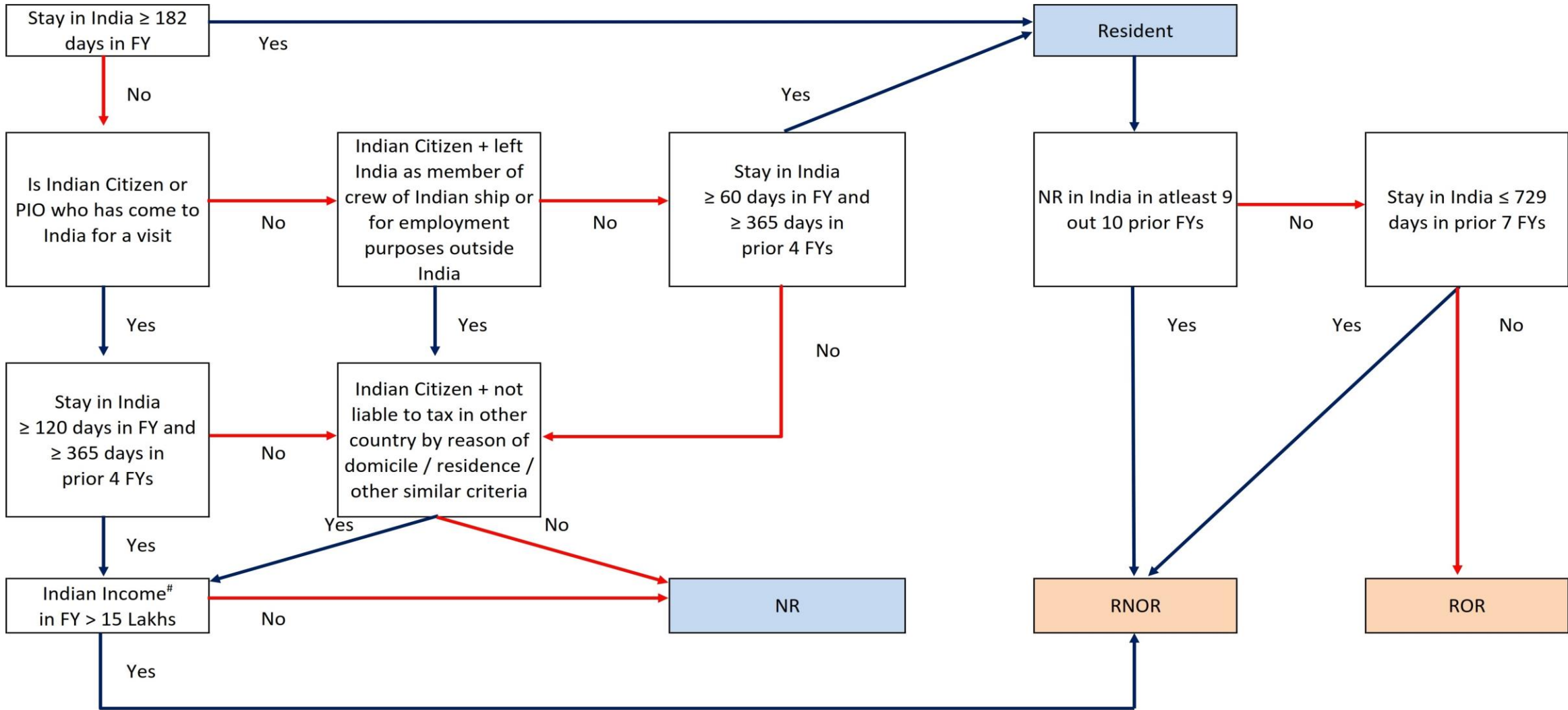


Determination

- Resident
 - ROR
 - RNOR
- Non Resident

RESIDENTIAL STATUS OF INDIVIDUALS

Start here



Note: This flow chart has been prepared based on our understanding of the law and about intentions of the legislature.

Indian Income shall also include foreign income derived from business controlled in or profession set up in India



Residential Status

Case Study



Case Study - I

Mr. RAK, owner of RAK Inc. comes to India for 100 days every year. What shall be his residential status for A.Y. 2020-21?

Step 1: Total stay of Mr. RAK in last 4 years preceding 2019-20 (Concerned F.Y.) is 400 days (i.e. $100 * 4$) and his stay in F.Y. 2019-20 is 100 days.

Therefore, since he has satisfied the condition following conditions;

- Stay in India ≥ 60 Days in FY
- Stay in India ≥ 365 Days in 4 PFY

Hence, he is a resident in India.

Step 2: His total stay in India in last 7 years preceding F.Y. 2019-20 is 700 days (i.e. $100 * 7$).

He satisfies the condition of the additional conditions i.e. stay in India during last 7 PFY ≤ 729 Days.

Hence he is Not-Ordinarily Resident (NOR) in India.

Thus, for AY 2020-21, Mr. RAK shall be resident but Not Ordinarily Resident (NOR).



Case Study - II

Rohit, an Indian citizen, leaves India on 22nd September 2019 for the first time, to work as an employee of a company in USA. What shall be his residential status for A.Y. 2020-21?

During the F.Y. 2019-20, Rohit was in India for 175 days

i.e. 30 (April) + 31 (May) + 30 (June) + 31 (July) + 31 (August) + 22 (September).

Since he is leaving India for purpose of employment, hence 2nd condition of basic condition shall not be applicable for him. He doesn't fulfil the 1st condition of basic conditions also.

Hence he shall be Non-Resident in India for F.Y. 2019-20.



Case Study - III

Rohit, an Indian citizen, leaves India on 22nd September 2019 for the first time, to work as an employee of a company in USA. What shall be his residential status for A.Y. 2020-21?

His Total Salary is Rs. 25 Lac on which no Tax charged or payable in USA.

During the F.Y. 2019-20, Rohit was in India for 175 days

i.e. 30 (April) + 31 (May) + 30 (June) + 31 (July) + 31 (August) + 22 (September).

Since he is leaving India for purpose of employment, hence 2nd condition of basic condition shall not be applicable for him. He doesn't fulfil the 1st condition of basic conditions also.

Hence he shall be Non-Resident in India for F.Y. 2019-20.



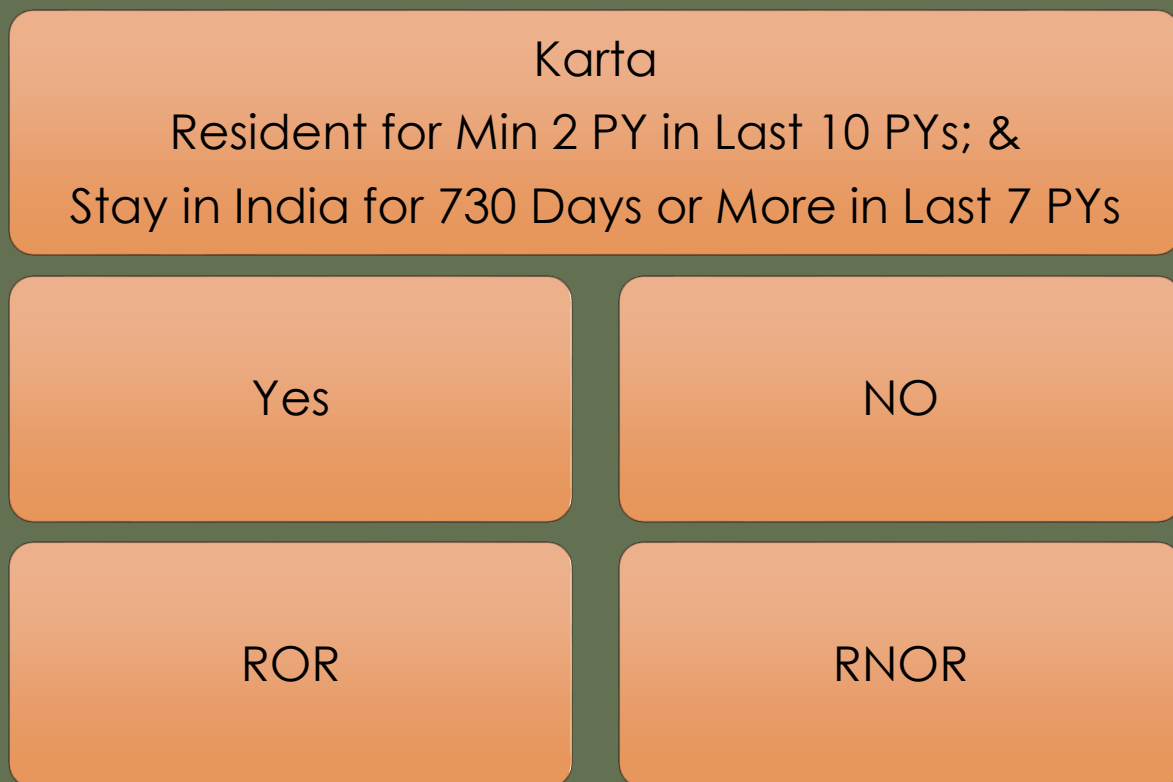
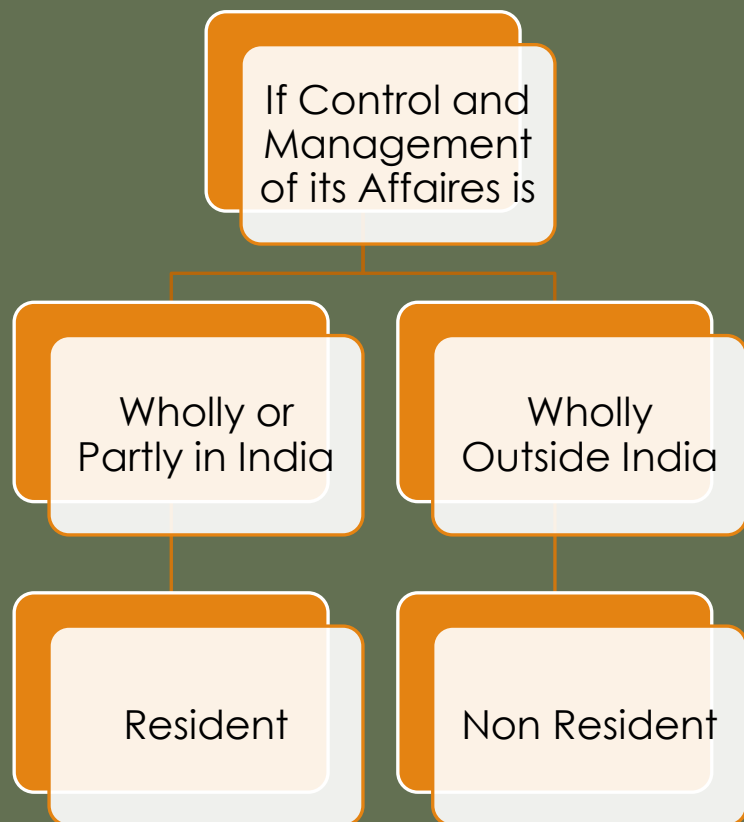
Residential Status

HUF



Residential Status - HUF

Section 6





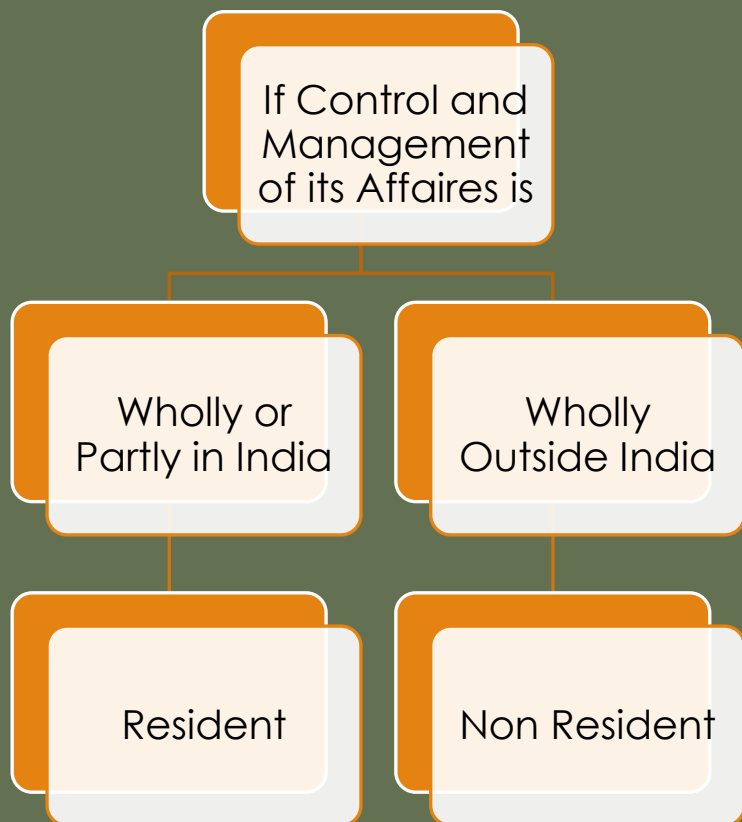
Residential Status

FIRM



Residential Status – Firm/AOP/BOI

Section 6





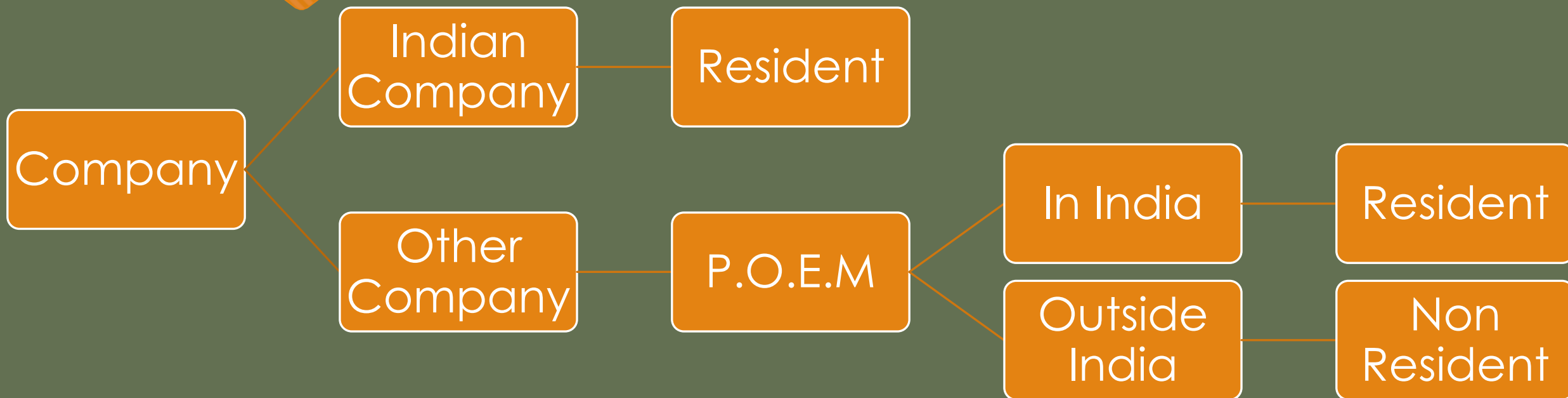
**Residential
Status**

Company



Residential Status – Firm/AOP/BOI

Section 6



P.O.E.M. = Place where Necessary Key Management & Commercial Decision i.r.t. Business of Entity as whole are in substance made

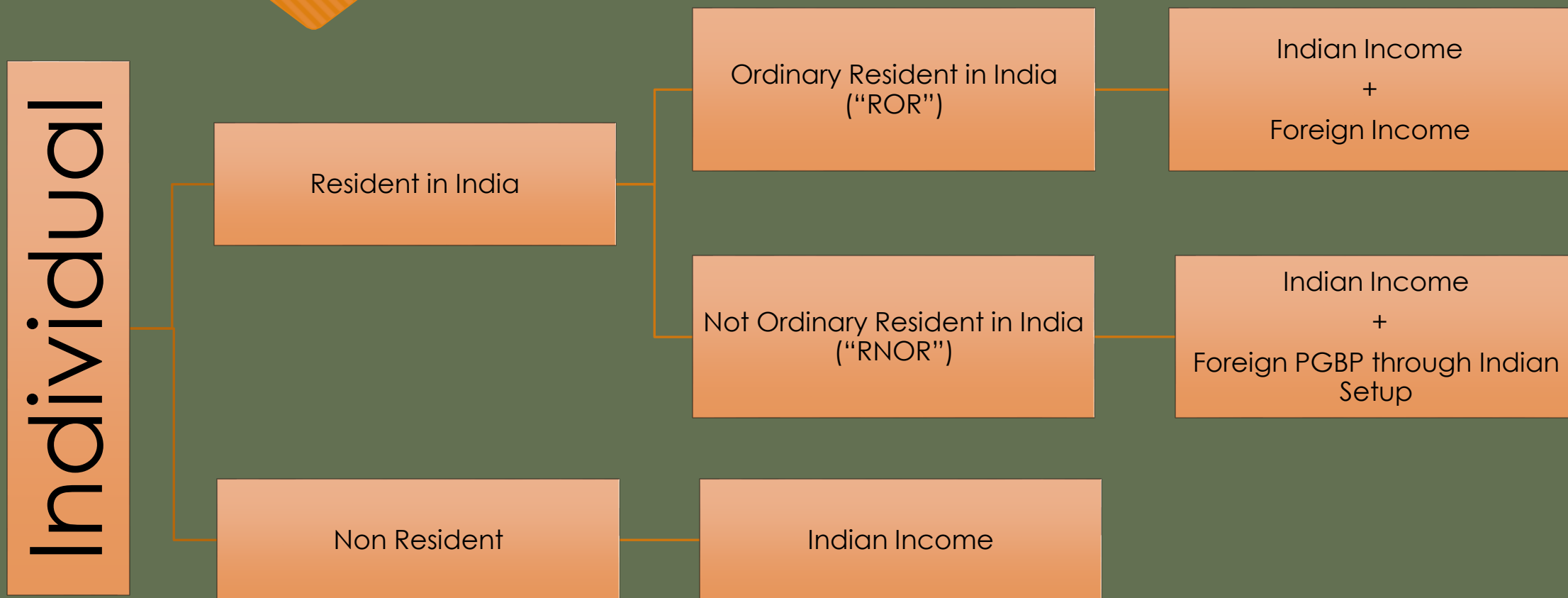


Incident of Tax

On Indian and
Foreign Income



Incident of Tax





Incident of Tax

Source of Income	Resident and Ordinarily Resident ("ROR")	Resident but Non-Ordinarily Resident ("RNOR")	Non Resident ("NR")
Income Received / Deemed to be Received in India	✓	✓	✓
Income Accrue / Arise / Deemed to Accrue/Arise in India	✓	✓	✓
Income Accrues / Arise or Received Outside India <ul style="list-style-type: none">• A Business Controlled from India• Profession setup in India	✓	✓	χ
Income accrues or arises or received outside India	✓	χ	χ



THANKYOU

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