



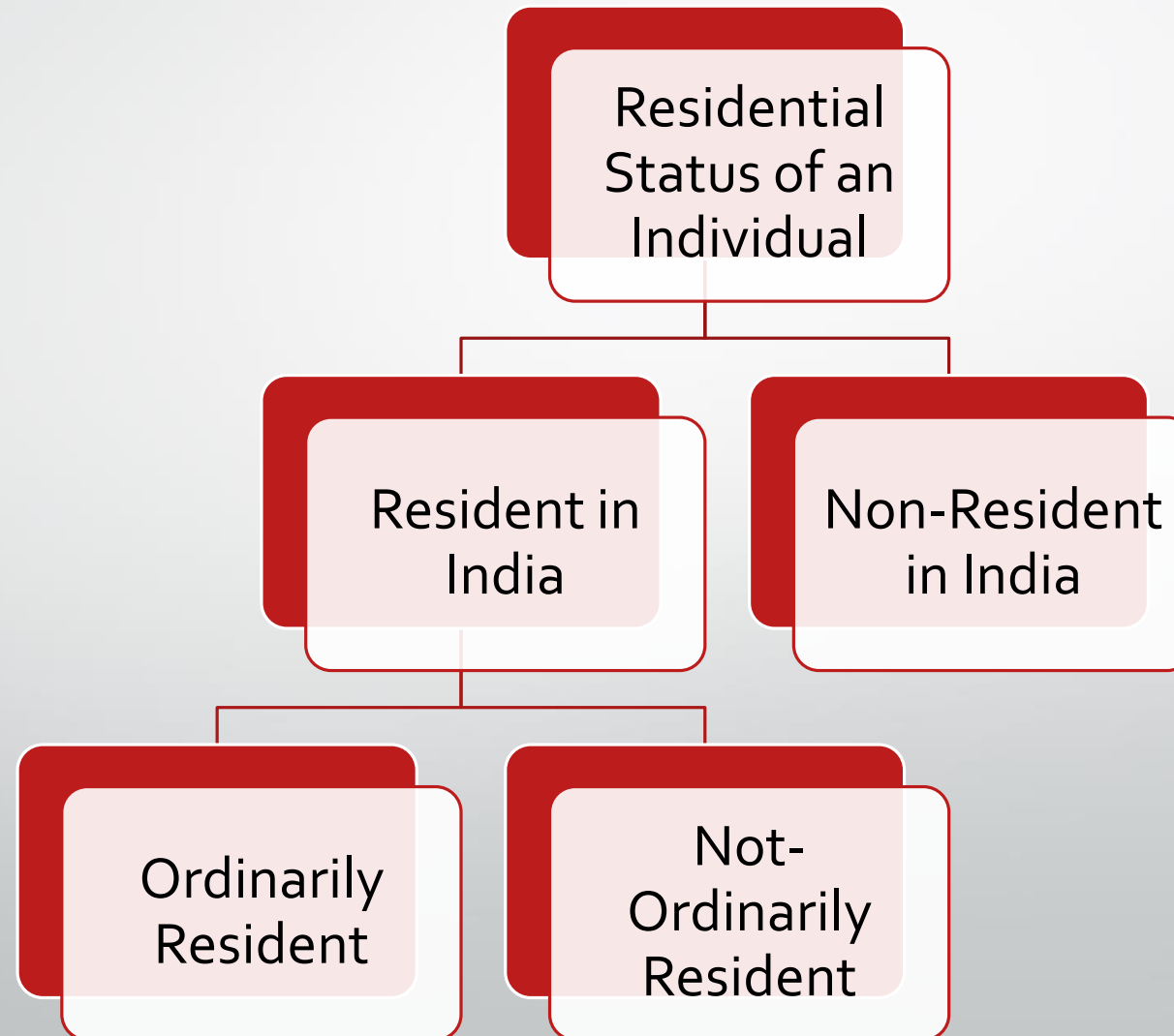
SCOPE OF TOTAL INCOME & RESIDENTIAL STATUS

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RESIDENTIAL STATUS

- Tax liability of an assessee depends upon his residential status.
- All taxable entities are divided in the following categories for the purpose of determining residential status:
 - An Individual;
 - A Hindu Undivided Family;
 - A Company
 - Every Other Person (Firm, Association of Persons (AOP), Body of Individuals (BOI), and any of other persons)
- An *Individual and Hindu undivided family* can either be resident and ordinarily resident in India or resident but not ordinarily resident in India or non resident in India.
- All other assesseees can either be resident or non resident in India.

Residential Status of an Individual [Sec. 6 (1)]



Basic Conditions

- An Individual is said to be resident in India in any previous year, if he satisfies **at least one** of the following conditions:

1

He is in India for a period of 182 days or more during the relevant previous year.

OR

a) He is in India for a period of 60 days or more during the relevant previous year

and

b) 365 days or more during 4 years immediately preceding the relevant previous year.

2

Exception to condition (2)

In the following two special cases residential status of an individual shall be determined only on the basis of Basic Condition (1)

- i. If an individual who is citizen of India and who leaves India in any P.Y. for the purpose of employment outside India

OR

In case an individual who is citizen of India and who leaves India in any P.Y. as a member of the crew of Indian ship.

- ii. In case an individual who is citizen of India or person of Indian origin being outside India comes on a visit to India in any previous year.

A person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents was born in undivided India.

Additional Conditions

- Individual is treated as a Resident and Ordinarily Resident in India if he satisfies both the following additional conditions:

1

He has been resident in India for at least 2 out of 10 previous year immediately preceding the relevant previous year.

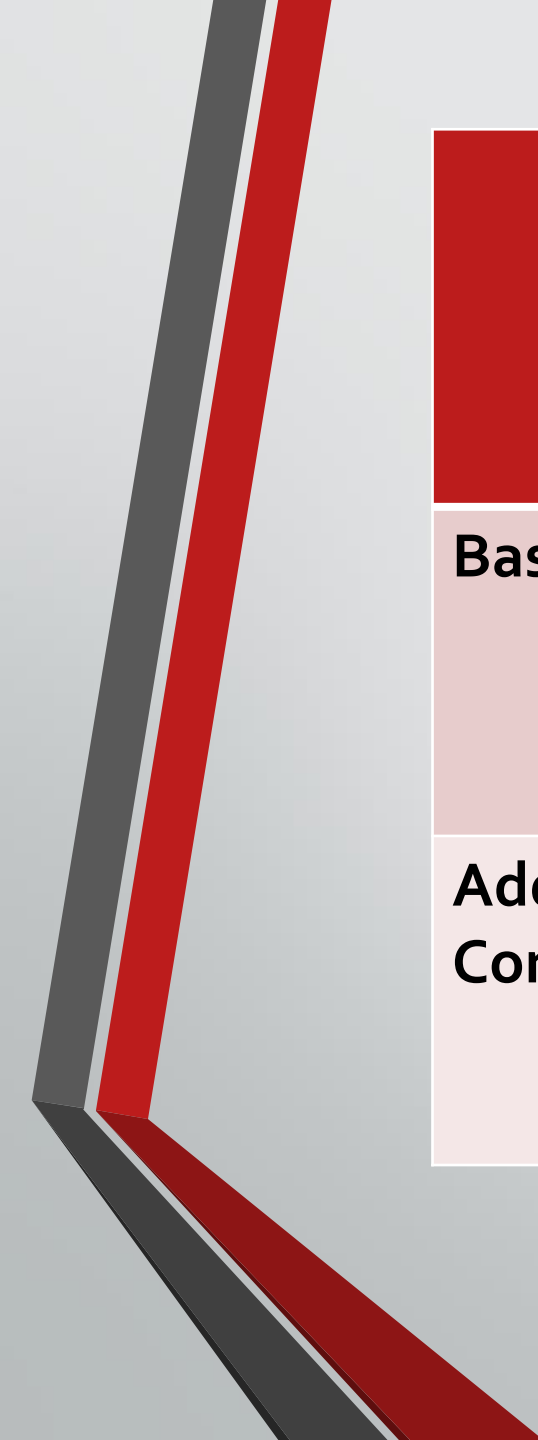
AND

2

He has been in India for a period of 730 days or more during 7 previous years immediately preceding the relevant previous year.

NOTES

- Relevant previous year means the previous year for which the residential status is being determined.
- It is not essential that the stay should be at the same place.
- It is equally not necessary that the stay should be continuous.
- For the purpose of computation, the day individual enters India and the day he leaves India should both be treated as stay in India.



	Resident & Ordinarily Resident (ROR)	Resident & Not-Ordinarily Resident (RNOR)	Non-resident (NR)
Basic Concepts	At least one or both Condition	At least Condition	None
Additional Concepts	Both	One or None	Doesn't Matter

Question 1

Q1) X left India for the first time on April 11, 2018. During the F.Y. 2019-20, he came to India once on October 2 for a period of 45 days. Determine his residential status for the A.Y. 2020-21.

A1)

- Since X comes to India only for 45 days in the P.Y. 2019-20, he does not satisfy any of the basic conditions laid down in section 6(1).
- He is, therefore, non-resident in India for the A.Y. 2020-21.

Question 2

Q2) X was born in Chennai in 1993. Later on he migrated to Canada in June 2010 and took the citizenship of that country w.e.f from December 26, 2018. His Parents were born in Bengal in 1960 but his grandparents were born in India in 1946. He comes to India during 2019-20 for a visit of 150 days. During earlier 4 years (, i.e., April 1, 2015 to March 31, 2019) he was in India for 400 days. Find out the residential status of X for the A.Y. 2020-21.

Ans2) X is presently a foreign citizen. His grand parents were born in undivided India. He is a person of Indian origin. During the P.Y. 2019-20, he was in India for a visit of 150 days. He is covered by Special Case 2. He cannot satisfy Basic Conditions (1). Basic Conditions (2) is not relevant in his case. Consequently, he is non-resident in India for the A.Y. 2020-21

Question 3

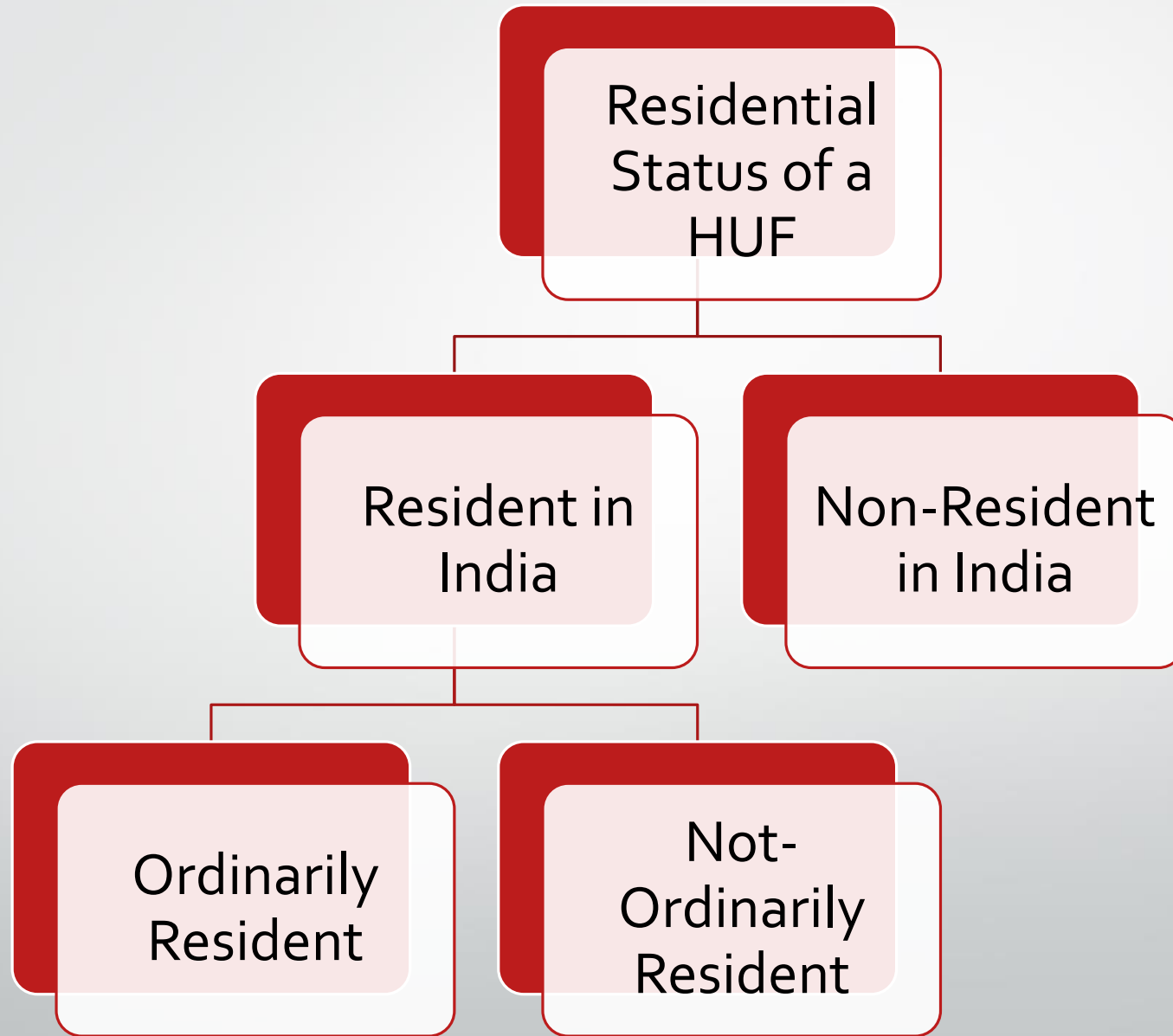
Q3) X came to India for the first time on April 25, 2017 for 240 days. During the P.Y. 2018-19, he was in India only for 130 days. During the P.Y. 2019-20, he was in India for 60 days (20 days in Chennai and 40 days in Nasik). Determine his residential status for the A.Y. 2020-21. X is a foreign citizen, he was born in Pakistan in 1989. His parents were born in Karachi in 1968 and grandparents were born in Canada in 1946.

Ans:

Basic condition 2 is satisfied and none of the two additional conditions. Hence, the person is RNOR.



Hindu Undivided Family [Sec. 6(2)]



Control and Management of the affairs of a HUF

Wholly in India

- Resident

Partly in India &
partly outside India

- Resident


Wholly out of India

- Non-Resident

For ROR and RNOR: Residential status of Karta or Manager of the family is considered


HUF is treated as a Resident and Ordinarily Resident in India if karta or Manager/Head of family satisfies both the following additional conditions:

- i) He has been resident in India in at least 2 out of 10 previous year immediately preceding the relevant previous year.
- ii) He has been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year.



Residential Status of a Company [Section 6 (3)]

Section	Company	Residential Status
6(3)(i)	Indian Company	Always Resident in India
6(3)(ii)	A foreign Company (whose turnover/gross receipt in the P.Y. is more than Rs. 50 Crore)	It will be resident in India if its place of effective management (POEM), during the relevant P.Y. is in India.
6(3)(iii)	A foreign Company (whose turnover/gross receipt in the P.Y. is Rs. 50 Crore or less)	Always Non-Resident in India



Residential Status of Firm, AOP, BOI
and
of Every Other Person

Residential Status of
Firm /AOP/BOI/or
every other person

Resident in India

Non-Resident in
India

Control and management of its affairs situated

-> Wholly in India

-> Partly in India and
Partly outside India

-> Wholly Outside
India