

CHAPTER 2- RESIDENTIAL STATUS

Illustration 1

X is a citizen of Bangladesh. His grandmother was born in a village near Dhaka in 1940. He came to India for the first time since 1981 on 2/10/2018 for a visit of 190 days.

Find out the residential status of X for the assessment year 2019-20 on the assumption that wife of X is a resident but "not ordinarily resident in India" for the same year.

Solution

Illustration 2

'M' an Indian citizen left India for the first time on 24/09/2017 for employment in USA . During the previous year 2018-19 he comes to India on 5/6/2018 for 165 days. Determine the residential status of 'M' for the assessments year 2018-19 and 2019-20.

Solution

Illustration 3

Mrs Kohli, a citizen of India is an export manager of Arjun Overseas Limited, an Indian company, since 1.5.2014. he has been regularly going to USA for export promotion. He spent the following days in USA for the last five years:

| Previous year ended | No. of days spent in USA |
|---------------------|--------------------------|
| 31.3.15 | 317 days |
| 31.3.16 | 150 days |
| 31.3.17 | 271 days |
| 31.3.18 | 311 days |
| 31.3.19 | 294 days |

Determine his residential status for assessment year 2019-20 assuming that prior to 1.5.2014. he had never travelled abroad.

Solution

Illustration 4

R Ltd and S Ltd companies are registered in Nepal and India respectively. All meetings of board of directors of R Ltd were held in India. Whereas all board meetings of S Ltd were held in Nepal during the previous year 2018-19. Determine the residential status of both the companies for the assessment year 2019-20.

Solution

Illustration 5

Determine the residential status in the following cases for the assessment year 2019-20:

- The control and management of a HUF is situated in India. The manager of the HUF. Visited England with his wife from 14.8.18 to 30.6.2019. earlier to that he was always in India.
- A company, whose registered office is in America, has a place of its effective management in the previous year in India.
- In a partnership firm, there are three partners namely A, B and C. A and B reside in India. While C lives in Germany. The firm is fully controlled by C. during the previous year , Mr. C stayed for 6 months in India.
- A VIP club is in India, whose director Mr X belongs to China. The club is controlled fully by Mr. X. in the previous year Mr. X did not come for a single day to India.

Solution

Illustration 6

During the previous year 2018-19, X a foreign citizen, stayed in India for just 69 days. Determine the his residential status for the assessments year 2019-20 on the basis of the following information:

- During 2017-18, he was not present in India but during 2016-17 he came to India for 276 days.
- During 2015-16, X was present in India for 90 days.
- During 2012-13 and 2011-12, X was in India for 359 and 348 days respectively.
- Earlier to 2011-12 he had been regularly coming to India for 100 days every year.

Solution

Illustration 7

A earns the following income during the financial year 2018-19:

| | Particulars | Amount (₹) |
|---|---|------------|
| A | Interest paid by an Indian company but received in London | 2,00,000 |
| B | Pension from former employer in India, received in USA | 8,000 |
| C | Profit earned from business in Paris which is controlled in India, half of the profits being received in India. | 40,000 |
| D | Income from agriculture in Bhutan and remitted to India | 10,000 |
| E | Income from property in England and received there | 8,000 |
| F | Past foreign untaxed income brought to India | 20,000 |

Determine the total income of A for the assessment year 2019-20 if he is (i) resident and ordinarily resident, (ii) not ordinarily resident, and (iii) non-resident in India

Solution

Illustration 8

Following are the incomes of R, a citizen of India, for the previous year 2018-19:

| | | |
|---|---|--------|
| 1 | Interest on savings bank deposit in corporation bank, Delhi | 12,000 |
| 2 | Income from agriculture in Africa invested in Russia | 5,000 |
| 3 | Dividends received in USA from an English company, out of which ₹2,000 were remitted to India | 12,000 |
| 4 | Salary drawn for two months for working in India Embassy's office in Australia and salary received there | 48,000 |
| 5 | Income from house property. (the building is situated in Iraq, out of which ₹20,000 deposited in banks in Iraq and the balance remitted to India) | 25,000 |
| 6 | Pension received in Belgium for services rendered in India with a limited company | 10,000 |

You are required to compute his gross total income for the assessment year 2019-20 if he is (a) a resident and ordinarily resident, (b) not ordinarily resident, and (c) a non-resident.

Solution

Illustration 9

Compute taxable income of G a non-resident for the previous year 2018-19:

| | Particulars | Amount (₹) |
|---|---|------------|
| 1 | Income from operations confined to the purchase of goods in India for the purpose of export | 40,000 |
| 2 | Income from operations confirmed to shooting of a cinematography film in India G is an Indian citizen | 1,00,000 |
| 3 | Income from salary received in India for service rendered outside India | 60,000 |

Solution