RESIDENTIAL STATUS & INCIDENCE OF TAX

1. Subhash discloses following particulars of his receipts during the financial year 2007-2008:

(i)	Salary income earned at Pune but received in Srilanka	2,50,000
(ii)	Profits earned from a business in Kenya which is controlled in India, half of the profits being received in India.	2,20,000
(iii)	Income from property, situated in Nairobi and received there	75,000
(iv)	Income from agriculture in Bangladesh and brought to India	68,000
(v)	Dividend-paid by an Indian company but received in London on 15 May 2008.	22,000
(vi)	Interest on USA Development Bonds and one half of which was received in India	44,000
(vii)	Past foreign untaxed income brought to India	2,10,000
(viii)	Gift of $1000 from father, settled in USA, received in India	80,000
(ix)	Land sold in Delhi, consideration received in Canada, resulting into capital gain	2,50,000
(x)	Income from structure-designing constancy service, set up in Germany, controlled from India, profits being received outside India	4,00,000
(xi)	Loss from foreign business, controlled from India, sales being received in India	(-) 2,00,000

Determine his taxable income for the previous year 2008-2009 if he is (i) resident and ordinarily resident, (ii) resident but not ordinarily resident, (iii) non-resident.

Particulars of Income	Resident and ordinarily resident Rs	Resident but not ordinarily resident Rs	Non-resident Rs
(i) Salary earned at Pune but received at Sri Lanka: Salary is deemed to accrue or arise at a place where services are rendered, place of receipt being immaterial [Sec. 9(1)(ii)]. Hence, it is taxable in all cases	2,50,000	2,50,000	2,50,000
(ii) Profits earned from a business in Kenya, controlled in India:			
(a) One half of profits are taxable on receipt basis	1,10,000	1,10,000	1,10,000
(b) Other half profits—from foreign business controlled in India (in case of resident and ordinarily resident, place of control is of no relevance)	1,10,000	1,10,000	—
(iii) Income from property in Nairobi and received there: Income accruing or arising outside India	75,000	—	—
(iv) Income from agriculture in Bangladesh and brought to India: It is not income received in India as receipt means first receipt. Hence, it is not taxable in case of "not ordinarily resident" and "non-resident". In case of "ordinarily resident", it is income accruing or arising outside India. Hence, it is taxable. It should be noted that it is not agricultural income/ as it is not derived from land, situated in India, and hence not derived from under Sec. 10(1).	68,000	—	—

(v) Dividend paid by an Indian company but received in London: Dividend paid by an Indian company is deemed to accrue or arise in India. However, any dividend paid, declared or distributed by a domestic company on or after 1st April 2004 is exempt from tax under Sec. 10(34). Therefore, such dividend is not taxable.	—	—	—
(vi) Interest on USA Development Bonds:			
(a) One half is taxable on receipt basis	22,000	22,000	22,000
(b) Other half is taxable only in case of "ordinarily resident" as it is foreign income accruing or arising outside India	22,000	—	—
(vii) Past untaxed foreign income brought to India. It is not income received in India. Furthermore, it is not the income of the previous year 2008-2009. Hence, it is not taxable in any case.	—	—	—
(viii) Gift from a relative is not taxable.	—	—	—
(ix) Capital gain is deemed to accrue or arise in India [Sec. 9(1)(i)]	2,50,000	2,50,000	2,50,000
(x) Income from consultancy profession, set up outside India, profits being received outside India: Taxable in case of "ordinarily resident", as income accruing arising outside India and received outside India [Sec. 5(1)(c)] In case of "not-ordinarily resident", as it is not income from profession set up in India, control and management applies to business and not to professions. Hence, it is not taxable [Sec. 5(1) (c) r. w. Proviso]	40,000	—	—
(xi) Loss from foreign business, controlled from India-: Income includes loss also. Profits are imbedded in sales. As sales were received in India, the place of control and management is not relevant. Business loss can be set off against business profits and thereafter against the income of any other head except income from salary and chance winnings (Sec. 70)	(-)2,00,000	(-)2,00,000	(-)2,00,000
Total income	**11,07,000**	**5,42,000**	**4,32,000**

2. Mr.Tajuddin, Indian citizen, earns the following incomes during the financial year 2008-2009:

Particulars	Rs
(i) Profits from a business in Mumbai, managed from France	6,20,000
(ii) Pension for services rendered in Kenya but kept with State Bank in Kenya with the permission of the Reserve Bank of India	1,60,000
(iii) Income from property in Kuwait, received in India	1,58,000
(iv) Profits from business in Nepal and deposited in a bank there	12,000
(v) Income received in Oman from a profession, which was set up in India, extended to Oman and managed from Kenya	1,70,000
(vi) Profit on sale of machinery in India but received in Italy	1,26,000

(vii)	Profits, before allowing depreciation, from business Kuwait 50% of profits were received in India	2,00,000
	Total depredation	2,50,000
(viii)	Interest on foreign bank deposit, received by his minor son in India. Bank deposit was made out of funds gifted by grandfather	1,70,000
(ix)	A German company credited commission to his bank account outside India for sale of goods by him in India	1,75,000
(x)	Commission earned and received by him outside India on export orders collected by him in India for foreign exporters, without any authority being given to him by them	2,30,000
(xi)	Dividends remitted in India by an Egyptian company to him under his instruction through Bank of Patiala	1,80,000

Determine his taxable income for the previous year 2008-2009 if he is (i) resident and ordinarily resident; (ii) resident but not ordinarily resident; and (iii) non-resident

Solution:

Particulars of Income	Resident and ordinarily resident Rs	Resident but not ordinarily resident Rs	Non-resident
(i) Profits from a business at Mumbai, managed from France : Income from business accrues at the place where business is done, place of management being of no relevance. Hence, it is taxable in all cases	6,20,000	6,20,000	6,20,000
(ii) Pension for services rendered in Kenya, received there: Pension is deemed to accrue or arise at a place where services were rendered	1,60,000	—	—
(iii) Rent of house property, situated in Kuwait but received in India	1,58,000	1,58,000	1,58,000
(iv) Profits from business in Nepal and deposited in bank there: Income accruing or arising outside India	12,000	—	—
(v) Income from profession in Oman which was set up in India, received there, managed from there: Foreign income accruing or arising outside India from a profession set up in India is taxable in case of ROR and RNOR. Its control and management is not relevant	1,70,000	1,70,000	—
(vi) Profit on sale of machinery in India but received in Italy: Income from asset situated in India is deemed to accrue or arise in India. Hence, it is taxable in all cases	1,26,000	1,26,000	1,26,000
(vii) Profits from foreign business: Depreciation of foreign business	2,00,000 (-) 2,50,000	1,00,000 (-) 1,25,000	1,00,000 (-) 1,25,000

It can be set off first from business profits and thereafter against the income of any other head [Sec. 32(2)]			
(viii) Income of a minor child is included in total income of that parent whose income, before including such income is greater [Sec. 64(1 A), however, an exemption up to Rs 1,500 is to be allowed under Sec. 10(32)]	1,68,500	1,68,500	1,68,500
(ix) Commission from German company received outside India is deemed to accrue or arise in India because of business connection in India [Sec. 9(1)(i)]	1,75,000	1,75,000	1,75,000
(x) Commission earned and received outside India on export orders collected in India is deemed to accrue or arise in India [Explanation 2 for Sec. 9(1)(i) w.e.f. AY (2006-2007)	2,30,000	2,30,000	2,30,000
(xi) Dividends from foreign company received outside India	1,80,000	—	—
Total income	17,69,500	16,22,500	14,52,500

3. Mr J, settled in Japan, comes back to India on 25 August 2008 to settle down here permanently. He purchased a house property on 2 October 2008. He started business on 1 November 2008. He disclosed the following incomes/outgoing during the financial year 2008-2009.

		Rs
(i)	Income from house property	2,25,000
(ii)	Business profits	6,50,000
(iii)	Loss from speculation business	1,85,000
(iv)	Dividends from Japanese companies received there	1,60,000
(v)	Profits from Japan business, controlled from India but received there	2,00,000
(vi)	Deposit in public provident fund	40,000

Determine the residential status, total income and tax liability for the previous year 2008-2009. Would you change your answer if house property is purchased on 1 October 2008?

Solution: (a) Determination of Residential Status for the PY 2008-2009.

Conditions of Part A - Sec.6(1)

Particulars	Previous year of house property, purchased on 2 October 2008			Previous year of business or profession, set up on 1 November 2008			Previous year of house property when it is acquired on 1 October 2008 instead of 2 October 2008.		
	Condition (a)	Condition (b)		Condition (a)	Condition (b)		Condition (a)	Condition (b)	
	Stay in India during PY 2008-09	(i) Stay in India during 4 years, prece-ding PY 2008-09	(ii) Stay in India during PY 2008-09	Stay in India during PY 2008-09	(i) Stay in India during 4 years, prece-ding PY 2008-09	(ii) Stay in India during PY 2008-09	Stay in India during 4 PY 2008-2009	(i) Stay in India during years, prece-ding PY 2008-09	(ii) Stay in India during PY 2008-09
Stay in India during the PY 2008-2009 and during 4 years prece-ding PY 2008-09 i.e. 2007-2008 to 2004-2005	181 days	Nil	181 days	151 days	Nil	151 days	182 days	Nil	182 days
Minimum stay required in India	182 days	365 days	60 days	182 days	365 days	60 days	182 days	365 days	60 days
Comment	Not satisfied	Not satisfied		Not satisfied	Not satisfied		Satisfied	Not satisfied	
Conclusion	Non-resident			Non-resident			Resident As additional two conditions of Sec. 6(6)(a) are not satisfied, he will be resident but not ordinarily resident.		

(b) Computation of total income for the PY 2008-2009:

Particulars of Income	Non-resident Rs	Resident not ordinaly resident Rs
(i) Income from house property	2,25,000	2,25,000
(ii) Profits and gains from business or profession:		
(a) Profits from Indian business	6,50,000	6,50,000
(b) Profits from Japan business, controlled from India but received there	—	2,00,000
(c) Loss from speculation business cannot be set off (Sec. 73). It will be carried forward to be set off against speculation business during next 4 assessment years.	—	—
(iii) Income from other sources: Dividend from Japanese company received ther	—	—
Total income	**8,75,000**	**10,75,000**
Less: Deduction u/s80C— Deposit in PPF	(-)40,000	(-) 40,000
Total taxable income	**8,35,000**	**10,35,000**

(c) Computation of tax liability

Particulars	NR Rs Rs	NOR Rs	Rate of Tax	Tax amount NR Rs	Tax amount NOR Rs
First	1,10,000	1,10,000	Nil	Nil	Nil
Next	40,000	40,000	10%	4,000	4,000
Next	1,00,000	1,00,000	20%	20,000	20,000
Balance	5,85,000	7,85,000	30%	1,75,500	2,35,500
Total	8,35,000	10,35,000		1,99,500	2,59,500
Add: Surcharge on income tax				Nil	25,950
Add: Education cess @ 2% on income tax and surcarge				3,990	5,709
Add : SHEC @ 1%				1,995	2,855
Tax payable				**2,05,485**	**2,94,014**

4. Determine the total income and tax liability of Mr. Karim taking following particulars into account:

Previous Year	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999–2000	1998-1999
Physically present in India (no. of days)	60	182	78	95	120	80	100	75	190	150	80

Particulars of total income : Rs

		Rs
(i)	Gross dividend received in Russia on 31 December 2008 from a company registered in India but mainly operating in Russia.	1,20,000
(ii)	Pension from former employer in India received in Romania	1,50,000
(iii)	Income from agriculture in Bhutan and received in India	20,000
(iv)	Profits from a USA business, controlled from India but received there	3,00,000
(v)	Profits from Delhi business, controlled from Pakistan, received in Pakistan	2,00,000
(vi)	Dividends from a UK company, operating in India, received in UK	1,00,000
(vii)	Gross salary for services rendered in Dhaka but received in Mumbai	50,000

Would you change your answer in the following cases:

(i) During the previous year 2008-2009, she stays in India for 59 days instead of 60 days,

(ii) During the previous year 2001-2002, she stays in India for 74 days instead of 75 days.

Solution:

Particulars	Resident			Resident & ordinarily resident (ROR)/ Not ordinarily resident	
	Condition of Part A [Sec. 6(1)]			Conditions of Part B[Sec.6(6)(a)]	
	Condition (a)	Condition (b)			
	Stay in India during PY 2008-2009	(i) Stay in India during 4 years preceding PY	(ii) Stay in India during PY	Residential status in 10 years, preceding PY 2008-2009, i.e. 2007-2008 to 1998-1999	Stay in India during 7 years preceding PY 2008-2009, i.e. 2007-2008 to 2001-2002
Stay in India during the PY 2008-2009 and during 4 years preceding PY, i.e. 2007-2008 to 2004-2005	60 days	475	60	(i) Resident for 8 years 2007-2008 to 2000-2001 (ii) Non-resident for 2 years 1999-2000 and 1998-1999.	730 days
Minimum stay/ Residential status required in India	182 days	365 days or more	60days or more	To be ROR, he should be resident in India at least for 2 years out of 10 years preceding the previous year and he should be in India at least for 730 days in 7 years preceding the PY, failing which he will be NOR.	
Comment	Not satisfied	Satisfied		Condition of ROR satisfied	

Workings: Resident status in 10 years preceding PY 2008-2009, i.e. 2007-2008 to 1998-1999.

S. No.	Previous Year	Stay in India in PY	Stay in India in 4 years preceding PY	Comment
1.	2007-2008	182 days	Not required	Resident
2.	2006-2007	78 days	395	Resident
3.	2005-2006	95 days	375	Resident
4.	2004-2005	120 days	445	Resident
5.	2003-2004	80 days	515	Resident
6.	2000-2003	100 days	495	Resident
7.	1999-2002	75 days	420	Resident
8.	1998-2001	190 days	Not required	Resident
9.	1997-2000	150 days	80 days	Non-resident
10.	1996-1999	80 days	Nil	Non-resident

Computation of total income

Particulars		Non-resident Rs	NOR Rs	ROR Rs
(i) Income from salaries				
(a) Pension deemed to accrue or arise in India	1,20,000			
(b) Gross salary received in India	1,50,000			
	2,70,000	2,70,000	2,70,000	2,70,000

(ii) Income from business:	Rs	Rs	Rs
(a) Agriculture income from Bhutan, received in India	20,000	20,000	20,000
(b) Profits from USA business/controlled from India but received in USA -	3,00,000	3,00,000	
(c) Profit from Delhi business, deemed to accrue or arise in India	2,00,000	2,00,000	2,00,000
(iii) Income from other sources			
(a) Dividend received in Germany from a domestic company is exempt [Sec. 10(34)]	—	—	—
(b) Dividend from a UK company, received in UK	—	—	1,00,000
Total income	**4,90,000**	**7,90,000**	**8,90,000**
Tax liability			
(i) Income tax at slab rates	96,000	1,86,000	2,16,000
(ii) Surcharge on income tax	nil	nil	nil
(iii) Education cess @ 2%	1,920	3,720	4,320
(iv) SHEC @ 1%	960	1,860	2,160
Tax payable	**98,880**	**1,91,580**	**2,22,480**

5. Kimono, a Japanese national discloses the following particulars of his income during financial year 2008-2009.

		Rs
(i)	Income from house property in Japan, remitted by tenant to him in India through State Bank of India	4,00,000
(ii)	Loss from business in India	(-) 3,00,000
(iii)	Profits from speculation business in India	2,00,000
(iv)	Interest received on bonds of Indian companies outside India	1,45,000
(v)	Net dividends received from Japanese companies outside India (tax deducted at source Rs 15,000)	2,35,000
(vi)	Interest received on compensation of land, acquired by Government of India during the financial year 2003-2004	60,000
(vii)	Profit from business in Japan, controlled and managed from India but being received in Japan	20,00,000

Determine his total income for the previous year 2008-2009 in the following cases :

(i) He is resident and ordinarily resident during the previous year;

(ii) He is resident but not ordinarily resident during the previous year;

(iii) He is non-resident during the previous year.

Solution: Computation of Total Income for PY 2008-2009

	Particulars	Resident and ordinarily resident Rs	Resident but not ordinarily resident Rs	Non-resident Rs
(i)	Income from house property in Japan received in India	4,00,000	4,00,000	4,00,000
(ii)	Loss from business in India to be set off against business profits and thereafter against any other income except salary income and winnings from lotteries/horse race etc. (Sec. 70)	(-) 3,00,000	(-) 3,00,000	(-) 3,00,000
(iii)	Profits from speculation business in India	2,00,000	2,00,000	2,00,000
(iv)	Profits from business in Japan, Rs 20,00,000 received outside India, control and management of foreign business in India is not relevant in the case of non-resident	20,00,000	20,00,000	—
(v)	Interest on public sector companies in India deemed to accrue or arise in India though received outside India	1,45,000	1,45,000	1,45,000
(vi)	Dividends of Rs 1,35,000 received from Japanese companies outside India, not accruing or deemed to accrue or arise in India	2,35,000	—	—
(vii)	Interest for land compensation taxable on accrual basis: 60,000 ÷ 6 = [Rama Bai v. CIT (1991) 181 ITR 400 (S.C.)]	10,000	10,000	10,000
	Total income	**26,90,000**	**24,55,000**	**4,,55,000**

6. R discloses the following particulars of his income during the previous year 2008-2009:

	Particulars	**Rs**
(i)	Dividends from Sri Lankan companies received in India Dividends were received partly in cash and partly in shares. Face value of shares is Rs 80,000 but their market value is Rs 3,20,000. However, currently there is no buyer in the market	4,00,000
(ii)	Pension remitted to him in India by Sri Lankan Government after deduction of tax source (Rs 15,000)	1,70,000
(iii)	Fees received in Qatar for arguing a patent case in Delhi High Court on behalf of a fellow-lawyer friend of Mumbai	2,00,000
(iv)	Commission credited to his account in India under his instructions by law firms in India, for referring clients from outside India but commission was received in Mauritius	2,20,000
(v)	Share of income from his HUF, received in Kolkata	1,50,000
(vi)	Income from law practice in Mauritius and Qatar, received there, but practice was set up in Delhi	6,80,000
(vii)	5% commission for the year 2008-2009 from publishers of law books on their annual profits, received in India, commission has been paid after setting off Rs 30,000 for books purchased by him. He has purchased the dealership rights from Mumbai Law House on 1 January 2009.	1,20,000
(viii)	Gift from a foreign client, received outside India	20,000

Determine his total income for the previous year 2008-2009 if his residential status during the previous year is (i) ROR, or (ii) NOR or (iii) NR.

Solution: Computation of total income for PY 2008-2009 / AY 2009-2010

	Particulars	ROR Rs	NOR Rs	NR Rs
(i)	Dividend received in India			
(a)	Cash dividend	80,000	80,000	80,000
(b)	Dividend in kind to be valued at market price of shares 3,20,000	3,20,000	3,20,000	3,20,000
(ii)	Pension received outside India and not deemed to accrue or arise in India [CIT v. Kalyanakrishnan 195 ITR 534]	1,70,000	—	—
(iii)	Fees for arguing patent case in Delhi, but received in Ceylon— Income from business connection deemed to accrue or arise in India	2,00,000	2,00,000	2,00,000
(iv)	Commission credited to the account of payee under his instruction in the books of payer is a deemed receipt [Raghava Reddy v. CIT (1962) 44 ITR 720 (SC)]	2,20,000	2,20,000	2,20,000
(v)	Share income received from HUF exempt from tax [Sec. 10(2)]	—	—	—
(vi)	Income from profession set up in India, extended outside India: Income being received outside India	6,80,000	6,80,000	—
(vii)	Commission on account of dealership rights, received in India @ 5% or the annual profits of the publishers: Commission not to be apportioned between seller and purchaser on time basis	1,50,000	1,50,000	1,50,000
(viii)	Gift from a foreign client, received outside India [Sec. 28(iv)]	20,000	—	—
	Total income	**18,40,000**	**16,50,000**	**9,70,000**

7. ABC & Co, is a partnership firm. It satisfies all conditions of the Income-tax Act. It discloses the following particulars of income for the previous year 2008-2009.

	Particulars	**Rs**
(i)	Interest received in Egypt on monies lent to E Ltd., a company registered in Egypt, which utilised the borrowings in its business in India. 80% Business of E Ltd. is controlled from India	5,00,000
(ii)	Royalty received in Paris from a cooperative society for using patent rights of the firm in its usiness in India, 30% affairs of the society are controlled from India	1,20,000
(iii)	Income from house property in Bhutan, remitted to the firm in India through State Bank of India as per instructions of the firm	90,000
(iv)	Interest on Development Bonds of Sri Lanka Government remitted to the firm in India through Bank of Ceylon	5,00,000
(v)	Profit on sale of goods to a new customer in Myanmar, cargo documents were sent through Bank of Baroda	60,000
(vi)	Profit on sale of goods FOB, to a customer in Malaysia, cargo documents were directly dispatched to him	1,00,000

(vii)	Long-term capital gain received on sale of Bonds and Debentures of Indian companies in Myanmar, Bonds and Debentures were purchased in convertible foreign exchange. Capital gain, if computed in foreign currency will be 60% less than what it is in Indian currency	1,00,000
(viii)	Under-writing commission for guaranteeing the public issue of a Malaysian company to be paid and received there subject to the condition that 20% commission will be paid either within 6 months from the end of the financial year Or within 3 months from the end of the month in which the approval of the Company Law Board is obtained, whichever period expires later	6,00,000

Determine the total income of the firm in the following case:

(i) J is the managing partner of the firm. He controls the affairs of the firm from Malaysia.

(ii) J comes to India for 182 days during the previous year. He has appointed K as his agent in Malaysia to take all decisions in his absence regarding affairs of firm. However, K has been directed to keep J fully informed while he is in India.

(iii) J comes to India for 150 days. He has appointed K as his attorney to manage the affairs of firm in his absence in consultation with him.

Solution:

(a) Determination of residential status of the firm during PY 2008-2009:

Control and management of the firm is wholly situated outside India. The firm is non-resident in India. Physical presence of managing partner for 182 days in India during the previous year 2008-2009 is of no consequence. Situation (iii): Control and management is partly situated in India and partly outside India. The firm is "resident" in India during the previous year.

Computation of total income

	Particulars	When firm is nonresident in India Rs	When firm is resident in India Rs
(i)	Interest on loan-advances, made outside India, received outside India but loan was utilised for business in India, Accordingly, interest is deemed to accrue or arise in India	5,00,000	5,00,000
(ii)	Royalty received in Paris from a cooperative society, for using patent rights of the firm in its business in India. Royalty is deemed to accrue or arise in India	1,20,000	1,20,000
(iii)	Income from house property in Bhutan, received by SBI in Bhutan as the agent of firm	—	90,000
(iv)	Interest on Development Bonds of Sri Lanka Government remitted to the firm in India— Bank of Ceylon being agent of its Government	50,000	50,000
(v)	Profit on sale of goods to a customer in Myanmar, title deeds sent to Bank of Baroda	—	60,000
(vi)	Profits on sale of goods to a customer in Malaysia, cargo documents directly dispatched to the buyer— profit arises at seller's place	1,00,000	1,00,000
(vii)	Capital gain on sale of bonds and debentures of Indian companies in Myanmar: It is deemed to accrue or arise in India	40,000	1,00,000
(viii)	Under-writing commission 80% of Rs 6,00,000	—	4,80,000
	Total Income	**8,10,000**	**15,00,000**

8. Compute Income for Mr. Jaikishan for the previous year ended on 31 March 2009

Particulars	Rs
(a) Salary accrued and received in India	25,000
(b) Profit from hotel business in Japan	50,000
(c) Dividends declared in Japan received in India	10,000
(d) Gain from transfer of capital asset in India	25,000
(e) Interest on Debentures of a company in New York received in India	7,000
(f) Royalty received in Germany from a resident in India for technical services provided for a business in Germany	20,000
(g) Interest received in UK from Mr. Robert, a non-resident, on loan provided to him for business in India	
(h) Fees from an Indian company carrying on business in the UK for technical services rendered in London, directly deposited in his bank account in India.	6,000
Compute the total Mr. Jaikishan for the relevant assessment year, if he is	25,000
(i) Ordinarily resident, (ii) Not-ordinarily resident, (iii) Non-resident.	25,000

Solution Computation of total income of Mr. Jaikishan for the assessment year 2009-2010

Particulars	ROR Rs	RNORs Rs	Non-resident Rs
(a) Salary accrued and received in India	25,000	25,000	25,000
(b) Profit from hotel business in Japan	50,000	—	—
(c) Dividends declared in Japan received in India	10,000	10,000	10,000
(d) Gains from transfer of a capital asset in India deemed to accrue or arise in India	25,000	25,000	25,000
(e) Interest on debentures of a company in New York but received in India	7,000	7,000	7,000
(f) Royalty received in Germany from a resident in India for technical services provided for a business in Germany	20,000	—	—
(g) Interest received in UK from Mr Robert, a non-resident, on loan provided on loan provided to him for business in India	6,000	6,000	6,000
(h) Fees from an Indian company, carrying on business in UK for technical services rendered in London, directly deposited in his book account in India	25,000	25,000	25,000
	1,68,000	98,000	98,000

9. Mr X furnishes the following particulars of his income earned during previous year ended on 31 March 2009:

(i) Income from agriculture in Bangladesh, received there Rs. 3,80,000, but later on remitted to India,

(ii) Interest on Pakistani Development Bonds, Rs. 60,000, one-sixth of which received in India,

(iii) Gift of Rs. 70,000 received in foreign currency from a relative in India,

(iv) Arrears of salary Rs. 1,50,000 received in Pakistan from a former employer in India.

(v) Income from property received outside India Rs. 3,00,000 (Rs. 1,00,000 is used in Bahrain for the educational expenses of his son in Bahrain, and Rs. 2,00,000 later on remitted to India).

(vi) Income from business in Iran which is controlled from India (Rs. 1,00,000 being received in India) Rs. 2,00,000.

(vii) Dividends received on 30.06.2008 outside India from an Indian company, Rs. 2,50,000.

(viii) Untaxed .profit of the FY 2004-2005 brought to India in July 2008, Rs. 2,50,000.

(ix) Profit (computed) on sale of building in India received in Pakistan Rs. 21,00,000.

(x) Profit from business in Kolkata managed from outside India Rs. 90,000, 60% of which is received outside India.

Find out gross total income of Mr. X for AY 2009-2010, if Mr. X is (a) resident and ordinarily resident; (b) resident but not ordinarily resident; (c) non-resident.

Solution : Computation of gross total income for AY 2009-2010

Particulars	ROR Rs	RNORs Rs	Non-resident Rs
(i) Income from agriculture in Bangladesh, received there but later on remitted to India	3,80,000	—	—
(ii) Interest on Pakistan Development Bonds:			
1/6th of Rs.60,000 received in India	10,000	10,000	10,000
5/6th of Rs. 60,000 being received in India	50,000	—	—
(iii) Gift received from a relative in India: Exempt [Sec. 57(v)]	—	—	—
(iv) Salary arrears received in Pakistan from a former employer in India	1,50,000	1,50,000	1,50,000
(v) Income from property received outside India but later on remitted to India	3,00,000	—	—
(vi) Profit from Iran business controlled from India:			
(a) Profits received in India	1,00,000	1,00,000	1,00,000
(b) Profits received outside India	1,00,000	1,00,000	—
(vii) Dividends received from an Indian company, outside India, deemed to accrue or arise in India but exempt under Sec. 10(34)	—	—	—
(viii) Untaxed foreign profit of PY 2004-2005 brought to India	—	—	—
(ix) Profit on sale of building in India, received outside India deemed to accrue or arise in India	21,00,000	21,00,000	21,00,000
(x) Profit from Kolkata business, managed from outside India: 60% received outside India	90,000	90,000	90,000
Gross total income	32,80,000	25,50,000	24,50,000