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Scope of Total Income

Resident	• **Global income liable for tax in India**
Non-Resident	• Income which accrues or arises or deemed to accrue or arise in India **and** • Income received or deemed to be received in India is liable to be taxed in India
Resident but Not Ordinary Resident	• Income accruing or arising or deemed to accrue or arise in India and • Income received or deemed to be received in India and • Income accruing or arising **outside India** from business controlled in India or profession set up in India will be liable to be taxed in India.

Some of Income Exempt In the Hands of Non Residents

Section	Particulars	Effect
10(15)	Income by way of interest, premium on redemption or other payment on • securities, • bonds, • annuity certificates, • savings certificates, • other certificates issued by Government and deposits notified by Government	Exempt
10(34)	Income by way of dividend from domestic companies	Exempt
10(35)	Income received in respect of units of Mutual fund specified u/s 10(23D) or units from Administrator of Unit Trust of India or units from Unit Trust of India	Exempt
10(38)	Income by way of Long-term Capital Gains On Sale of securities traded on a recognized stock exchange, which are chargeable to the Securities Transaction Tax, are exempt.	Exempt

Business Income of Non-Residents (SPECIAL PROVISIONS)

Sec. 44B Profits derived from shipping business

Profits and gains of non-resident from the business of operation of ships shall be computed at the rate of **7.5%** of the aggregate of the amount paid or payable **on account of carriage of**

- passengers,
- livestock,
- mail or goods shipped at any port in India and amount received or deemed to be received in India on account of carriage of passengers, livestock, mail or goods shipped at any port outside India.

- ✓ Note: Amount received on account of **Demurrage charges/Handling charges** or any other amount of similar nature shall also be included for the purpose of calculating **business profits @ 7.5%.**

Sec. 44BB Income from business of exploration, etc. of mineral oils

In case of NR engaged in the business of providing services and facilities in connection with, or supplying plant and machinery on hire, used or to be used in prospecting for, or extraction or production of, mineral oils, the profits and gains shall be computed **@ 10% of amount paid or payable** for such purpose.

- ॐ An assessee can claim profits lower than prescribed above, for which he would be required to maintain books of accounts as required by section 44AA and the accounts shall have to be audited under section 44AB.
- ॐ The AO shall make an assessment u/s 143(3) and determine the tax payable or refundable as the case may be.

Sec. 44BBA Operation of Aircraft

Income of NR from such business shall be computed at **5% of the amount paid or payable** on account of carriage of passenger, livestock, mail, or goods from any place in India and amount received or deemed to be received in India by or on behalf of the assessee on account of such services from any place outside India.

Sec. 44BBB Foreign Companies engaged in business of CIVIL CONSTRUCTION

- Income of a **FOREIGN COMPANY** engaged in
  - the business of civil construction or
  - the business of erection of plant and machinery or
  - testing or commissioning thereof or
  - in respect of a turnkey power project approved by the Central Government in this behalf,
  - shall be computed @ **10% of the amount paid or payable for such purpose**.

- An assessee can claim profits lower than prescribed above, for which he would be required to maintain books of accounts as required by section 44AA and the accounts shall have to be audited under section 44AB.
- The AO shall make an assessment u/s 143 (3) and determine the tax payable or refundable as the case may be.