

Practical 18

Smith, a foreign national, non-resident and a cricketer came to India for the first time, as a member of Australian cricket team in the year ended **31st March, 2020**. He received Rs. 5 lakhs for participation in matches in India. He also received Rs. 1 lakh for an advertisement of a product on TV. He contributed articles in a newspaper for which he received Rs. 10,000. When he stayed in India, he also won a prize of Rs. 12,000 from horse racing in Mumbai. He incurred Rs. 30,000 on travelling expense for visit to India. He has no other income in India during the year.

- (i) Compute tax liability of Smith for previous year **2019-20**.
- (ii) Are the incomes specified above subject to deduction of tax at source?
- (iii) Is he liable to file his return of income for previous year **2019-20**?
- (iv) What would have been his tax liability, had he been a match referee instead of a cricketer?

Solution**(i) Computation of Total Income and Tax Liability of Smith****Computation of Total Income**

Particulars	Rs.
Income taxable under section 115BBA	
Income from participation in matches in India	5,00,000
Advertisement of product on TV	1,00,000
Contribution of articles in newspaper	10,000
Income taxable under section 115BB	
Income from horse races	12,000
Total income	6,22,000

Computation of Tax Liability

Particulars	Rs.
Tax@ 20% under section 115BBA on Rs. 6,10,000	122,000
Tax@ 30% under section 115BB on income of Rs. 12,000 from horse races	3,600
	1,25,600
Add: Health and Education cess @ 4%	5,024
Total tax liability of Smith	1,30,624

Note:-

Since income of Smith falls under Chapter XII, travelling expenditure is not allowed as deduction.

(ii) Yes, the above income is subject to tax deduction at source.

- Income referred to in section 115BBA (i.e., Rs. 6,10,000, in this case) is subject to tax deduction at source@ 20% under section 194E.
- Income referred to in section 115BB (i.e., Rs. 12,000, in this case) is subject to tax deduction at source@30% under section 194BB.
- Since Smith is a non-resident, the amount of tax to be deducted calculated at the prescribed rates mentioned above, would be increased by health and education cess@4%.

(iii) Section 115BBA provides that if the total income of the non-resident sportsman comprises of only income referred to in that section and tax deductible at source has been fully deducted, it shall not be necessary for him to file his return of income.

However, in this case, Mr. Smith has income from horse races as well. Therefore, he cannot avail the benefit of exemption from filing of return of income as contained in section 115BBA. Hence, he would be liable to file his return of income for **A.Y.2020-21**.

- (iv) The Calcutta High Court in *Indcom v. CIT (TDS)* (2011) 335 ITR 485 has held that 'match referee' would not fall within the meaning of "sportsman". Therefore, the provisions of section 115BBA would not apply to him. As a result, computation of total income of 'match referee' is governed by the general provisions of chapter "PGBP". As a result, he can claim deduction of travelling expense from his professional income. Computation of total income of 'Match referee' is as under:

Computation of Total Income

Particulars	Rs.	Rs.
Income under the head "PGBP"		
Income from participation in matches in India	5,00,000	
Advertisement of product on TV	1,00,000	
Contribution of articles in newspaper	10,000	
	6,10,000	
Less: Travelling Expenses	(30,000)	5,80,000
Income from Other Sources		
Income from horse races		12,000
Total income		5,92,000

Computation of Tax Liability

Particulars	Rs.
Tax@30% under section 115BB on winnings of Rs. 12,000 from horse races	3,600
Upto Rs. 2,50,000	Nil
2,50,000 – 5,00,000 @ 5%	12,500
5,00,000 – 5,80,000 @ 20%	<u>16,000</u>
	28,500
	32,100
Add: Health and Education cess@4%	1,284
Total tax liability of Smith as a 'match referee'	33,384

Readers Note:

Practical 19

Mr. Fredrick Watson, a foreign national, non-resident and a singer came to India to perform in a music show organized during the premier of an IPL match to be played in **August, 2019**. He received Rs. 5 lakh for his performance. He does not have any other income in India.

- (1) Compute tax liability of Mr. Fredrick Watson for previous year **2019-20**.
- (2) Is this income specified above subject to deduction of tax at source?
- (3) Is he liable to file his return of income for previous year **2019-20**?

Solution

- (i) **Computation of Total Income and Tax Liability of Mr. Fredrick**

Computation of Total Income

Particulars	Rs.
Income taxable under section 115BBA	
Income from music performance in India	5,00,000
Total income	5,00,000