

Lecture delivered by Dr. Surest Sark

Topic - New Rules to determine Residential Status

Dear students, in previous lecture I acquainted to about the residential status of a NRI which was the stay of 189 days of 365 days during four years and 60 days during previous year.

But this rule is now amended. In February 2020 The Budget 2020 proposed to reduce this period to 120 days for all NRIs.

However, an amendment at the time of passing of the Budget provides that the reduced period of 120 days shall apply only in cases where the total Indian income (i.e. income accruing in India) of such visiting individuals during the financial year is more than Rs. 15 lakh. Accordingly, visiting NRIs whose total income (which is defined as taxable income) in India is up to Rs. 15 lakh during the financial year will continue to remain NRIs if the stay does not exceed 181 days, as was the case earlier.

As such, besides monitoring the number of days present in India, the visiting Indian is also required to keep tab of his Indian taxable income. This is because once the income taxable in India or taxable Indian income exceeds Rs 15 lakh, then provisions related to stay exceeding 120 days as mentioned above will be applicable.