

Incidence of Tax [Sec 5]

Nature of Income	Resident & Ordinarily resident	Resident but not Ordinarily resident	Non-Resident
Income accrued or deemed to be accrued and received or deemed to be received in India	Taxable	Taxable	Taxable
Income accrued outside India but received or deemed to be received in India	Taxable	Taxable	Taxable
Income accrued or deemed to be accrued in India but received outside India	Taxable	Taxable	Taxable
Income accrued and received outside India from a business controlled in or profession set up in India	Taxable	Taxable	Not taxable
Income accrued and received outside India from a business controlled or profession set u outside India	Taxable	Not taxable	Not taxable
Income accrued and received outside India in the previous year (No difference will happen if the same is later remitted to India)	Taxable	Not taxable	Not taxable
Income accrued and received outside India in the previous year in any year preceding the previous year and later on remitted to India in current financial year	Not taxable	Not taxable	Not taxable

Sum 1

Mr. A provides following details of income, calculate the Income which is liable to be taxed in India for the Assessment year 2020-21 assuming that-

- He is an ordinarily resident
- He is not an ordinary resident
- He is a non-resident

Particulars	Amount
Income from tea business in Nepal being controlled from India	14000
Interest on Company deposit in Australia (1/3 received in India)	60000
Profit from a business in Delhi controlled from USA	25000
Profit of earlier year from a business in UK remitted to India	240000
Income from property in India but received in Indonesia	150000
Income from property in Spain but received in Delhi	45000
Income from a property in Spain but received in Indonesia	35000

Solution

Particulars	Resident & Ordinarily resident	Resident but not Ordinarily resident	Non Resident
Income from tea business in Nepal being controlled from India	14000	14000	NIL
Interest on Company deposit in Australia (1/3 received in India)			
- 1/3 rd received in India	20000	20000	20000
- 2/3 rd received outside India	40000	NIL	NIL
Profit from a business in Delhi controlled from USA	25000	25000	25000
Profit of earlier year from a business in UK remitted to India	NIL	NIL	NIL
Income from property in India but received in Indonesia	150000	150000	150000
Income from property in Spain but received in Delhi	45000	45000	45000
Income from a property in Spain but received in Indonesia	35000	NIL	NIL
Income liable to tax in India	329000	254000	240000

SUM 2

From the following information, compute the income liable to be taxed in India of Mr. x for the assessment year 2020-21, assuming that Mr. X is a-

- Resident but not ordinarily resident
- Non-resident
 1. Remuneration for consultancy services rendered in Italy Rs. 30000 but received in India.
 2. Income from business in Ireland and received in Ireland Rs. 65000. The business is, however, controlled from India.
 3. Pension for services rendered in India but received in Israel Rs.25000.
 4. Interest on deposit in a local bank in Indonesia and received in Indonesia Rs. 20000.
 5. Income from house property in Colombo received in India Rs. 30000.
 6. Profit from a business in Bangladesh controlled from India and received in Bangladesh Rs.15000.
 7. Agricultural income from land situated in Bangladesh Rs. 26000.

8. Income from profession in India but received in Iran Rs. 30000.
9. Salary income received in India for services rendered in Pakistan Rs. 72000.

Solution

Particulars	Resident but not ordinarily resident	Non-resident
Remuneration received in India	30000	30000
Income from business situated outside but controlled from India.	65000	Nil
Pension for services rendered in India but received outside India	25000	25000
Interest earned and received outside India	Nil	Nil
Income from house property in Colombo received in India	30000	30000
Profit from a business in Bangladesh controlled from India and received in Bangladesh	15000	Nil
Agricultural income from land situated in Bangladesh	Nil	Nil
Income from profession in India but received in Iran	30000	30000
Salary income received in India for services rendered in Pakistan	72000	72000
Income liable to be taxed in India	267000	187000

SUM 3

Mr. A provides following details of income, calculate the Income which is liable to be taxed in India for the Assessment year 2020-21 assuming that-

- He is an ordinarily resident
- He is not an ordinary resident
- He is a non-resident

Business income from USA received in India	10000
Business income earned in India received in Pakistan	20000
Salary income from a company of USSR situated in India	15000
Interest on Russian Development Bond (2/5 receive in India)	60000
Income from agriculture in Nepal received there but later on remitted to India	181000
Income from property in Jakarta received outside India	86000
Income earned from business in UAE which is controlled from Delhi (15000 received in India)	65000
Past untaxed profit of 2015-16 brought to India during previous year	143000

Profit from a business in Chennai and managed from outside India	27000
Profit on a sale of a building in India but received in Sri Lanka	148000
Pension from a former employer in India received in USA	36000

Solution

Particulars	Resident & Ordinarily resident	Resident but not Ordinarily resident	Non Resident
Business income from USA received in India	10000	10000	10000
Business income earned in India received in Pakistan	20000	20000	20000
Salary income from a company of USSR situated in India	15000	15000	15000
Interest on Russian Development Bond (2/5 receive in India)			
- 2/5th received in India	24000	24000	24000
- 3/5th received outside India	36000	-	-
Income from agriculture in Nepal received there but later on remitted to India	181000	-	-
Income from property in Jakarta received outside India	86000	-	-
Income earned from business in UAE which is controlled from Delhi (15000 received in India)			
- Received in India	15000	15000	15000
- Received outside India	50000	50000	-
Past untaxed profit of 2015-16 brought to India during previous year	-	-	-
Profit from a business in Chennai and managed from outside India	27000	27000	27000
Profit on a sale of a building in India but received in Sri Lanka	148000	148000	148000
Pension from a former employer in India received in USA	36000	36000	36000
Income liable to be taxed in India	648000	345000	295000