

## TEST 3

### (Residential Status + Opted out of Sec 115BAC)

**Time : 30 minutes    Each Question : 4 marks    Total Marks : 20**

**Question 1 :** Mr. Y is a citizen of India and is employed in ABC Limited and getting salary ₹1,00,000 p.m. and he was transferred out of India on 01.09.2023 and he left India for first time from 01.09.2023 and he visiting in India from 26.01.2024 to 15.02.2024 and salary for January 2024 was received in India and at the time of departure he received 3 gifts ₹20,000 from 3 friends each and also a phone of ₹70,000.

He has agricultural income in India ₹4,00,000 Compute his tax liability for assessment year 2024-25.

**Question 2:** Mr. X is a citizen of India and is employed in ABC Limited and getting salary ₹1,00,000 p.m. and he was transferred out of India on 01.09.2023 and he left India for first time from 01.09.2023 and he visiting in India from 26.01.2024 to 15.02.2024 and salary for January 2024 was received in India and at the time of departure he received 3 gifts ₹20,000 from 3 friends each and also a phone of ₹70,000. He has agricultural income in India ₹4,00,000 Compute his tax liability for assessment year 2024-25

**Question 3:** Mr. Parmanand is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in international traffic departing from Chennai port on 6<sup>th</sup> June, 2023. From the following details for the P.Y.2023-24, determine the residential status of Mr. Parmanand for A.Y.2024-25, assuming that his stay in India in the last 4 previous years (preceding P.Y.2023-24) is 400 days and last seven previous years (preceding P.Y.2023-24) is 750 days:

Particulars	Date
Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Anand	6 <sup>th</sup> June, 2023
Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Anand	9 <sup>th</sup> December, 2023

**Question 4 :** Mr. S, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y.2023-24 was 135 days. He has no source of Income in India. Following is his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2022-23	125
2021-22	106
2020-21	83
2019-20	78
2018-19	37
2017-18	40
2016-17	35

You are his tax consultant. Advise him on his residential status for the P.Y. 2023-24.

- (a) Resident but Not Ordinary Resident (RNOR)
- (b) Resident and Ordinary Resident
- (c) Non-Resident
- (d) Resident but information incomplete to know whether resident but not ordinarily resident or resident and ordinarily resident

**Question 5 :** Mrs. Y is a citizen of India and is employed in ABC Ltd. in India and is getting salary of ₹60,000 p.m. and she was transferred out of India w.e.f 01.09.2023 and for this purpose she left India on 01.09.2023 for the first time and she visited India from 27.12.2023 to 07.01.2024 and her salary for the month of Dec' 2023 was received in India.

Employer and employee both have contributed @ 13% (each) of salary to the recognized provident fund and during the year interest of ₹50,000 was credited to the recognized provident fund @ 10% p.a.

Compute her total income and tax liability in India for assessment year 2024-25.

## TEST 3 SOLUTION

### (RESIDENTIAL STATUS)

**Solution 1:**

Mr. Y shall be covered in special category so therefore his status shall be non-resident.  
(30 + 31 + 30 + 31 + 31 + 1 + 6 + 15) 175 days.

	₹
Income under the head Salary accruing / arising in India 1,00,000 x 5	5,00,000
Income received in India 1,00,000 x 1	1,00,000
Gross Salary	6,00,000
Less: Deduction u/s 16(ia)	(50,000)
Income under the head salary	5,50,000
Income under the head Other Sources	60,000
Gross Total Income	6,10,000
Less: Deduction 80C to 80U	Nil
Total Income	6,10,000
Agricultural Income	4,00,000
Computation of Tax Liability	
Step 1. Tax on (6,10,000 + 4,00,000 = 10,10,000) at slab rate	1,15,500
Step 2. Tax on (4,00,000 + 2,50,000 = 6,50,000) at slab rate	(42,500)
Deduct step 2 from step 1	73,000
Add: HEC 4%	2,920
Tax Liability	75,920

**Solution 2 :**

Mr. Y shall be covered in special category so therefore his status shall be non-resident.  
(30 + 31 + 30 + 31 + 31 + 1 + 6 + 15) 175 days.

	₹
Income under the head Salary accruing / arising in India 1,00,000 x 5	5,00,000
Income received in India 1,00,000 x 1	1,00,000
Gross Salary	6,00,000
Less: Deduction u/s 16(ia)	(50,000)
Income under the head salary	5,50,000
Income under the head Other Sources	60,000
Gross Total Income	6,10,000
Less: Deduction 80C to 80U	Nil
Total Income	6,10,000
Agricultural Income	4,00,000
Computation of Tax Liability	
Step 1. Tax on (6,10,000 + 4,00,000 = 10,10,000) at slab rate	1,15,500
Step 2. Tax on (4,00,000 + 2,50,000 = 6,50,000) at slab rate	(42,500)
Deduct step 2 from step 1	73,000
Add: HEC 4%	2,920
Tax Liability	75,920

**Solution 3:**

In this case, the voyage is undertaken by an Indian ship engaged in international traffic, originating from a port in India (i.e., the Chennai port) and having its destination at a port outside India (i.e., the Singapore port). Hence, the voyage is an eligible voyage for the purposes of section 6(1).

Therefore, the period beginning from 6th June, 2023 and ending on 9th December, 2023, being the dates entered into the Continuous Discharge Certificate in respect of joining the ship and signing off from the ship by Mr. Parmnand, an Indian citizen who is a member of the crew of the ship, has to be excluded for computing the period of his stay in India.

Accordingly, 187 days [25+31+31+30+31+30+9] have to be excluded from the period of his stay in India. Consequently, Mr. Parmanand's period of stay in India during the P.Y.2023-24 would be 179 days [i.e., 366 days – 187 days]. Since his period of stay in India during the P.Y.2022-23 is less than 182 days, he is a non-resident for A.Y.2024-25.

Note - Since the residential status of Mr. Parmanand is "non-resident" for A.Y.2024-25 consequent to his number of days of stay in P.Y.2023-24 being less than 182 days, his period of stay in the earlier previous years become irrelevant.

**Solution 4 :** As per section 6(1), Mr. S is covered under special category and second condition i.e 60 + 365 days is not applicable. It means stay of Mr. S in the current year must be 182 days or more. But in the given case his stay is 135 days hence he is considered to be Non-resident

**Solution 5 :**

As per section 6(1), in this case, Mrs. Y is covered in special category and her stay in India is less than 182 days hence she will be non-resident and her incomes taxable in India shall be

	₹
Income accruing/arising in India	3,00,000.00
60,000 x 5	
Income received in India	60,000.00
60,000 x 1	
Income deemed to be received in India	
Employer contribution	7,200.00
(60,000 x 12) x 1% (13% - 12%)	
Interest in excess of 9.5%	
50,000 / 10% x 0.5% = 2,500	
Interest on employer contribution	1,250.00
2,500 / 2	
(Interest on employee contribution i.e. ₹1,250 shall be taxable under the head Other Sources)	
Gross Salary	3,68,450.00
Less: Standard Deduction u/s 16(ia)	(50,000.00)
Income under the head Salary	3,18,450.00
Income under the head Other Sources	1,250.00
Gross Total Income	3,19,700.00
Less: Deduction u/s 80C	(93,600.00)
Contribution to recognized provident fund (60,000 x 12) x 13%	
Total Income	2,26,100.00

**Computation of Tax Liability**

Tax on ₹2,26,100 at slab rate	Nil
Tax Liability	Nil