

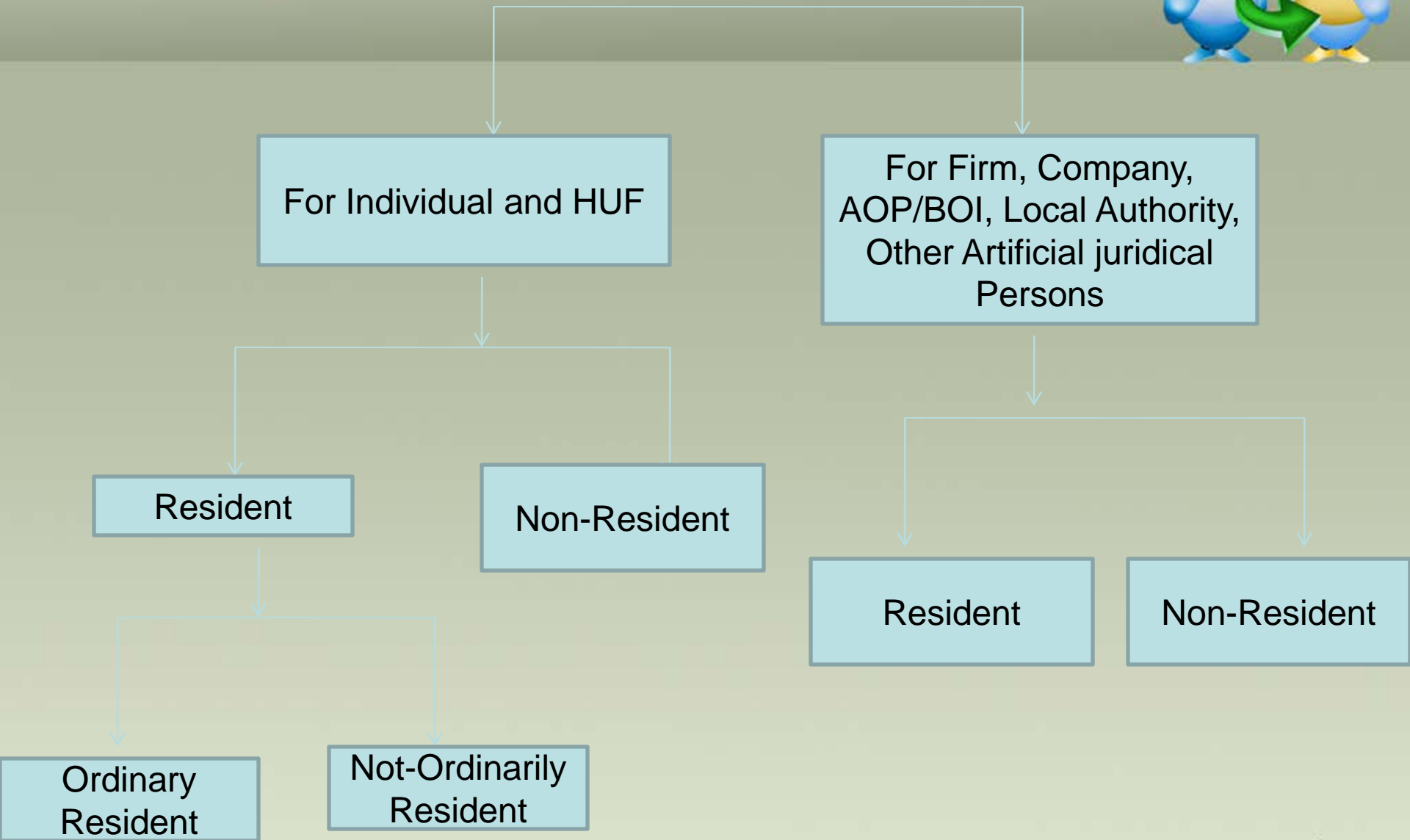
Residential Status



Meaning of Residential Status

- Residential Status is coined under Income Tax Act has nothing to do with nationality of a person.
- The income tax liability of an assessee depends upon his residential status.
- For Instance, income earn by an individual outside India, is taxable in India or not, depends upon the residential status of the individual, rather that on his citizenship.

Types of Residential Status





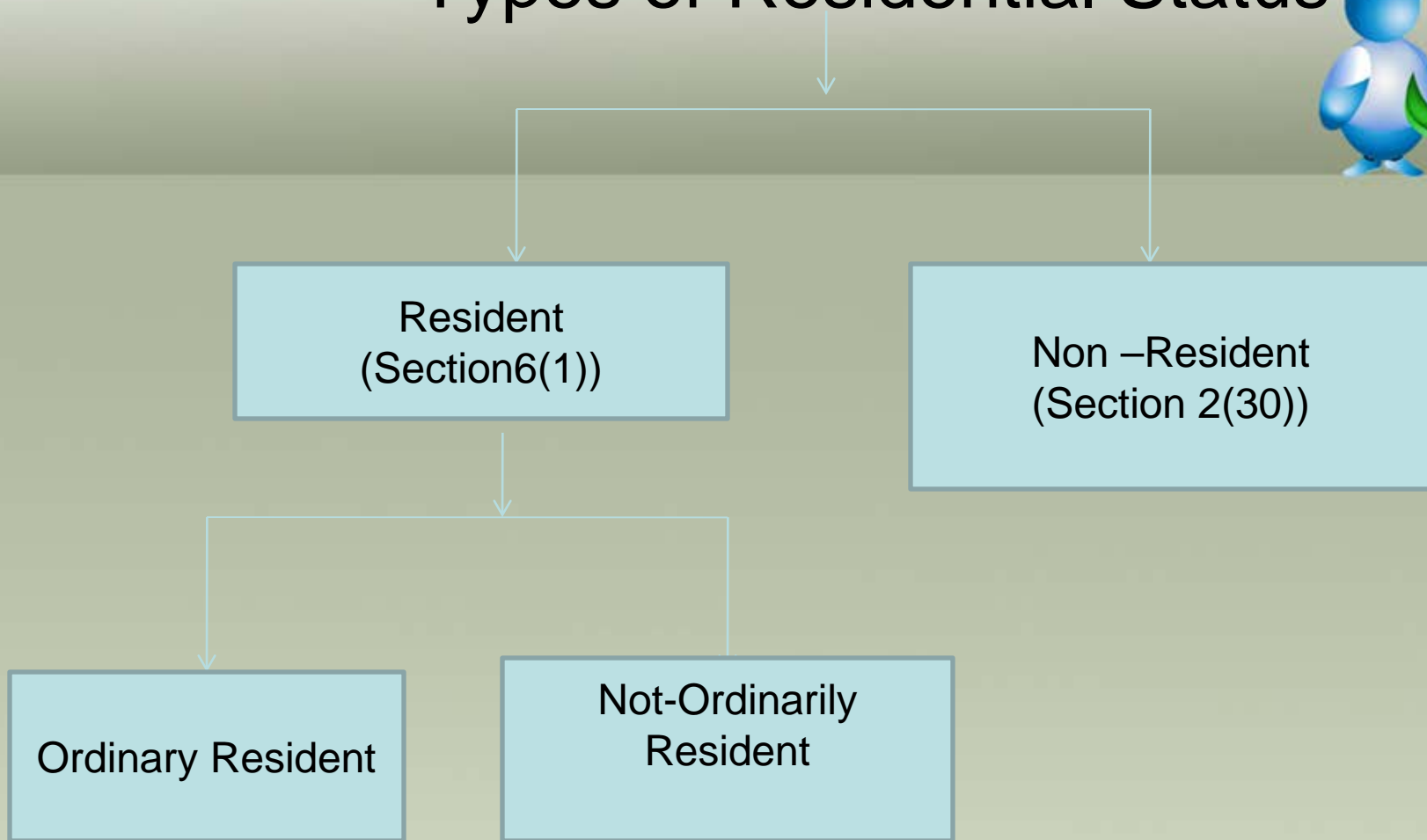
Residential Status of an Individual

1. Resident of India (ROI)
2. Resident and Ordinary Resident
3. Resident and not Ordinary Resident
4. Non-Resident of India (NRI)



Residential Status of an Individual

Types of Residential Status



Resident



An Individual is said to be resident of India in any previous year, if he satisfies at least one of the following basic conditions given u/s 6(1)

1. He is in India in the previous year for a period of 182 days or more

or

2. He is in India for a period of 60 days or more during the previous year and 365 days or more during the 4 years immediately preceding the previous year

Ordinary Resident



A resident individual is treated as resident and ordinarily resident in India, if satisfies the following two additional conditions given u/s 6(6)(a)&(b)

- i. He has been resident in India at least 2 out of 10 previous year immediately preceding the relevant previous year and
- ii. He has been in India for a period a period of 730 days or more during 7 years immediately preceding the relevant previous year.



- In brief, it can be said that, an individual becomes resident and ordinarily resident in India if he satisfies at least one of the **basic conditions and the two additional conditions.**



- An individual who satisfies at least one of the basic conditions but does not satisfy the two additional conditions is treated as a resident but not ordinarily resident of India.
- An individual is non resident of India during the previous year, if the satisfied none of the basic conditions

Residential Status of HUF



A HUF (like an individual) is either resident in India or non-resident of India. A resident HUF is either ordinarily resident or not ordinarily resident.

- A HUF is said to be resident of India, if the control and management of its affairs is wholly or partly situated in India .

- A resident HUF is 'ordinarily resident' in India, if the Karta or Manager of the family is resident in India at least 2 years out of 10 previous years and is in India for 730 days or more during the 7 years immediately preceding the relevant previous year.

Resident but not ordinarily Resident



- If the Karta or Manager of resident family is not resident in India at least 2 out of 10 immediately previous year or is not present in India for at least 730 days in 7 immediately previous year as aforesaid, the family will be regarded as resident but not ordinarily resident in India.
- A HUF is non resident of India if its control and management is wholly situated outside India.

Residential of A Firm or AOP or BOI



- A Firm or AOP or BOI is said to be resident of India, if the control and management of its affairs are wholly or partly situated within India during the relevant previous year.
- It would be treated as non resident of India if the control and management of its affairs are situated wholly outside India.

Residential Status of a Company



- An Indian Company is always resident of India.
- A foreign company is resident in India only if during the previous year control and management of its affairs is situated wholly in India.
- A foreign company is treated as non resident if during the previous year, the control and management of its affairs is either wholly or partly situated out of India.



- Every other person is resident of India if control and management of his affairs is wholly or partly, situated within India during the relevant previous year.
- If control and management of its affairs is wholly situated outside he is treated as non resident