Residential Status of an Individual

Presented by
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Contents of Topic

- Residential Status of an individual
- Scope of total Income to be considered as Income as per three categories ROR, RNOR & Non Resident Individual.
Residential Status (Section 6)

- Taxpayers are classified in three main categories on the basis of their residential status for all purposes of Income-tax.

1. Resident & Ordinary Resident (ROR)
2. Resident but not Ordinary Resident (RNOR)
3. Non-resident
• The residential status of an assessee must be ascertained with reference to EACH Previous Year.
• A person who is resident and ordinary resident (ROR) in one year may become non-resident or resident but not ordinary resident (RNOR) in another year or vice versa.
Conditions to Check Residential Status of an Individual

• **Step-I**
  - Stay in India for 182 days or more during the Previous Year (PY)

• If **Yes** then, *(Step-II)*
  - Resides in India in any 2 PYs out of 10 PYs Preceding the relevant PY
  - Stays in India for 730 days or more during the 7 PYs preceding the relevant PY

If **both** the above conditions **satisfied** then ROR.
If **both** the above conditions **Not Satisfied** then RNOR
• If No then,
  o Stays in India for 60 days or more during PY
    AND
  o Stays in India for 365 days or more during 4 PYs immediately preceding the relevant PY

If both the above conditions Not Satisfied then Non-Resident
If both the above conditions satisfied then check the conditions in Step-II
  (i.e. either ROR or RNOR)
## Scope of Income - whether following incomes are to be included in Total Income?

<table>
<thead>
<tr>
<th>Scope of Total Income</th>
<th>Resident &amp; Ordinarily Resident (ROR)</th>
<th>Resident but Not-Ordinarily Resident (RNOR)</th>
<th>Non-Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income received or deemed to be received <strong>in India</strong> during the previous year (PY)</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Income accruing or arising or deeming to accrue or arise <strong>in India</strong> during the PY</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Income accruing or arising <strong>outside India</strong> during the PY</td>
<td>YES, even if such income is not received or brought into India during the PY</td>
<td>YES, but only if such income is derived from a business controlled in or profession set up in India, otherwise NO.</td>
<td>NO</td>
</tr>
</tbody>
</table>
Reference

- www.incometaxindia.gov.in
- www.icai.org

THANK YOU