

RESIDENTIAL STATUS

Hindu Undivided Family (H.U.F.)

1) Resident : An HUF will be assessed as resident in India if :

a) Management and control of the business is wholly/partly situated in India. AND

b) “Karta” of the HUF satisfies the two additional conditions.

2) Not Ordinarily Resident : An HUF will be assessed as NOR if:

a) Management and control of the business is wholly/partly situated in India BUT

b) Karta of HUF does not satisfy the two additional conditions.

3) Non Resident: An HUF will be assessed as non resident if control and management of the HUF is wholly situated outside in India.

FIRM OR ASSOCIATION OF PERSONS

1) Resident :- A firm or an AOP will be assessed as Resident of India if its control and management is wholly/partially situated in India

2) Non Resident : A firm or an AOP will be assessed as non resident in India if it is wholly/partly controlled and managed from outside India.

COMPANY

1) Resident : A company will be assessed as resident in India if : i) It is an Indian Company OR ii) It is controlled and managed wholly within India.

2) Non-Resident : A company which is neither an Indian company nor it is wholly/partly controlled and managed from outside India, is called as non-resident.

RESIDENTIAL STATUS AND TAX INCIDENCE (LIABILITIES)

Tax liability of an assessee depends upon the residential status on which income he is liable to pay tax and which incomes are not taxable for him, for determination of this matter, now we have to understand the relationship between residence and tax liabilities :

The following chart highlights the provisions of tax incidence in brief :

Nature of Income	Tax incidence in case of		
	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-up outside India.	Taxable	Not taxable	Not taxable
Income accrued and received outside India in the previous year (it makes no difference if the same is later remitted to India).	Taxable	Not taxable	Not taxable
Income accrued and received outside India in any year preceding the previous year and later on remitted to India in current financial year.	Not taxable	Not taxable	Not taxable
Note: In case of resident assessee like company, firm etc. (Other than Individual and HUF) in which there is no classification as 'Resident but not ordinarily resident', income accrued and received outside India from a business controlled or profession setup outside India shall be taxable.			

GROSS TOTAL INCOME

Gross Total Income means aggregate amount of taxable income computed under five heads of income i.e. salaries, house property, business & profession, capital gains and other sources. In other words, Gross Total Income means total income

computed in accordance with the provisions of the Act before making any deduction under sections 80C to 80U.

In Simple words, the aggregate amount of the following heads of income is called Gross Total Income – (i) Salaries (Cash receipts and perquisites from the employer),

(ii) Income from House Property (Rental income)

(iii) Profits an Gains of Business or Profession,

(iv) Capital Gains from transfer of movable and immovable assets,

(v) Income from other Sources i.e. interest, royalty, lottery etc.