

Navigating through India Tax Returns for NRIs

IDFC First Bank and Ernst & Young LLP India

13 July 2023



EY

Building a better
working world

Know your speakers!



Mayur Shah
Partner
People Advisory Services, EY



Ekta Tulsan
Senior Manager
People Advisory Services, EY

Content

1

India Tax Return
Filing Requirement

2

Basis of Taxation

3

Determining your
Residential Status

4

Scope of Taxable
Income

5

Computing Taxes

6

India Tax Return
Forms

7

Useful Tips

8

Documents
Required

1

India Tax Return Filing Requirement

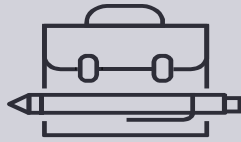


Who is Required to File India Tax Return?

It is mandatory for an individual to file India Tax Return if he / she satisfies any one of the following conditions :



Gross taxable income \geq applicable threshold



Qualifying as ROR and has foreign income and/or assets



Incurred expenditure of \geq INR 2 lakh on foreign travel



Electricity expenditure incurred in aggregate \geq INR 1



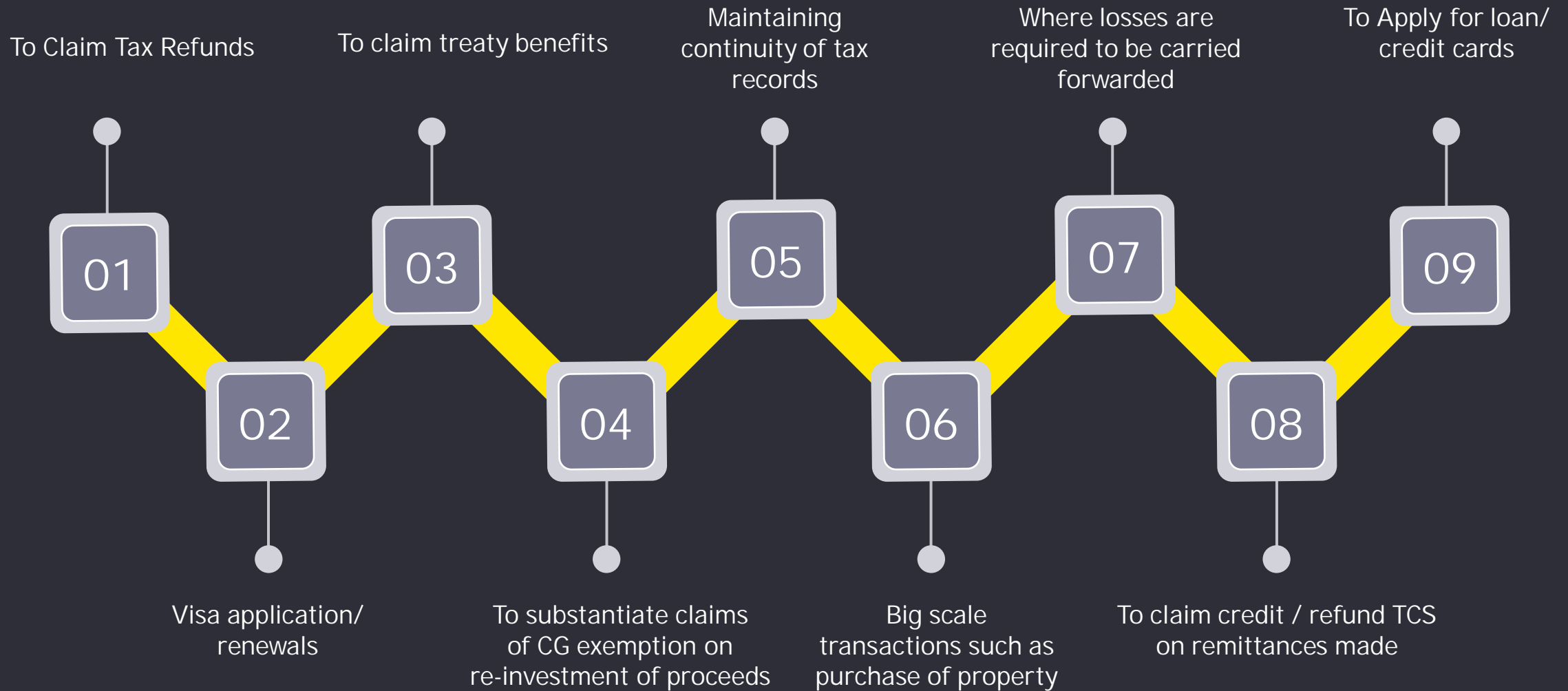
Aggregate Deposits in current account amounting to $>$ INR 1 crore

Due date for filing India tax return is 31 July following the end of tax year

If individual is unable to file India tax return by due date, he / she can file Belated India tax return by 31 December following the end of tax year (interest, fees and penalties apply)

If 31 December is also missed, one can explore filing updated returns as well

Possible Scenarios where Filing of India Tax Return is Advisable



2

Basis of Taxation



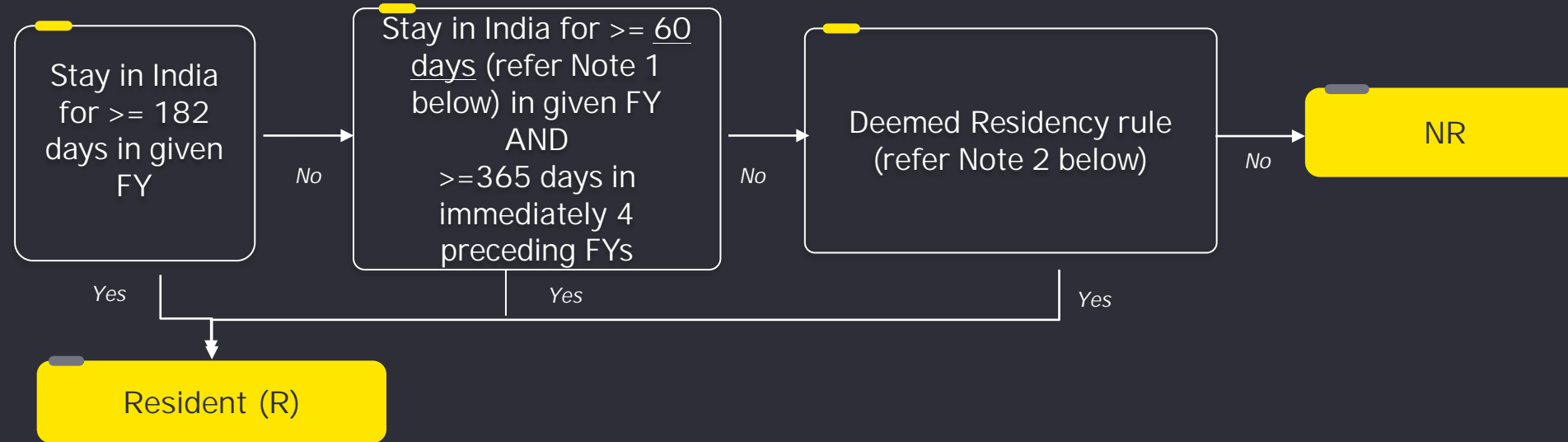
3

Determining your Residential Status



Rules to Determine your Residential Status as an Individual

Step 1: To determine whether an Indian citizen Individual is R or NR in the given FY



Note 1: Exceptions :

- ▶ For individuals qualifying as Indian citizens leaving the country for purposes of employment, 60 days is to be read as 182 days
- ▶ For individuals qualifying as Indian citizens who leave India as a member of crew of an Indian ship, 60 days is to be read as 182 days
- ▶ For Indian citizen / PIO origin coming on visits to India and having total income excluding foreign sourced income
 - ▶ upto INR 1.5 mn, 60 days is to be read as 182 days
 - ▶ above INR 1.5 mn, 60 days is to be read as 120 days

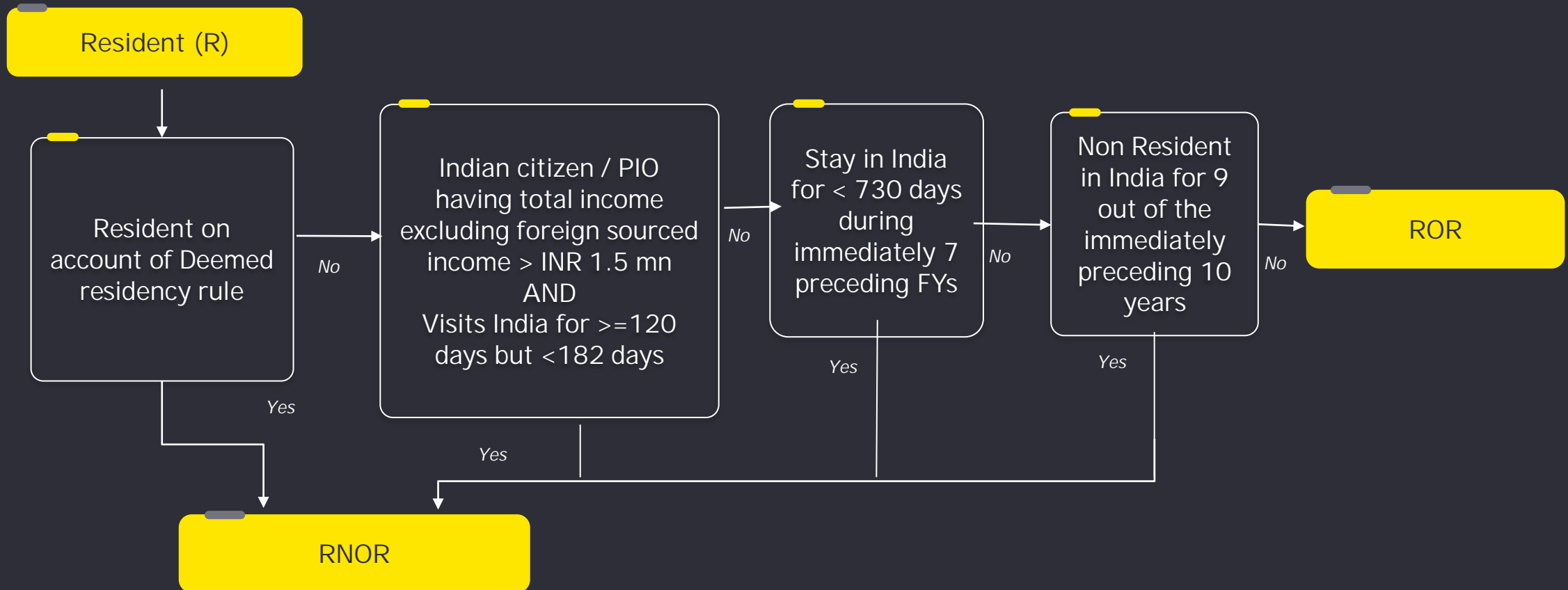
Note 2: Deemed Residency:

Deemed Residency is based on satisfaction of following cumulative condition:

- ▶ Indian Citizenship
- ▶ Non foreign income exceeds INR 15 Lakhs
- ▶ Not liable to tax in any other country
- ▶ Non Resident basis physical stay criteria

Rules to Determine your Residential Status as an Individual

Step 2: To determine whether a Indian citizen Resident Individual is ROR or RNOR for a given FY



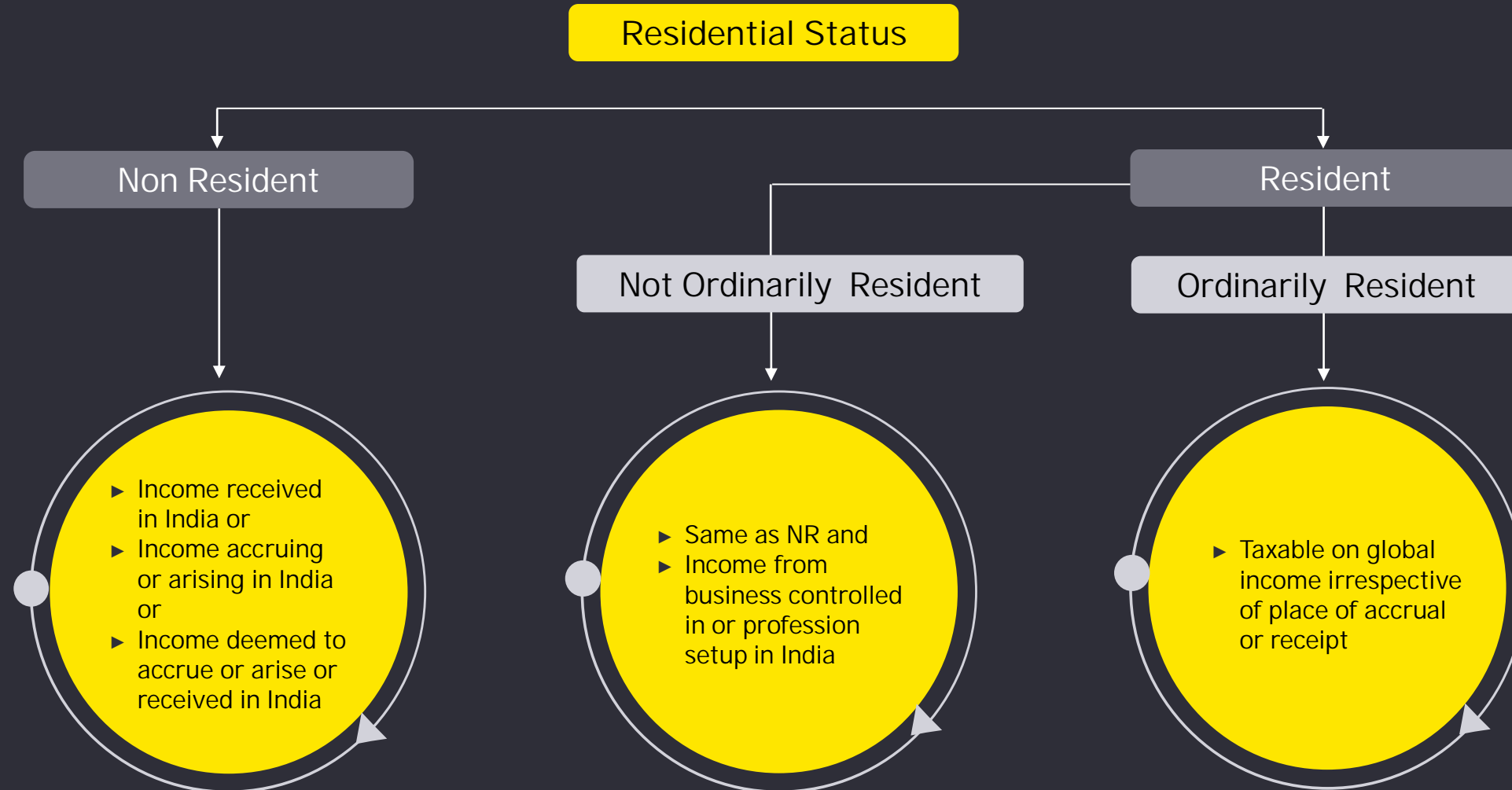
3

Scope of Taxable Income



Scope of Taxable Income

Scope of taxable income in India depends on residential status of an individual. Summarized as below:



4

Computing Taxes



Computation of Income

Categorize your taxable income into various heads of income since each head has a prescribed method of computation:

Salaries: Income received under an employment contract from the employer and services rendered

02

Profits and gains of business or profession: Any income/ loss from carrying on a business or profession

04

Income from other sources: Any other income not classified under the above heads of income

01

Income from house property: Rental income/ loss from house property

03

Capital gains: Gains/ losses from sale of long term or short term capital assets (E.g.: House property, shares etc.)

05

Identify computation methodology, set off and exemptions available for each head of income

(e.g., deduction of interest on housing loan while computing house property income, identify type of capital gain to identify applicable special tax rates, exemptions if any available under relevant tax treaties)

Computation of Income

Calculate Gross Total Income after summing up income under all heads and applicable set offs

Reduce deductions as applicable within prescribed limits (e.g., ULIPs, LIC premium, NPS etc) to calculate Total Income

Calculate Tax Payable on Total Income:

- ▶ Identify income on which **special rates** will apply and compute taxes accordingly (e.g., capital gains)
- ▶ For other income apply progressive rates of tax (Concessional tax Regime or Old tax Regime)
- ▶ Surcharge and education cess also to be considered

Claim credit of taxes already discharged:

- ▶ Advance taxes
- ▶ Taxes deducted at source (TDS), Taxes collected at source and
- ▶ Foreign Tax Credit (FTC) available under relevant tax treaties

If taxes are payable, compute applicable interest as well

Discharge Amount Payable as **Self Assessment Tax** (SAT) or claim Refund

Particulars	Amounts
Income from Salary	XX
Income from House Property	XX
Income from Capital Gains	XX
Income from Business or Profession	XX
Income from Other sources	XX
Gross Total Income	XXX
Less: Deductions (80C, NPS etc)	(XXX)
Total Income	XXX
Tax Payable on Total Income	XXX
Less: TDS, Advance taxes, FTC etc.	(XXX)
Add: Interest as applicable	(XXX)
Amount Payable or Refund	XXX
Less: SAT paid	XXX

Schedule for Income Chargeable at Special Rates

Schedule SI					
Sl No	Section	<input type="checkbox"/>	Special rate (%)	Income (i)	Tax thereon (ii)
1	111- Accumulated balance of recognised provident for prior years	<input type="checkbox"/>		(2ciii of Schedule OS)	(2civ of Schedule OS)
2	111A or section 115AD(1)(b)(ii)- Proviso (STCG on shares units on which STT paid)	<input type="checkbox"/>	15	(3iii of Schedule BFLA)	
3	115AD (STCG for FIIs on securities where STT not paid)	<input type="checkbox"/>	30	(3iv of Schedule BFLA)	
4	112 proviso (LTCG on listed securities/ units without indexation)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
5	112(1)(c)(iii) (LTCG for non-resident on unlisted securities)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
6	115AC (LTCG for non-resident on bonds/GDR)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
7	115ACA (LTCG for an employee of specified company on GDR)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
8	115AD (LTCG for FIIs on securities)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
9	115E (LTCG for non-resident Indian on specified asset)	<input type="checkbox"/>	10	(part of 3vii of Schedule BFLA)	
10	112 (LTCG on others)	<input type="checkbox"/>	20	(3viii of Schedule BFLA)	
11	112A or section 115AD(1)(b)(iii)-Proviso (LTCG on sale of shares or units on which STT is paid)	<input type="checkbox"/>	10	(part of 3vi of Schedule BFLA)	
12	STCG Chargeable at special rates in India as per DTAA			(part of 3vi of Schedule BFLA)	
13	LTCG Chargeable at special rates in India as per DTAA			(part of 3ix of schedule BFLA)	
14	115BB (Winnings from lotteries, puzzles, races, games etc.)	<input type="checkbox"/>	30	(part of 2a of Schedule OS)	
15	115BBE (Income under sections 68, 69, 69A, 69B, 69C or 69D)	<input type="checkbox"/>	60	(2b of Schedule OS)	
16	115BBH (Income from transfer of virtual digital asset)	<input type="checkbox"/>	30	(C2 of Schedule CG)	
17	115BBF (Tax on income from patent)	<input type="checkbox"/>	10	(part of 2d of Schedule OS)	
18	115BBG (Tax on income from transfer of carbon credits)	<input type="checkbox"/>	10	(part of 2d of Schedule OS)	
19	Any other income chargeable at special rate (Drop down to be provided in e-filing utility)	<input type="checkbox"/>		(part of 2d of Schedule OS)	
20	Other source of income chargeable at special rates in India as per DTAA	<input type="checkbox"/>		(part of 2f of Schedule OS)	
21	Pass Through Income in the nature of Short-Term Capital Gain chargeable @ 15%	<input type="checkbox"/>	15	(part of 3iv of Schedule BFLA)	
22	Pass Through Income in the nature of Short-Term Capital Gain chargeable @ 30%	<input type="checkbox"/>	30	(part of 3v of Schedule BFLA)	

SPECIAL RATES OF TAXATION



Self Assessment Tax Payment

- ▶ Possible ways to make tax payments in India:
 - ▶ Net Banking
 - ▶ Debit Card
 - ▶ Pay at Bank Counter
 - ▶ NEFT / RTGS
 - ▶ Payment Gateway (includes credit card and UPI options depending upon bank selected)
- ▶ Challans (i.e. tax payment proof) for online payments are generally made available instantly whereas Pay at Bank Counter option would take more time to reflect. Hence, critical to plan in advance.
- ▶ Important points to double check in your challan, since any mismatch may lead to rejection of tax payment:
 - ▶ Assessment Year (i.e. year succeeding the year of income)
 - ▶ PAN
 - ▶ Amount of taxes along with break up
 - ▶ BSR Code
 - ▶ Challan Number
- ▶ Always remember to download a copy of challan before closing the payment web page!



5

India Tax Return
Forms



Types of Income Tax Return Forms

ITR-1 (Sahaj)

- ▶ Only for Residents
- ▶ Income less than INR 50 Lacs
- Salary/ Pension
- One House Property
- Other Sources

ITR-2

- ▶ Income exceeds INR 50 Lacs
- Salary/ Pension
- More than one House Property
- Sale of Investments
- Other Sources
- Foreign Sourced Income
- Claiming Tax Relief
- Agricultural income exceeding INR 5,000

ITR -3

- Business or Profession
- Any partnership income received by the partner
- Everything in ITR 2

ITR-4 (Sugam)

- Presumptive Income
- Everything in ITR-1

Key Disclosure Requirements

Non Residents are required to disclose some data about residency in Part A – General - Filing Status

C. Non-resident	<input type="checkbox"/> You were a non-resident during the previous year.		
	(i) Please specify the jurisdiction(s) of residence during the previous year -		
	S.No.	Jurisdiction(s) of residence	Taxpayer Identification Number(s)
	1		
	2		
	(ii) In case you are a Citizen of India or a Person of Indian Origin (POI), please specify -		
	Total period of stay in India during the previous year (in days)	Total period of stay in India during the 4 preceding years (in days)	

Non Residents who intend to claim refund but do not have a bank account in India can disclose a foreign bank account in Part A – General – Filing Status

b) Non- residents, who are claiming income-tax refund and not having bank account in India may, at their option, furnish the details of one foreign bank account:				
Sl. No.	SWIFT Code	Name of the Bank	Country of Location	IBAN

Key Disclosure Requirements

You are required to furnish the below details in your India Tax return form.

Directorship	If you are a director	If you held Unlisted shares	Unlisted Shares
	In a Company	Name of the company	
	Name of the company	Number of shares	
	PAN of the Company	Cost of acquisition	
	Whether its shares are listed or unlisted	Purchase and sale details during the tax year	
	Director Identification Number(DIN)	Closing balance as on 31 March 2023	

To ensure that losses are carried forward, it is important to appropriately capture the same in Carry Forward Loss Schedule (i.e. [CFL Schedule](#))

CFL Schedule

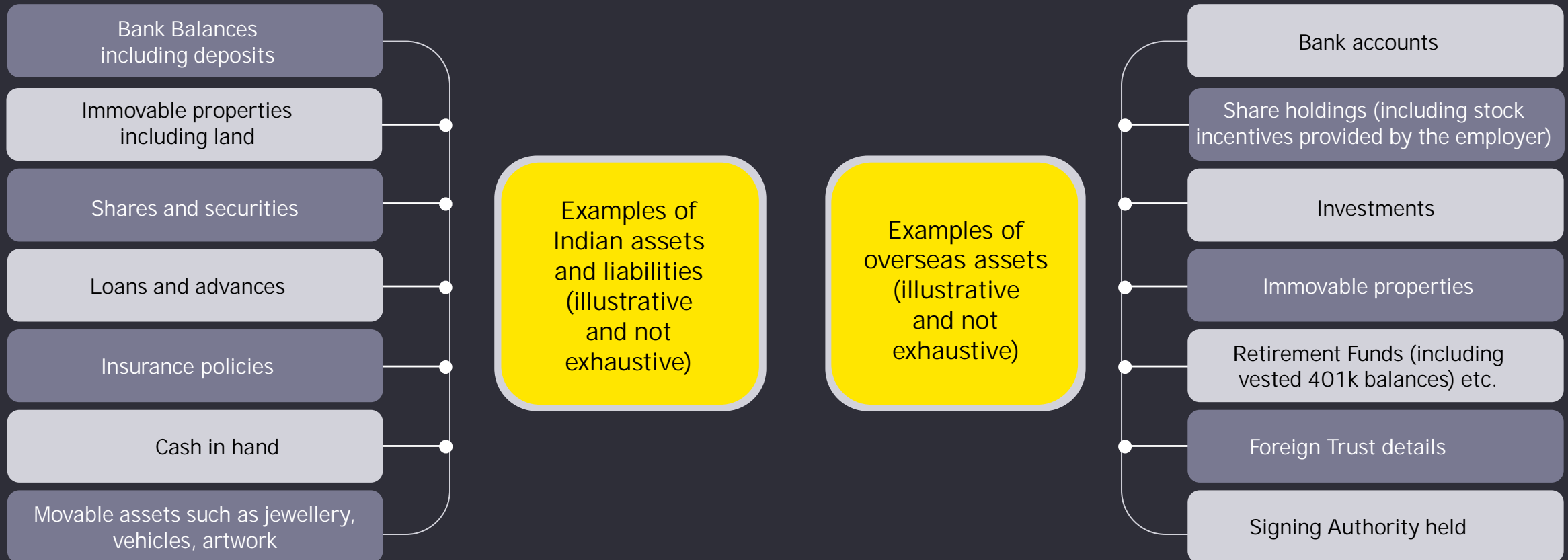
Schedule CFL								
CARRY FORWARD OF LOSS		Assessment Year	Date of Filing (DD/MM/YYYY)	House property loss	Short-term capital loss	Long-term Capital loss	Loss from owning and maintaining race horses	
		1	2	3	4	5	6	
	i	2015-16						
	ii	2016-17						
	iii	2017-18						
	Iv	2018-19						
	v	2019-20						
	vi	2020-21						
	vii	2021-22						
	viii	2022-23						
ix	Total of earlier year losses							
x	Adjustment of above losses in Schedule BFLA		(2ii of Schedule BFLA)			(2xi of Schedule BFLA)		
xi	2023-24 (Current year losses)		(2xiv of Schedule CYLA)	(2x+3x+4x+5x) of item E of Schedule CG	(6x+7x+8x) of item E of Schedule CG	(8e of Schedule OS, if -ve)		
xii	Total loss carried forward to future years							



Key Disclosure Requirements

Assets and Liabilities Schedule: Assets and Liabilities as on 31 March of relevant tax year to be disclosed if Total Income exceeds INR 50 Lacs

Foreign Assets Schedule: RORs in India are also required to disclose foreign assets held by them even for a day during the entire tax year.



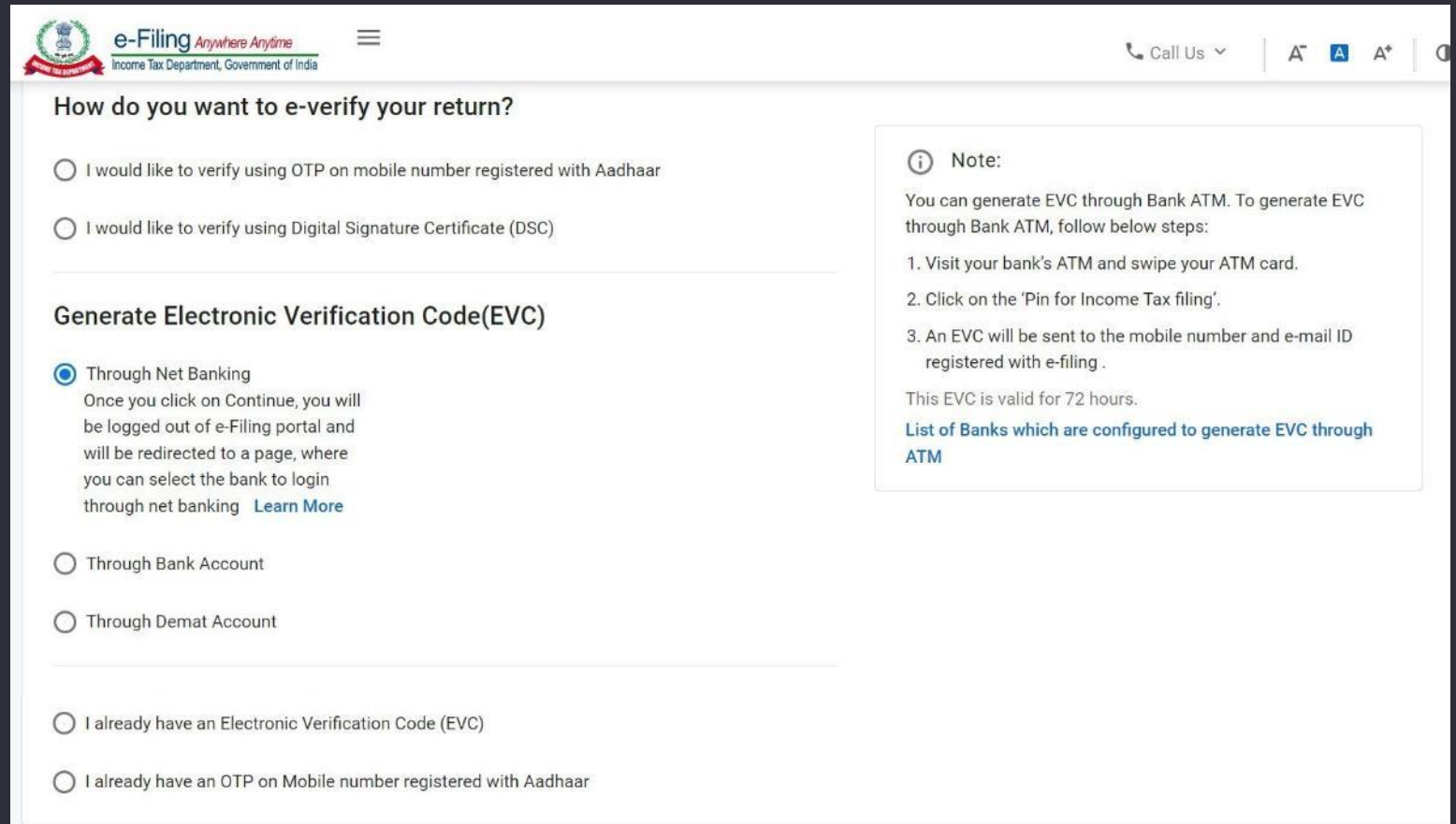
Exempt Income

Schedule EI		Details of Exempt Income (Income not to be included in Total Income or not chargeable to tax)							
EXEMPT INCOME	1	Interest income					1		
	2	i	Gross Agricultural receipts (other than income to be excluded under rules 7A, 7B or 8)						
		ii	Expenditure incurred on agriculture						
		iii	Unabsorbed agricultural loss of previous eight assessment years						
		iv	Net Agricultural income for the year (i – ii – iii) (enter nil if loss)						
		v	In case the net agricultural income for the year exceeds Rs.5 lakh, please furnish the following details (Fill up details separately for each agricultural land)						
		a	Name of district along with pin code in which agricultural land is located						
		b	Measurement of agricultural land in Acre						
		c	Whether the agricultural land is owned or held on lease (drop down to be provided)						
		d	Whether the agricultural land is irrigated or rain-fed (drop down to be provided)						
	3	Other exempt income (including exempt income of minor child)					3		
	4	Income not chargeable to tax as per DTAA							
	Sl. No.	Amount of income	Nature of income	Country name & Code	Article of DTAA	Head of Income		Whether obtained (Y/N)	TRC
	I								
	II								
	III	Total Income from DTAA not chargeable to tax						4	
5	Pass through income not chargeable to tax (Schedule PTI)					5			
6	Total (1+2+3+4+5+)					6			



Authentication of India Tax Return

- ▶ After filing your tax return, you are required to e-verify the same. Alternatives as per screenshot.
- ▶ Another method to verify your tax return is to physically send a signed ITR-V to CPC Bangalore.
- ▶ ITR-V has to be verified within 30 days of filing.
- ▶ In case ITR V is submitted post 30 days, a condonation of delay is required to be submitted by logging into the portal. If the request is not accepted, then the return is considered invalid



The screenshot displays the e-Filing portal interface for the Income Tax Department, Government of India. The page title is "How do you want to e-verify your return?". There are two radio button options: "I would like to verify using OTP on mobile number registered with Aadhaar" and "I would like to verify using Digital Signature Certificate (DSC)". Below this is a section titled "Generate Electronic Verification Code(EVC)" with four radio button options: "Through Net Banking" (selected), "Through Bank Account", "Through Demat Account", and "I already have an Electronic Verification Code (EVC)". The "Through Net Banking" option includes a sub-description: "Once you click on Continue, you will be logged out of e-Filing portal and will be redirected to a page, where you can select the bank to login through net banking [Learn More](#)". At the bottom, there is another radio button option: "I already have an OTP on Mobile number registered with Aadhaar". On the right side, there is a "Note" box with an information icon, stating: "You can generate EVC through Bank ATM. To generate EVC through Bank ATM, follow below steps: 1. Visit your bank's ATM and swipe your ATM card. 2. Click on the 'Pin for Income Tax filing'. 3. An EVC will be sent to the mobile number and e-mail ID registered with e-filing. This EVC is valid for 72 hours. [List of Banks which are configured to generate EVC through ATM](#)". The top of the page features the e-Filing logo, the text "e-Filing Anywhere Anytime", and "Income Tax Department, Government of India". There is also a "Call Us" button and a search icon.

7

Useful Tips



Useful Tips

- ▶ Always check, download, and use the appropriate form (saves time later)
- ▶ Email IDs and communication address should be mentioned appropriately and the same should reflect in the Profile section of the online tax filing account as well
- ▶ Before filing the tax return, tax status should always be “tax refundable” or “nil”. Do not file a tax payable return
- ▶ Do install Java on your computer (to check software required for new utility)
- ▶ For claim of any exemption or lower rate of tax under the tax treaty, one should obtain Tax Residency Certificate from country of residence and fill Form 10F as well
- ▶ For claim of Foreign tax credit, Form 67 also needs to be filed.
- ▶ Please ensure your 26AS, AIS and TIS details match the details you mention in your India Tax Return.
- ▶ In case of a refund, advisable to keep bank accounts pre validated
- ▶ Advisable to maintain access to an Indian mobile number registered with the Income-tax authorities/ linked to Aadhaar since OTP is required for multiple purposes such as e-verification, bank account validation, filing Form 67 etc.
- ▶ Never use special characters in the ITR as it may amount to Null error while uploading of return

8

Documents
Required



Typical Documents Required to be Maintained

- ▶ Assignment letter/ Employment contract
- ▶ Lease agreement (where accommodation is provided)
- ▶ Bank statements of bank accounts held in India
- ▶ Credit card statements, if any
- ▶ Record of expenses incurred during the assignment in India
- ▶ Passport copy
- ▶ Salary/ pay slips
- ▶ ESOP and related documentation
- ▶ Travel calendar (backed by passport stamps)
- ▶ Original Form 16 (salary certificate)
- ▶ Original Form 12BA (statement of perquisites)
- ▶ Computation of income
- ▶ Proofs relating to any deductions
- ▶ Original Form 16A (withholding tax certificates)
- ▶ Tax residency certificate, Form 10F
- ▶ Proof of taxes paid in both countries
- ▶ Foreign tax returns
- ▶ Duly filed Form 67

Kindly note that the above list is *illustrative* in nature. Further documents may be called for by the Revenue authorities, at their discretion, in case of audit of your tax return.



Our Offices

Ahmedabad
22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon
Temple, Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

Bengaluru
12th & 13th floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing
Divyasree Chambers
11, Langford Gardens
Bengaluru - 560 025
Tel: + 91 80 6727 5000

Chandigarh
Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai
Tidel Park, 6th & 7th Floor
A Block, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR
Ground Floor
67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana
Tel: +91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad
THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jamshedpur
1st Floor, Shantiniketan Building
Holding No. 1, SB Shop Area
Bistupur, Jamshedpur - 831 001
Tel: + 91 657 663 1000

Kochi
9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata
22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai
14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

Pune
C-401, 4th floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

Ernst & Young LLP

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/en_in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at Ground Floor, Plot No. 67, Institutional Area, Sector - 44, Gurugram - 122 003, Haryana, India.

© 2023 Ernst & Young LLP. Published in India.
All Rights Reserved.

EYIN2307-003
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.



Building a better working world