

~: SCOPE OF TOTAL INCOME [Sec-5] :~

TYPE OF INCOME :-

1. INDIAN INCOME
 - a Received in India
 - b Accrued in India
 - c Received as well as accrued in India
2. FOREIGN INCOME
 - a. Which is not an Indian income
 - i. Foreign income but business controlled from India
 - ii. Other foreign income

Scope of total income is according to residential status of assessee:

Nature of income	R&OR	R&NOR	NRI
Income received / Accrues / Deemed to be receive / Deemed to be Accrues in INDIA	Taxable	Taxable	Taxable
Income which accrues or arises outside India but business controlled from India / profession set up in India	Taxable	Taxable	Non-Taxable
Any other Income which Accrues OR Arises outside India	Taxable	Non-Taxable	Non-Taxable

Other important points:

1. Agriculture Income received in India is exempt **u/s 10[1]**
2. Dividend from Indian companies is exempt **u/s 10[34]**
3. Dividend from ICICI UTI is exempt **u/s 10[35]**
4. Past untaxed profit is exempt
5. Interest on PPF **u/s 10(11)**, interest on Post office is exempt **u/s 10(15)** upto RS 3500

~: SUMS :~

Q – 1) for the previous year ended 31st march 2020 Mr. R had the following incomes.

1. Salary received from government of India Rs. 1,00,000 (1)
2. Profit earn from business in Kerala controlled from Canada Rs. 5,00,000 (1)
3. Royalty receive from government of India Rs. 60,000 (1)
4. Profit earn from business in Bangladesh controlled from Dhaka and credited to his personal account in the bank there Rs. 40,000 (3)
5. Dividend from Italian Company credited to his account in Switzerland Rs.20,000 (3)
6. Agricultural income from Sri Lanka not remitted to India Rs. 6,00,000 (3)

Compute the taxable income of Mr. R for assessment year 2020-21

If he is (A) R&OR (B) R&NOR (C) NRI.

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Salary received from government of India Rs. 1,00,000	1,00,000	1,00,000	1,00,000
2. Profit earn from business in Kerala controlled from Canada Rs. 5,00,000	5,00,000	5,00,000	5,00,000
3. Royalty receive from government of India Rs. 60,000	60,000	60,000	60,000
4. Profit earn from business in Bangladesh controlled from Dhaka and credited to his personal account in the bank there Rs. 40,000	40,000	-	-
5. Dividend from Italian Company credited to his account in Switzerland Rs.20,000	20,000	-	-
6. Agricultural income from Sri Lanka not remitted to India Rs. 6,00,000	6,00,000	-	-
TOTAL INCOME	13,20,000	6,60,000	6,60,000

Q – 2) From the following particulars of Mr. A for the previous year 2019-20

1. Capital gain on sale of property in Delhi received in USA Rs. 1,80,000
 2. Income from business in USA controlled from Delhi Rs. 2,20,000
 3. Income from business in Bangalore controlled from USA Rs. 3,80,000
 4. Income from property in USA received there but subsequently remitted to India Rs. 6,00,000
 5. Interest from deposits with an Indian Company received in USA Rs. 40,000
 6. Profit for the year 2011-12 of a business in USA remitted to India during the previous year 2019-20 (not Taxed yet) Rs. 1,75,000
 7. Gift received from parents Rs. 4,45,000
 8. Interest payable by Punjab government received in USA Rs. 1,00,000
- Compute the taxable income of Mr. A for assessment year 2020-21
If he is (A) R&OR (B) R&NOR (C) NRI.

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Capital gain on sale of property in Delhi received in USA Rs. 1,80,000	1,80,000	1,80,000	1,80,000
2. Income from business in USA controlled from Delhi Rs. 2,20,000	2,20,000	2,20,000	--
3. Income from business in Bangalore controlled from USA Rs. 3,80,000	3,80,000	3,80,000	3,80,000
4. Income from property in USA received there but subsequently remitted to India Rs. 6,00,000	6,00,000	--	--
5. Interest from deposits with an Indian Company received in USA Rs. 40,000	40,000	40,000	40,000
6. Profit for the year 2011-12 of a business in USA	--	--	--

remitted to India during the previous year 2019-20 (not Taxed yet) Rs. 1,75,000 (NOTE -1)			
7. Gift received from parents Rs. 4,45,000 (NOTE -2)	--	--	--
8. Interest payable by Punjab government received in USA Rs. 1,00,000	1,00,000	1,00,000	1,00,000
TOTAL INCOME	15,20,000	9,20,000	7,00,000

NOTES :

1. Past untaxed profit is not an income of current year therefore ignore
2. Gift received from relatives is not an income, therefore ignore

Q – 3) Mr. Tony, a British citizen, had the following income during the year.

1. Income from house property in India Rs. 15,000
 2. Income from property in Rome Rs. 10,000
 3. Interest income in bank account in India Rs. 1,200
 4. Income from business in Bangladesh, being controlled from India Rs. 16,000
 5. Interest on bank account in USA Rs. 11,000
 6. Salary earned and received in Tokyo Rs. 12,000
 7. Income earned and received In London Rs. 13,000
 8. Dividend from British Company received in India Rs. 17,000
- Compute the taxable income for assessment year 2020-21
If he is (A) R&OR (B) R&NOR (C) NRI.

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Income from house property in India Rs. 15,000	15,000	15,000	15,000
2. Income from property in Rome Rs. 10,000	10,000	--	--
3. Interest income in bank account in India Rs. 1,200	1,200	1,200	1,200
4. Income from business in Bangladesh, being controlled from India Rs. 16,000	16,000	16,000	--
5. Interest on bank account in USA Rs. 11,000	11,000	--	--
6. Salary earned and received in Tokyo Rs. 12,000	12,000	--	--
7. Income earned and received In London Rs. 13,000	13,000	--	--
8. Dividend from British Company received in India Rs. 17,000	17,000	17,000	17,000
TOTAL INCOME	95,200	49,200	33,200

Q – 4) Mr. Sambhaji, a citizen of France gives you the following information for the year ended 31st march 2020.

1. Interest on fixed deposit with bank received in India Rs. 10,000
2. Income from house property in India Rs. 15,000
3. Income from business in Singapore controlled from India Rs. 50,000
4. Income from business in India earned in India but received in France Rs. 1,00,000

5. Dividends from American company received in India Rs. 22,000
 6. Interest on bank account in France Rs. 25,000
 7. Salary earned and received in France Rs. 1,50,000
- Compute the taxable income for assessment year 2020-21
If he is (A) R&OR (B) R&NOR (C) NRI.

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Interest on fixed deposit with bank received in India Rs. 10,000	10,000	10,000	10,000
2. Income from house property in India Rs. 15,000	15,000	15,000	15,000
3. Income from business in Singapore controlled from India Rs. 50,000	50,000	50,000	--
4. Income from business in India earned in India but received in France Rs. 1,00,000	1,00,000	1,00,000	1,00,000
5. Dividends from American company received in India Rs. 22,000	22,000	22,000	22,000
6. Interest on bank account in France Rs. 25,000	25,000	--	--
7. Salary earned and received in France Rs. 1,50,000	1,50,000	--	--
TOTAL INCOME	3,72,000	1,97,000	1,47,000

Q – 5) from the following income earned by Mr. Rajesh during the financial year 2019-20. Determine his total income for the assessment year 2020-21 if he is (A) R&OR (B) R&NOR (C) NRI

1. Profits from a business in Bombay managed from London Rs. 30,000
2. Pension for services rendered in India but received in Burma Rs. 15,000
3. Interest on UK government bonds half of which is received in India Rs. 4,000
4. Income from property situated in Pakistan received there Rs. 20,000
5. Past foreign untaxed income brought to India during the previous year Rs. 7,000
6. Income from agricultural land in Nepal received there and then brought to India Rs. 30,000
7. Income from profession in Kenya which was set up in India, received there Rs. 12,000

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Profits from a business in Bombay managed from London Rs. 30,000	30,000	30,000	30,000
2. Pension for services rendered in India but received in Burma Rs. 15,000	15,000	15,000	15,000
3. Interest on UK government bonds half of which is received in India Rs. 4,000			
➤ Half received in India	2,000	2,000	2,000
➤ Half received in UK	2,000	--	--
4. Income from property situated in Pakistan received there Rs. 20,000	20,000	--	--

5. Past foreign untaxed income brought to India during the previous year Rs. 7,000	--	--	--
6. Income from agricultural land in Nepal received there and then brought to India Rs. 30,000	30,000	--	--
7. Income from profession in Kenya which was set up in India, received there Rs. 12,000	12,000	12,000	--
TOTAL INCOME	1,11,000	59,000	47,000

Q – 6) calculate total income of Mr. Ronak PY 2019-20 if he is (A) R&OR (B) R&NOR (C) NRI

1. Agriculture income from Panjab Rs. 10,000
2. Dividend from Indian Co. Rs. 10,000
3. Dividend from foreign Co. received in USA Rs. 5,000
4. Agriculture income from Sri Lanka Rs. 10,000
5. Interest on debenture of Indian Co. (half received in USA) Rs. 10,000
6. Income from business in Mumbai controlled from Japan (half received in Tokyo) Rs. 10,000

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Agriculture income from Panjab Rs. 10,000	--	--	--
2. Dividend from Indian Co. Rs. 10,000	--	--	--
3. Dividend from foreign Co. received in USA Rs. 5,000	5,000	--	--
4. Agriculture income from Sri Lanka Rs. 10,000	10,000	--	-
5. Interest on debenture of Indian Co. (half received in USA) Rs. 10,000	10,000	10,000	10,000
6. Income from business in Mumbai controlled from Japan (half received in Tokyo) Rs. 10,000	10,000	10,000	10,000
TOTAL INCOME			

Q – 7) from the following particulars compute the taxable income of Mr. R when his residential status is (A) R&OR (B) R&NOR (C) NRI

1. Interest for debenture in an Indian company received in London	5,000
2. Interest on a company deposit in India but received in Germany	22,000
3. Interest on UK development bond 50% of interest received in India	40,000
4. Profits on sale of shares of an Indian company received in London	24,000
5. Dividend from British company received in London	10,000
6. Profit on sale of plant at Germany 50% of profits are received in India	60,000
7. Income earned from business in Germany which is controlled from Delhi (Rs.40,000 is received in India)	70,000
8. Profits from a business in Delhi but managed entirely from London	45,000
9. Rent from property in London deposited in a Indian bank of London brought to India	50,000
10. Interest received in London on money lent to a resident in India in London but the	6,000

same money was used in India	
11. Fees for technical services rendered in India but received in London	25,000
12. Royalty received in London for a right given to non-resident in India to be used for business in India	34,000

Solution :-

Statement of Total Income

Particular	R&OR	R&NOR	NRI
1. Interest for debenture in an Indian company received in London	5,000	5,000	5,000
2. Interest on a company deposit in India but received in Germany	22,000	22,000	22,000
3. Interest on UK development bond 50% of interest received in India			
➤ 50% received in India	20,000	20,000	20,000
➤ 50% received in UK	20,000	--	--
4. Profits on sale of shares of an Indian company received in London	24,000	24,000	24,000
5. Dividend from British company received in London	10,000	--	--
6. Profit on sale of plant at Germany 50% of profits are received in India			
➤ 50% received in India	30,000	30,000	30,000
➤ 50% received in Germany	30,000	--	--
7. Income earned from business in Germany which is controlled from Delhi (Rs.40,000 is received in India)			
➤ received in India	40,000	40,000	40,000
➤ controlled from India	30,000	30,000	--
8. Profits from a business in Delhi but managed entirely from London	45,000	45,000	45,000
9. Rent from property in London deposited in a Indian bank of London brought to India	50,000	--	--
10. Interest received in London on money lent to a resident in India in London but the same money was used in India	6,000	6,000	6,000
11. Fees for technical services rendered in India but received in London	25,000	25,000	25,000
12. Royalty received in London for a right given to non-resident in India to be used for business in India	34,000	34,000	34,000
TOTAL INCOME	3,91,000	2,81,000	2,51,000

~: HOMEWORK QUESTIONS :~

Q.1. Mr. Akhil, an Indian Citizen left India for employment on 31/8/18. Before this he was always in India.

Find his residential status for P.Y. 2018 – 19 and also calculate his total income from the following information.

- (1) Dividend from foreign company Rs. 50,000.
- (2) Rent from property in New York Rs. 20,000.
- (3) Sale of Property in Japan, amount received in Mumbai Rs. 30,000.
- (4) Dividend from Indian company Rs. 50,000.
- (5) Agricultural Income from India Rs. 40,000.
- (6) Gift from brother Rs. 50,000.
- (7) Interest on Debentures Rs. 42,000 of European Company recd. in London.
- (8) Rent from plot of Land in Ceylon Rs. 40,000.

Q.2. Mr. Pankaj, an Indian citizen, furnishes the following particulars of his income earned during the previous year relevant to A.Y 2019 – 20.

- a) Pension from an Indian employer received in Sudan Rs. 36,000.
- b) Profit from business at Pune and managed from Britain Rs. 48,000.
- c) Income earned from business in Kuwait which is controlled from Mumbai (Rs. 30,000 received in India) Rs. 54,000.
- d) Past untaxed profit brought to India Rs. 1,00,000.
- e) Income from agricultural land in Sri Lanka Rs. 10,000 received in India
- f) Profit on sale of plant at Bhopal
(1/2 received in USA) Rs. 38,000.
- g) Dividend from German company received in India Rs. 5,000.
- h) Income from Profession in Nairobi which was set up in India received there Rs. 12,000.
- i) Gift from friend Rs. 95,000.

Determine the gross total income of Mr. Vijay for the assessment year 2019-20.

Q.3. From the following details furnished by **Mr. Patil** determine his total Income if he is-

- (a) Resident & Ordinarily Resident
- (b) Resident & Not Ordinarily Resident
- (c) Non Resident.

	<u>Amt (Rs.)</u>
1. Agricultural income from Punjab	80,000
2. Salary earned and received in USA	40,000
3. Asset sold in Nepal, amount received in Bhopal	50,000
4. Dividend from Italian Company, received in India	80,000
5. Rent from House Property in Nepal, received there and then sent to India	12,000
6. Interest on Debentures of a foreign Co. received in Mumbai	30,000
7. Dividend from German Co. (1/2 received in India)	60,000
8. Inc. from business in Pakistan, controlled from Afghanistan	10,000
9. Income from Business in China, controlled from Delhi (1/2 received in India)	50,000
10. Income from Business in Mumbai, controlled from Dubai	30,000
11. Salary earned and received in Africa	8,000
12. Asset sold in Bhopal (75% amount received in China)	90,000

13. Pension from Indian Employer received in Iran for services rendered in India.	12,000
14. Gift from wife received in Mumbai.	2,00,000
15. Dividend from Indian Co. received in Delhi	20,000

Q.4. Mr. Ankit furnishes the following particulars of his income earned during the previous year ended 31.3.2019.

1. Interest on U.K. Development Bonds (received in India)	42,000
2. Profit on sale of Plant in Malaysia	92,000
3. Profit on sale of Property at Mumbai (received in Dubai)	1,04,000
4. Income from Business in Sri Lanka controlled from India	20,000
5. Rental income from property in New York deposited by Tenant in a Foreign Branch of Indian Bank deposited there	25,000
6. Pension from Employer in India received in Mauritius	60,000

You are required to compute his total income taxable in India if his residential status during the previous year 2018-19 is :- Resident But Not Ordinarily Resident.

Q.5. Mr. Amit, a foreign national, furnishes the following particulars of his income for the previous year relevant to assessment year 2019 – 2020.

1. Profit on sale of plant at London (1/2 is received in India)	60,000
2. Profit on sale of plant at Delhi (1/2 is received in London)	82,000
3. Interest on U.K. Development Bonds (entire amount received in London)	40,000
4. Interest on Bank Accounts in India	50,000
5. Dividend from British Company received in India	20,000
6. Income from property in London	30,000
7. Dividend received in London from a Company registered in India but mainly operating in U.K.	18,000
8. Profit from a business in Delhi managed from India	30,000

Determine Gross total income of Mr. Amit for the assessment year 2019 – 2020 if he is Non – Resident.