

## ~: 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 <b>INDIA</b>	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 31<sup>st</sup> march 2024 Mr. R had the following incomes.

1. Salary received from government of India Rs. 1,00,000
2. Profit earn from business in Kerala controlled from Canada Rs. 5,00,000
3. Royalty receive from government of India Rs. 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
5. Dividend from Italian Company credited to his account in Switzerland Rs.20,000
6. Agricultural income from Sri Lanka not remitted to India Rs. 6,00,000

Compute the taxable income of Mr. R for assessment year 2024-25

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	-	-
<b>TOTAL INCOME</b>	<b>13,20,000</b>	<b>6,60,000</b>	<b>6,60,000</b>

**Q – 2)** From the following particulars, income of Mr. A for the previous year 2023-24

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 2023-24 (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 2024-25

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 2023-24 (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
<b>TOTAL INCOME</b>	<b>15,20,000</b>	<b>9,20,000</b>	<b>7,00,000</b>

**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 PY 2023-24

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
<b>TOTAL INCOME</b>	<b>95,200</b>	<b>49,200</b>	<b>33,200</b>

**Q – 4)** Mr. Sambhaji, a citizen of France gives you the following information for the year ended 31<sup>st</sup> march 2024.

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 2024-25

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	--	--
<b>TOTAL INCOME</b>	<b>3,72,000</b>	<b>1,97,000</b>	<b>1,47,000</b>

**Q – 5)** from the following income earned by Mr. Rajesh during the financial year 2023-24. Determine his total income for the assessment year 2024-25 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	--
<b>TOTAL INCOME</b>	<b>1,11,000</b>	<b>59,000</b>	<b>47,000</b>

**Q – 6)** calculate total income of Mr. Ronak PY 2023-24 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
<b>TOTAL INCOME</b>	<b>35,000</b>	<b>20,000</b>	<b>20,000</b>

**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 same money was used in India	6,000
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