

# NRI

## NEWS BULLETIN

### OCTOBER 2024

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Centralised NRI Hub, Resources Wing,  
HO Bangalore



## FROM THE DESK OF **GENERAL MANAGER**

Dear Valued Customer,

I am pleased to connect you through our October 2024 NRI News Bulletin.

### **Highlights of this edition are as under:**

1. NRI or Resident, Determine Your Residential Status for TAX Purpose.
2. What is Deemed Resident?
3. New PPF rules for NRI.
4. Interest rate on NRI deposits.

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We request you to share your experience with your near and dear ones to strengthen your Bank further. We solicit your valuable suggestions to improve our service so as to cater to your needs as an NRI. Please feel free to write to us at [nrihub@canarabank.com](mailto:nrihub@canarabank.com). We are happy in assisting you for your financial endeavours.

Sincerely,

**Ajit Kumar Mishra**  
**General Manager**



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# NRI or Resident Determine Your Residential Status for TAX Purpose

(As per Income Tax Act, 1961)



## Who is a NRI?

An NRI is an Indian citizen who stays outside India:

- For purposes of carrying out employment outside India
- For purposes of carrying out any business or vocation outside India;
- For any other purpose, in such circumstances as would indicate an intention to stay out side India for an uncertain duration;
- Any Indian citizen deputed outside India for a temporary period in connection with employment.

## Residential status as per Income Tax Act, 1961

Basic conditions for determining residential status of an Individual as per Income Tax Act,1961 are as;

- He/ She should have stayed in India for a period of 182 days or more in the relevant financial year, or
- He/ She should have stayed in India for a period of 60 days or more in the relevant financial year including his/her stay in India for a period of 365 days or more during 4 years immediately preceding the relevant financial year.



### Conclusion:

- If any of the above conditions complied, then he/she is a resident Indian.
- If any of the above conditions not complied, then he/she is a Non-resident Indian.

However, the tax liability of any person in India depends upon the residential status in India for any particular financial year. The residential status of an Individual is always determined on the basis of his/her stay in India computed separately for every financial year, which can be understand from the below mentioned examples:

**Example 1:** A person stays in India for less than 182 days for FY 2024-25 and leaves India for the 1st time for purpose of business, vocation or employment outside India. What will be the residential status as per Income Tax Act, 1961?

- ▶ Since in this case person is staying in India for a period of less than 182 days for FY 2024-25 he/she will be considered as Non-resident.

**Example 2:** A person left India on 1st August 2024 for the purpose of employment overseas. Came to India on 15th of December 2024 and left abroad on 10th of January 2025. What will be your residential status as per Income Tax Act, 1961?

- ▶ His/her stay in India for FY2024-25 will be 150 days. Calculation: 1st April 24 to 1st August 24 = 123 days, 15th December 24 to 10th Jan 24 = 27 days. The day of leaving India and returning to India will be calculated as 'stay in India'. Person will be considered as NRI for FY 2024-25.

**Example 3:** Person want his/her status as NRI and leaving India for 1st time for the purpose of employment or business for Financial year 2024-25. What is best time to leave India as per Income Tax Act, 1961?

- ▶ Since the person will be considered as Resident Indian only if he/she stays in India for more than 182 days or more for FY 2024-25, hence he/she should leave India on or before 28th September 24 (29th September in case of Leap Year) to maintain the NRI status for taxation purpose for 2024-25 and he/she should not return to India for any purpose for FY 2024-25

**Example 4:** Indian citizen settled abroad wishes to return India, what is the best time to come to India for maintaining NRI status for tax purpose?

- ▶ Person should come back to India on or after 1st February (2nd February in case of leap year) provided. However, if his/her stay in India for previous FY, s shall not exceed 365 days, then he/she may return to India after 2nd October (3rd October in case of Leap year).



## Deemed resident as per Finance Act, 2020

(As per Income Tax Act, 1961)



### Who is a deemed resident?

For some of the countries like UAE, Bahrain, Qatar or countries having zero tax jurisdiction where previously NRI's do not have to pay any tax, the Indian Government introduced the concept of deemed residency in the Finance Act, 2020.

Under this act, an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding Rs.15 lakhs during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.

**Once you qualify the status of on NRI, you will be considered as Deemed Resident if you meet below mentioned conditions:**

- ▶ You are an Indian citizen
- ▶ You are not liable to pay any TAX in country other than India as per your domicile status.
- ▶ Your total Indian income is more than Rs. 15 lakhs for particular FY.



## TAX Implications for Deemed Resident

Once you qualify as a deemed resident, your residency status for taxation purposes in India will be changed from NR to 'Resident but not Ordinarily Resident of India' (RNOR). Your residential status will be calculated for every year. E.g. For FY 2023-24 your Indian income is more than Rs. 15 lakhs then your status will be considered as RNOR, however FY 2024-25 your Indian income is less than Rs. 15 lakhs your residential status will be considered as NR.

### What will be taxed?

Any income earned, whether in India or abroad, that is considered to be received in India.

Any income that accrues, arises or is considered to accrue or arises in India during the previous year, regardless of whether it is received in India or elsewhere.

Income from business controlled by India, which accrues or arises outside India and is received outside India.

### What will not be taxed?

- ▶ Any other income from a source outside India which accrue or arises outside India and is received outside India during the previous financial year.
- ▶ Income that accrue or arises outside India or is received outside India in the years preceding the current year and is remitted to India during the previous year.

**Example:** A person is an NRI for the FY 2023-24 and having following incomes:

- A. Income from business generated in India: Rs. 15 lakhs.
- B. Income from business controlled in India but generated outside India: Rs. 10 Lakhs.
- C. Income from business outside India not controlled in India: Rs. Rs20 Lakhs
- D. Income from dividend received in India: Rs. 4 lakhs

**Conclusion:** Here he/she will be considered to be deemed resident in India as his/her income in India is  $A+B+D = \text{Rs. } 29 \text{ Lakhs}$  and tax will be applicable on Rs. 29 Lakhs as per the applicable tax rate depending on the tax regime opted by you.

**DTAA benefits for Deemed Resident:** Deemed resident is eligible for take the benefit of preferential rate under DTAA (Double Tax Avoidance Agreement) for the Indian sourced income as per the DTAA agreement between India and abroad country.



## NEW changes for NRI holding PPF account



### As per the existing guidelines

- ▶ An NRI cannot make any new investment to a PPF viz. any investment must be in an existing PPF, which they opened while they were Indian residents.
- ▶ For an existing PPF account, NRI may keep contributing to it on a non-repatriable basis till the maturity of the PPF account.

**New Changes:** Ministry of Finance Department of Economic Affairs has announced new PPF rules for NRI. For active NRI PPF accounts, the interest rate on PPF accounts that did not adhere to residency requirements will get a POSA interest rate till September 30, 2024 and 0% interest rate from 1st October 2024.





**INTEREST RATES FOR NON-RESIDENT DEPOSITS**

NRE -TERM DEPOSITS   OCTOBER 2024								
PERIOD OF DEPOSIT	CALLABLE				NON-CALLABLE			
	Less than Rs. 3 Crore		Rs. 3 Crore & above to less than Rs. 10 Crore		Above Rs.1.00 Crore to Less than RS. 3.00 Crore		Rs. 3 Crore & above to less than Rs. 10 Crore	
	RATE	YIELD*	RATE	YIELD*	RATE	YIELD*	RATE	YIELD*
1 year only.	6.85	7.03%	7.65	7.87%	7.00	7.19%	7.68	7.90%
444 Days	<b>7.25</b>	<b>7.45%</b>	NA	NA	<b>7.40</b>	<b>7.61%</b>	NA	NA
Above 1 year to less than 2 years.	6.85	7.03%	6.80	6.98%	7.00	7.19%	6.83	7.03%
2 years & above to less than 3 years.	6.85	7.03%	6.25	6.40%	7.00	7.19%	6.28	6.45%
3 years & above to less than 5 years.	6.80	6.98%	5.00	5.09%	NA	NA	5.03	5.13%
5 years & above to 10 years.	6.70	6.87%	5.00	5.09%	NA	NA	5.03	5.13%

\* Annualised yield at the end of the period

\* Yield (i.e., Annualised Interest Yield) calculated on the maximum period under the respective period bucket. (Rounded Off to 2 Decimals)

NRO/Domestic TERM DEPOSITS   OCTOBER 2024				
Rate of interest (%) per annum				
PERIOD OF DEPOSIT	CALLABLE DEPOSITS Less than Rs. 3 Crore		NON-CALLABLE DEPOSITS Rs. 1 Crore & above to less than Rs. 3 Crore	
	General Public		General Public	
	RATE	YIELD	RATE	YIELD
7 Days to 45 Days	4.00	4.06%	NA	NA
46 Days to 90 Days	5.25	5.35%	5.35	5.46%
91 Days to 179 Days	5.50	5.61%	5.60	5.72%
180 Days to 269 Days	6.15	6.29%	6.28	6.40%
270 Days to less than 1 Year	6.28	6.40%	6.35	6.50%
1 Year Only	6.85	7.03%	7.03	7.19%
444 Days	<b>7.25</b>	<b>7.45%</b>	<b>7.40</b>	<b>7.61%</b>
Above 1 Year to less than 2 Years	6.85	7.03%	7.03	7.19%
2 Years & above to less than 3 Years	6.85	7.03%	7.03	7.19%
3 Years & above to less than 5 Years	6.83	6.98%	NA	NA
5 Years & above to 10 Years	6.70	6.87%	NA	NA



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A Government of India Undertaking



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