

# INPATRIATES India

## Tax facts for International Assignees



### INCOME TAX: WHO IS LIABLE/RESIDENCY

#### Residential Status

In India, the tax year i.e., the Financial Year (FY) runs from April 1<sup>st</sup> to March 31<sup>st</sup>. The income for a particular FY is assessed in the subsequent tax year referred as Assessment Year (AY); for instance, AY 2023-2024 for FY 2022-23. The liability to tax depends on residential status of an assignee during a tax year.

The residential status is divided into three categories - namely Resident and Ordinarily Resident (ROR), Resident but Not Ordinarily Resident (NOR) and Non-resident (NR).

The residential status is determined each year based on physical stay of assignee in India during a FY.

#### Basic conditions:

Conditions	Cumulative days of stay in India
Indian citizen leaving India during tax year: • as a crew member of Indian ship; or • for employment purposes	182 in current FY
Indian citizen or PIO being outside India comes on a visit to India, having total income (other than foreign sourced income) more than INR 15,00,000 during the FY	120 in current FY and 365 in preceding 4 FYs
Indian citizen having income (other than foreign sourced income) more than INR 15,00,000 during the FY and not 'liable to tax' in another country/jurisdiction	182 in current FY and 365 in preceding 4 FYs
Other cases (including Indian citizen and 'liable to tax' in another country/jurisdiction)	182 in current FY OR 60 in current FY and 365 in preceding 4 FYs
Foreign citizen	182 in current FY OR 60 in current FY and 365 in preceding 4 FYs

In case an individual fulfils any of the said conditions, the individual shall qualify as a 'Resident'. Otherwise, the individual shall qualify as a NR.

An individual is considered as **RNOR** if any of the below additional conditions are fulfilled:

- The individual qualified as a NR in India in 7 out of 10 previous FYs preceding current FY.
- The cumulative days of stay in India of the individual is 729 days or less during 7 FYs preceding current FY.
- Indian citizen or PIO being outside India who comes on a visit to India, having total income (other than foreign sourced income) more than INR 15,00,000 during the FY and qualifying as a 'Resident' in India.
- Indian citizen having income (other than foreign sourced income) more than INR 15,00,000 during the FY and not 'liable to tax' in another country/jurisdiction and thereby qualifying as a 'Resident' in India.

If any of the aforesaid conditions is not fulfilled, then the individual shall qualify as a ROR.

#### Scope of Taxable Income

Depending upon the residential status as determined above, the taxation of income for an assignee would be as follows:

- ROR: Global income taxable in India
- NOR and NR: Income accrued / deemed to accrued in India (i.e., India-sourced income) or income received / deemed to be received in India.

An inbound assignee being a foreign citizen with less than 90 days of stay in India during the tax year is not liable to tax under the domestic tax laws, subject to compliance with certain prescribed conditions (also known as 'short-stay exemption').

## REGISTRATION / FORMALITIES

### Registration with Immigration Authorities

Within 14 days of arrival in India on an employment visa which is valid for more than 180 days or a foreign national intending to stay in India for more than 180 days is required to register with Foreigners Regional Registration Office (FRRO). Overseas Citizen of India (OCI) card holders and Person of Indian Origin (POI) card holders are exempted from such registration.

### Tax Registration

Permanent Account Number (PAN) i.e., unique tax id number is mandatory for tax return filing.

### Exit Formalities

An inbound assignee (being a person not domiciled in India and who is in India for business/employment purposes) is required to obtain a No Objection Certification (NOC) from tax authorities before leaving India. At the time of departure from India, assignee may be required to produce/furnish NOC to the immigration authorities.

## INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

### INCOME TAX RATES 2022-23

Existing tax regime and new tax regime would run in parallel. Individuals to elect the regime each FY. The new regime includes six different tax slabs and rates for the individual taxpayers who forgo certain deductions and exemptions which were available in the existing tax regime. Further, the individual taxpayer is given the option to either participate in the new tax regime (lower tax rates without deductions/exemptions) or continue in the existing tax regime (current tax rates with all applicable deductions/exemptions).

Taxable income (INR) for individual below 60 years	Tax Rates	
	Current regime	New tax regime
Up to 250,000	Nil	Nil
250,001 - 500,000	5%	5%
500,001 - 750,000	20%	10%
750,001 - 1,000,000	20%	15%
1,000,001 - 1,250,000	30%	20%
1,250,001 - 1,500,000	30%	25%
Above 15,00,000	30%	30%

  

Taxable Income (INR)	INR 5,000,000 - INR 10,000,000	INR 10,000,001 - INR 20,000,000	INR 20,000,001 - INR 50,000,000	Exceeding INR 50,000,000
Surcharge rate	10%	15%	25%	37%

Health and Education Cess @ 4% is levied on Tax and surcharge.

### SOCIAL TAX RATES 2022-23

An assignee, holding a foreign country passport and coming to India to work for an Indian establishment (to which Provident Fund Act applies), is required to contribute to Social Security Scheme (Employee Provident Fund and Pension Scheme) in India. The contribution is @ 12% of basic pay and certain other allowances. The employer shall make a matching contribution to the scheme. Per recent amendments, if the contributions exceed a certain threshold, additional benefits and perquisites need to be computed per the prescribed rules and taxed accordingly.

Exclusion has been provided to assignee coming from a country with which India has an effective Social Security Agreement and is contributing to the home country social security scheme. For availing such exclusion, assignee must obtain a Certificate of Coverage from home country.

For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)

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