

CIRCULAR NO 11 OF 2020

DATE 8th MAY 2020

Clarification in respect of residency under section 6 of The Income Tax Act 1961

CBDT has clarified that the lockdown period will not be counted to determine NRIs residency status for the purpose of computation of Tax Liability

In case of NRIs , Taxability under Income Tax is being decided based on the number of days residing in India.

Recent amendments has been introduced by the Finance Act 2020 related to the Residential Status.

Various representations have been received stating that there are a number of individuals who had come on a visit to India during the previous year 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as a non-resident or not ordinarily resident in India.

However to prevent pandemic of COVID 19 lockdown has been announced in India in March 2020 and flight operations has been suspended also. Non-resident Indians (NRIs) who came to the India before the lockdown, do not have an option to return their workplace country till travel restrictions are being lifted.

Considering the above stated situation CBDT has decided that "The individuals who have been unable to leave India on or before 31st March 2020, his period of stay in India from 22nd March 2020 to 31st March 2020 shall not be taken into account; or has been quarantined in India on

account of Novel Corona Virus (Covid-19) on or after 1st March 2020 and has departed on an evacuation flight on or before 31st March 2020.

Clarification-The individual who has departed on an evacuation flight on or before 31st March 2020, his period of stay in India from 22nd March 2020 to this date of departure shall not be taken into account.

F. No. 370142/18/2020-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, May 8, 2020

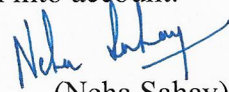
Clarification in respect of residency under section 6 of the Income-tax Act, 1961

Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to determination of residency of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, *inter-alia*, on the period for which the person is in India during a previous year or years preceding the previous year.

2. Various representations have been received stating that there are number of individuals who had come on a visit to India during the previous year 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as non-resident or not ordinary resident in India. However, due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19), they are required to prolong their stay in India. Concerns have been expressed that this extra stay in India may make them a resident of India under section 6 of the Act.

3. In order to avoid genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, has decided that for the purpose of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:

- (a) has been unable to leave India on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
- (b) has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been unable to leave India on or before 31st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or
- (c) has departed on an evacuation flight on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to his date of departure shall not be taken into account.


(Neha Sahay)

Under Secretary (TPL)-I

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