

# **Circular No. 2/2021**

**Dated – 3<sup>rd</sup> March, 2021**

## **Residential status of certain individuals under 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 nonresident 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.

### **Relaxation for Previous Year 2019-20**

Considering the COVID-19 pandemic and the resultant overstay of an individual who had come to India on a visit before 22<sup>nd</sup> March 2020, circular no II of 2020 dated 8<sup>th</sup> May 2020 was issued by the Central Board of Direct Taxes (the Board) under section 119 of the Act to avoid genuine hardship in such cases. It was clarified 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 22<sup>nd</sup> March 2020 and:

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

### **Residential Status for Previous year 2020-21**

The Board has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 from individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has been examined by the Board

For more details, please follow:

<https://incometaxindia.gov.in/communications/circular/residency-circular-02-of-2021.pdf>