

EXEMPT INCOMES OF NON RESIDENTS

Section 10 of the Income tax Act, 1961 exempts from tax various incomes including the following in the hands of a non-resident:

(1) **Interest on moneys standing to the credit of individual in his NRE Account [Section 10(4)(ii)]**

As per section 10(4) (ii), in the case of an individual, any income by way of interest on moneys standing to his credit in a **Non-resident (External) Account (NRE A/C)** in any bank in India in accordance with the Foreign Exchange Management Act, 1999, would be exempt, provided such individual;

- **is a person resident outside India, as defined in FEMA, 1999, and**
- **is a person who has been permitted by the Reserve Bank of India to maintain such account.**

(2) **REMUNERATION RECEIVED BY INDIVIDUALS, WHO ARE NOT CITIZENS OF INDIA (SECTION 10(6))**

(i) **Remuneration received by officials of Embassies etc. of Foreign States [Section 10(6)(ii)]:**

The remuneration received by an individual, **who is not a citizen of India**, for services as an official, by whatever name called, of an embassy, high commission, legation, commission consulate or trade representation of foreign state, or a member of staff of any of these official is exempt.

Conditions

- (a) The remuneration received by **our corresponding Government official's resident in such foreign countries should be exempt.**
- (b) The above-mentioned officials or member of the staff of such officials should be the **"subject" of the respective countries and should not be engaged in any other business profession or employment in India.**

(ii) **Remuneration received for services rendered in India by a Foreign National employed by foreign enterprise (Section 10(6)(vi)):**

The remuneration received by a foreign national as an employee of a foreign enterprises, for services rendered by him **during his stay in India is exempt** from tax.

Conditions

- (a) The foreign enterprise is **not engaged in any business or trade in India**;
- (b) The employee's stay in India does not exceed in the **aggregate a period of 90 days** in such previous year and
- (c) The remuneration is **not liable to be deducted** from the income of the employer chargeable under the Income tax Act, 1961.

(iii) **Salary received by a non-citizen for services rendered in connection with employment on foreign ship (Section 10(6)(viii))**

Any income chargeable under the head "**Salaries** received by or due to, **non-citizen of India** who is also a **non-resident** as remuneration for services rendered in connection with his employment on a foreign ship is exempt **provided his total stay in India does not exceed 90 days during the previous year**.

(iv) **Remuneration received by Foreign Government employees during their stay in India for specified training [Section 10(6)(xi)]:**

Any remuneration received by **employee of the Government of a foreign state** from their respective Government during his stay in India, is exempt from tax, if remuneration is received in connection with training in any establishment or office of or in any undertaking owned by,—

- (a) the Government, or
- (b) any company owned by the Central Government or any State Government or partly by the Central Government and partly by one or more State Government
- (c) any company which is subsidiary of a company referred to in (b) above, or
- (d) any statutory corporation; or
- (e) any society registered under Societies Registration Act, 1860 or under any law and wholly financed by the Central Government or any State Government(s) or partly by the Central Government and partly by one or more State Governments.

It may be carefully noted that exemption is available under section 10(6) only to an Individual who is not a citizen of India.

SECTION 10(6D): ROYALTY OR FEE FOR TECHNICAL SERVICES TO NTRO EXEMPT FROM TAX

Any income arising to a non-resident or a foreign company, by way of royalty from, or fees for technical services rendered in or outside India to, the National Technical Research Organisation, shall be exempt from tax.