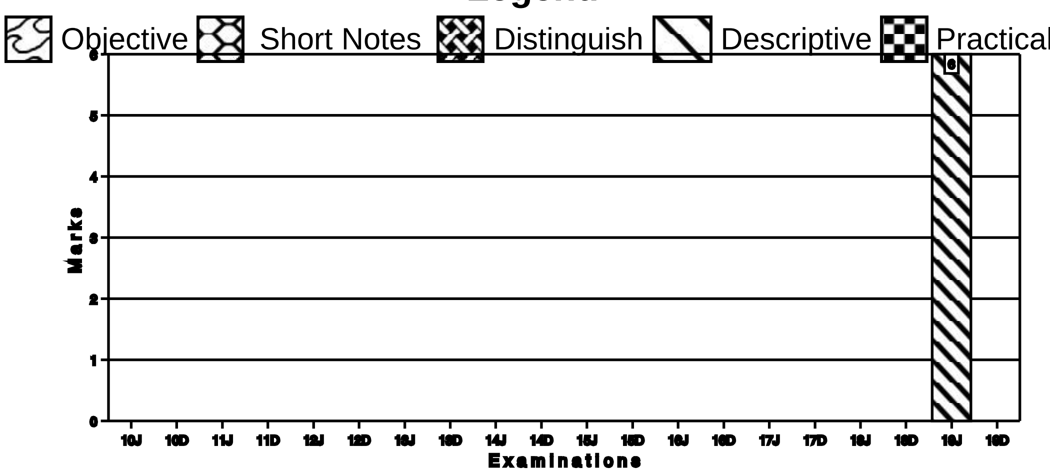
1 AN OVERVIEW OF INCOME TAX ACT, 1961

THIS CHAPTER INCLUDES

- Introduction and Constitutional Provision
- Important Definitions
- Computation of Taxable Income and Tax Liability of an Assessee
- Tax Rates AY 2020-21
- Rebate [Section 87A]
- Rates of Surcharge
- Guiding Principles of Place of Effective Management 'POEM'
- Determination of Residential Status
  – Individual
  – Other Person (except company) – HUF, Firms, AOP/BOI, Local Authority, AJP
- Scope of Total Income
- Income deemed to accrue or arise in India [Section 9]

Marks of Objective Short Notes, Distinguish Between, Descriptive & Practical Questions

Legend



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CHAPTER AT A GLANCE

Canons of Taxation
1. Canons of Equity 2. Canons of Certainty 3. Canon of Convenience 4. Canon of Economy
Merits of Direct Tax
1. Equity 2. Elasticity and productivity 3. Certainty 4. Reduce inequality 5. Good instrument in the case of inflation 6. Simplicity
Demerits of Indirect Tax
1. Evasion 2. Uneconomically 3. Unpopular 4. Little incentive to work and save 5. Not suitable to a poor country 6. Arbitrary
Meaning of Tax and its Characteristic
According to Bastable: A tax as a compulsory contribution of the wealth of a person, or body of persons for the service of public powers. Characteristic: 1. Tax is compulsory 2. Tax is contribution 3. Tax is for public benefit

4. No direct benefit
5. Tax is paid out of income of the tax payer
6. Government has the power to levy tax
7. Tax is not the cost of the benefit
8. Tax is for the economic growth and public welfare

Merits of Indirect Tax

1. High revenue production
2. No evasion
3. Convenient
4. Economy
5. Wide coverage
6. Elasticity

Demerits of Indirect Tax

1. Regressive in effect
2. Uncertainty in collection
3. Discourage savings
4. Increase inflation

Objectives of Taxation

1. Revenue
2. Social objectives
3. Social welfare
4. Economic significance of taxes
5. Economic growth
6. Enforcing government policy
7. Directing limited scarce resources into effective and essential channels
8. Economic stability

SHORT NOTES

2010 - Dec [3] (b) Write notes on the following:

(ii) 'Assessee' under Section 2(7) **(4 marks)** ***[CSEM-I]***

Answer:

An Assessee is a person by whom any tax or any other sum of money (for example interest, penalty, fine, etc) is payable under the Income Tax Laws and includes:

1. A person in whose respect proceedings for determining income has commenced by the Income Tax Department. Thus, a person may become assessee even if no amount is payable by him under the Income Tax Act.
2. **A Deemed assessee** i.e. a person who himself is not an assessee but is treated as an assessee for the purposes of the Income tax Act. For example the trustee of a trust is a deemed assessee in respect of the trust. The income earned is the income of the trust but is assessed in the hands of the trustee as his income.
3. **An assessee in default** i.e. a person on whom certain obligations have been imposed under the Income Tax Act but who has failed to carry out those obligations. For example any person who employs another person has to deduct income tax at source from the taxable salary of the employee and pay the tax deducted at source to the government within the prescribed time as income tax paid on behalf of the employee. In case the employer fails to carry out these obligations, he becomes an assessee in default.

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2010 - Dec [6] (a) Write short notes on the following:

(i) Taxability of income by virtue of business connection

(3 marks) ***[CSEM-I]***

Answer:
Any income which arises, directly or indirectly, from any activity or a business connection in India is deemed to be earned in India. Business connections may be in several forms e.g. a branch office in India or an agent or an organization of a non-resident in India. Formation of a subsidiary company in India to carry on the business of the non-resident parent company would also be a business connection in India. Any profit of the non-resident which can be reasonably attributable to such part of operations carried out in India through business connections in India are deemed to be earned in India. Some instances of a non-resident having business connection in India are given below:
Maintaining a branch office, for the purchase or sale of goods or transacting other business.
Appointing an agent in India, for the systematic and regular purchase of raw materials or other commodities, or for sale of the non-resident goods for other business purposes
Erecting a factory in India where the raw produce purchased locally is worked into a form suitable for export abroad
Forming a local subsidiary company to sell the products of the non- resident parent company
Having financial association between a resident and a non-resident company.

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DISTINGUISH BETWEEN

2009 - June [3] (a) Distinguish between the following:
(iv) 'Previous year' and ' assessment year'. **(2 marks)** ***[CSEM-I]***

Answer:

Assessment Year	Previous Year
Assessment year is the year in which return of Income for the F. Y. ended on 31st March is filed.	Previous year is the year in which income is earned

Assessment year always starts from 1st April and ends on 31st March immediately following the end of the Financial Year	All previous year whether first or subsequent shall always end on 31st of March. However, start of first previous year shall depend upon the existence of source of Income.
The period of Assessment year is always 12 month commencing on the 1st day of April	The period of previous year is of maximum of 12 months. It can exist even for a day if the source of income newly coming into existence, in the said financial year is on 31st March.

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2009 - Dec [3] (a) Distinguish between the following:

(i) 'Gross total income' and 'total income'. **(4 marks)** ***[CSEM-I]***

Answer:

S. No.	**Gross Total Income**	**Total Income**
1.	Gross total income means aggregate amount computed under five heads of income i.e. salary , ho use property, business and profession, capital gains and other sources	Total Income means the taxable income arrives after allowing deductions under Section 80C to 80U from the gross total income
2.	The Gross total income is more than or equal to total income	The tax is calculated on total income
3.	Rounding off provision does not apply to Gross total Income	Total income shall be rounded off to the nearest multiple of 10

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2011 - June [4] (b) Distinguish between the following:
(ii) 'Slab rate' and 'flat rate' of income-tax. **(3 marks)** ***[CSEM-I]***

Answer:

Slab rate of tax is a tax by which the tax rate increases as the taxable base amount increases. Slab taxes attempt to reduce the tax incidence of people with a lower ability to pay, as they shift the incidence increasingly to those with a higher ability to pay. Flat rate of tax is a tax system with a constant tax rate. An income tax having a single rate for all tax payers regardless of level and type. Flat rate of taxes offers simplicity in the taxation system.

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2011 - Dec [4] (a) Distinguish between the following:
(i) 'Gross total income' and 'total income'. **(3 marks)** ***[CSEM-I]***

Answer:

Please refer 2009 - Dec [3] (a) (i) on page no. 14

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2012 - June [6] (b) Distinguish between the following:
(ii) Scope of total income of 'resident and ordinary resident' and 'non-resident'. **(3 marks)** ***[CSEM-I]***

Answer:

The following incomes from whatever source derived from part of total income in case of resident in India/ordinarily resident in India:

(a) Any income which is received or is deemed to be received in India in the relevant previous year by or on behalf of such person;
(b) Any income which accrues or arises or is deemed to accrue or arise in India during the relevant previous year;
(c) Any income which accrues or arises outside India during the relevant previous year.

The following incomes from whatever source derived from part of Total Income in case of Non-resident in India;

(a) Any income which is received or is deemed to be received in India during the relevant previous year by or on behalf of such person;

(b) Any income which accrues or arises or is deemed to accrue or arise to him in India during the relevant previous year.

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DESCRIPTIVE QUESTIONS

1999 - June [1] {C} (i) Explain the meaning of the term 'assessee' under the Income-tax Act, 1961. **(3 marks)** ***[CSIG-I]***

Answer:

Income Tax Act, 1961 defines 'assessee' as a person by whom any tax or any other sum of money is payable under this Act, and includes:

- Every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or of the income of any other person in respect of which he is assessable, or of the loss sustained by him or by such other person, or the amount of refund due to him or to such other person;
- Every person who is deemed to be an assessee under any provision of this Act;
- Every person who is deemed to be an assessee in default under any provision of this Act.

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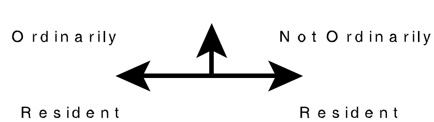
1999 - Dec [2] (b) When is an individual a resident but not ordinarily resident in India? **(5 marks)** ***[CSIG-I]***

Answer:

An individual can have the following residential status in any PY:

Category	**Individuals**
Category A	Resident in India 
Category B	Non resident in India

To determine the status two basic and two additional conditions have to be checked for which are as follows:

Basic Conditions:

(a) He / she is in India in the previous year for a period of 182 days or more.

(b) He / she is in India for a period of 60 days or more during the previous year and 365 days or more during 4 years immediately preceding the previous year.

Additional Conditions:

(a) He has been "resident" in India in at least 2 out of 10 previous years immediately preceding the relevant previous year.

(b) He has been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year.

If an individual satisfies any of the basic conditions and one or none of the additional conditions, then the same is said to be RNOR (Resident but not ordinary resident).

—— Space to write important points for revision ——

2002 - Dec [2] (a) Discuss the incomes which are deemed to accrue or arise in India. **(5 marks)** ***[CSIG-I]***

Answer:

Following incomes are deemed to accrue or arise in India, irrespective of your residential status. Hence, you should file income tax return in India if you have taxable income from following sources:

1. Income from house property (residential or commercial) in India
2. Income from any other asset in India
3. Capital gain from asset located in India
4. Income from business connection in India
5. Salary from services rendered in India
6. Salary from services rendered by a citizen for government of India outside India
7. Interest income or royalty/fee income from government of India
8. Interest income or royalty/fee income received from a resident Indian (for purpose other than overseas business)
9. Interest income or royalty/fee income received from a non-resident Indian for running business in India

2004 - June [1] {C} (a) Income earned by a mutual concern from mutual activities is not taxable. Comment. **(3 marks)** ***[CSIG-I]***

Answer:

Income earned by a mutual concern from mutual activities is not taxable. A mutual concern is liable to tax in respect of interest earned from investment in the banks. The general observation that mutual concern should not be treated as taxable income is, therefore, subject to three exceptions expressly provided in the Act. Firstly, income, accruing to a life or non-life mutual insurance concern is liable to tax. Secondly, income derived by a trade, profession or similar association from specific services performed for its members is chargeable to tax. Thirdly, income from income insurance business carried on by a cooperative society is taxable in all cases and is to be computed in accordance with rules in the First Schedule.

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2004 - Dec [1] {C} (b) "Every assessee is a person, but every person need not be an assessee." Critically examine the statement with reference to the relevant definitions under the provisions of the Income-tax Act, 1961.

(3 marks) ***[CSIG-I]***

Answer:

"Every assessee is a person, but every person need not be an assessee." The statement is very true. A person is an assessee only if any tax or any other sum of money (for example interest, penalty, fine, etc) is payable under the Income Tax Laws and includes –

- A person in whose respect proceedings for determining income has commenced by the Income Tax Department. Thus, a person may become assessee even if no amount is payable by him under the Income Tax Act.
- A Deemed assessee i.e. a person who himself is not an assessee but is treated as an assessee for the purposes of the Income tax Act. For example the trustee of a trust is a deemed assessee in respect of the trust. The income earned is the income of the trust but is assessed in the hands of the trustee as his income.

- An assessee in default i.e. a person on whom certain obligations have been imposed under the Income Tax Act but who has failed to carry out those obligations. For example any person who employees another person has to deduct income tax at source from the taxable salary of the employee and pay the tax deducted at source to the government within the prescribed time as income tax paid on behalf of the employee. In case the employer fails to carry out these obligations, he becomes an assessee in default.

  On the other hand an assessee will always be a person since person includes:
  1. An individual
  2. A Hindu Undivided Family (HUF)
  3. A company
  4. A Partnership Firm
  5. An Association of Persons (AOP)
  6. A Body of Individuals (BOI)
  7. A Local Authority
  8. Every artificial judicial person.

  For example, x, an individual has earned total income of 1,50,000 in the previous year. He is a person but not an assessee because his total income is less than the maximum exemption limit of 2,50,000 and no tax or any other sum is due from him.

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2005 - Dec [4] (c) "Income of the previous year is assessable as the income of immediate following financial year." State the exceptions to this rule.

(3 marks) ***[CSIG-I]***

Answer:

In the following circumstances the income is taxed in the same year it is earned. This is called the ‘Accelerated assessment’.

1. Shipping business of non – resident **(Section 172)**
2. Assessment of a person leaving India **(Section 174)**
3. Assessment of AOP or BOI formed for a particular event or purpose **(Section 174A)**

4. Assessment of person likely to transfer property to avoid tax **(Section 175)**
5. Discontinued business **(Section 176).**

—— Space to write important points for revision ——

2007 - June [3] (b) Briefly answer the following:

(ii) Who is a non-resident? **(1 mark)** ***[CSIG-I]***

Answer:

An individual/ HUF is considered non – resident, when he/ she does not satisfy any of the basic conditions as under.

Basic Conditions:

(a) He / she is in India in the previous year for a period of 182 days or more.

(b) He / she is in India for a period of 60 days or more during the previous year and 365 days or more during 4 years immediately preceding the previous year.

A firm, AOP and a BOI will be non – resident if control and management of its affairs is wholly situated outside India. A company will be considered to be a non – resident in any previous year if control and management of its affairs are situated completely or partly outside India.

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2007 - June [4] Comment on the following statements:

(iv) The incidence of income-tax depends upon the residential status of an assessee. **(3 marks)** ***[CSIG-I]***

Answer:

Tax incidence of an assessee depends on his residential status. Section 5 provides for the scope of total income as the basis of liability to tax, which defines it in terms of the residential status of the assessee.

Section 6 of the Income tax Act prescribes the test to be applied to determine the residential status of all tax payers for the purposes of income tax. For instance, whether an income, accrued to an individual outside India, is taxable in India depends upon the residential status of individual in India. Similarly, whether an income earned by a foreign national in India (or outside India) is taxable in India depends on the residential status of the individual, rather than on his citizenship.

Therefore, the determination of the residential status of a person is very significant in order to find out his tax liability.

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2007 - Dec [3] Comment on the correctness or otherwise of the following statements/propositions with reference to the relevant provisions of tax laws:

(iv) The residential status of an assessee does not affect his tax liability.

(5 marks) ***[CSIG-I]***

Answer:

Incorrect Statement

The scope of total income of all assesses is dependent upon the residential status of the assessee. The total income is different in case of a person resident in India and a person non-resident in India. Further, in case of an individual or HUF being "not ordinarily resident in India", the meaning of total income shall be slightly different. Since the total income of an assessee varies according to his residential status in India, the incidence of tax shall also vary according to such residential status in India.

—— Space to write important points for revision ——

2008 - June [1] {C} (a) Attempt the following:

(ii) "Income earned by a mutual concern from mutual activities is not taxable." Comment. **(3 marks)** ***[CSIG-I]***

Answer:

Income earned by a mutual concern from mutual activities is not taxable. A mutual concern is liable to tax in respect of interest earned from investment in the banks. The general observation that mutual concern should not be treated as taxable income is, therefore, subject to three exceptions expressly provided in the Act. Firstly, income, accruing to a life or non-life mutual insurance concern is liable to tax. Secondly, income derived by a trade, profession or similar association from specific services performed for its members is chargeable to tax. Thirdly, income from income insurance business carried on by a cooperative society is taxable in all cases and is to be computed in accordance with rules in the First Schedule.

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2008 - Dec [3] (a) Attempt the following:

(i) "Income-tax is a tax on income and not a tax on every item of money received." Explain this statement with reference to capital and revenue receipts. **(3 marks)** ***[CSEM-I]***

Answer:

Income-tax is a revenue law. Only revenue receipts which are not capital in nature are taxed under the Income-tax act. To understand this properly first we need to understand the difference between capital and revenue receipts.

Capital Receipts: An amount referable to fixed capital is a capital receipts. Fixed capital is that which is not involved directly in the process of business but remains unaffected by the process. Every capital receipts is exempted from tax unless otherwise expressly taxable. Certain receipts are not taxable but have been made taxable under Section 45.

Example: Transfer of capital assets is treated as capital receipts since source of Income itself is being sold but still chargeable to tax under Section 45.

Revenue Receipts: An amount referable to circulating capital is a revenue receipts. Circulating capital is that part of the capital which is turned over in the business and which ultimately results in profit or loss. Every revenue receipt is taxable, unless otherwise expressly exempted under the Act. **Example:** Agricultural income though revenue receipt is exempt from tax under Section 10(1)

—— Space to write important points for revision ——

2019 - June [6] Examine the correctness of the following statements in the context of provisions contained in the Income-tax Act, 1961 relevant for the previous year 2019-20:

(i) The additions to income made by invoking the provisions of Section 68 are subject to normal rates of tax as applicable to the assessee.

(iv) Resident and ordinary resident having no income chargeable to tax, but having interest in property outside India is not required to file a return of income u/s 139(1). **(3 marks each)**

Answer:

(i) **The statement is incorrect:**

Tax rate for Unexplained Cash Credit : Section 115BE inserted by the Finance Act, 2012 of the Income Tax Act, 1961 and substituted by the Taxation Laws (second amendment) Act, 2016 is mainly to curb the practice of laundering of unaccounted money. This section for the purpose of taxation, besides others also includes the unexplained credits as specified in **section 68 of the Income-tax Act, 1961.** Section further imposes a condition that no deduction in respect of any expenditure for allowance or set off of any loss shall be allowed under any provisions of the Act in computing such deemed income. The tax at the rate of 60% plus 25% surcharge and 4% health and education cess be charged in case of Unexplained Cash credit.

(iv) **The staptement is incorrect:**

Obligation to file return in case of Foreign Asset: As per Section 139(1) of the Income Tax Act,1961 every resident and ordinary resident having any asset (including financial interest in any entity) located outside India or signing authority in any account located outside India is required to file a return of income in the prescribed form compulsorily, whether or not he has income chargeable to tax.

Space to write important points for revision

PRACTICAL QUESTIONS

2002 - Dec [2] (c) State whether the following receipts are casual incomes:

(i) Anant received 5,000 for acting as an arbitrator without any stipulation as to remuneration.

(ii) Balu received 5,000 for acting as an arbitrator with a clear and definite stipulation for the said remuneration.

(iii) Charu, a decree holder, received interest of 500 under an order of court granting stay of execution of the decree on judgement debtor Binay.

(iv) Risub is in the service of Yogesh. Yogesh's son was lost and Risub traced him out without any stipulation of reward, but Yogesh gave him reward of 500. **(1 mark each)** ***[CSIG-I]***

Answer:

(i) This receipt is a casual and of non-recurring nature because there was no provision for any remuneration, thus is casual income.

(ii) There is clear provision to give 5,000 as remuneration to Balu to act as an arbitrator and Balu has also accepted the assignment to act as an arbitrator on such remuneration. Thus, it is not casual income

(iii) Receipt of 500 as interest by decree holder is not a casual income

(iv) This is casual income in hands of Risub, because this income is of a Casual and non-recurring nature. There was no condition to pay any remuneration to Risub to give reward to trace the son of Yogesh by Risub.

—— Space to write important points for revision ——

2003 - June [1] {C} (d) Vijay was working as an employee on an Indian ship lying in foreign waters. During the year under assessment, the ship did not touch the Indian coast, except for 80 days, State his residential status for the assessment and taxability of his salary. **(3 marks)** ***[CSIG-I]***

Answer:

Vijay was a non-resident during the relevant period. As per Section 5, income of a non-resident, would be taxable in India, only if it accrues or arise in India. Consequently, if income accrued outside India, the same would not be taxable in India. Therefore, it is to be determined the place where the services were rendered. In case, the income has clearly accrued outside India. The salary received by Vijay, from India shipping company was therefore not taxable in India.

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2004 - Dec [2] (c) Teji, a citizen of India, is an export manager of Arjun Overseas Ltd., an Indian company since 1st May, 2016. He has been regularly visiting USA for export promotion. He spent the following days in USA during the last five years:

Previous year ended	Number of days spent in USA
31.3.2016	319 days
31.3.2017	150 days
31.3.2018	270 days
31.3.2019	310 days
31.3.2020	295 days

Determine his residential status for the assessment year 2020-21 assuming that prior to 1st May, 2016 he had never travelled abroad.

(5 marks) ***[CSIG-I]***

Answer:

Total stay in India

Assessment Year	No of days in India
2016-2017	46
2017-2018	215
2018-2019	95
2019-2020	56
2020-2021	70

During previous year 2019-20 his stay in India is 70 days and in the four preceding years 46 + 215 + 95 + 56 = 412 days.

Resident in India (Condition of 182 days for citizen not applicable as he has gone for employment abroad)

A.Y. 2019- 2020 = 56 days (Non – Resident)

A.Y. 2018- 2019 = 95 days but more than 365 days in the 4 preceding previous years. Hence, resident

A.Y. 2017- 2018 = 215 days (Resident)

A.Y. 2016-2017 = 46 days (Non – Resident)

Prior to A.Y. 2016- 2017 = Resident

Since, Teji satisfies the first condition of being resident in at least 2 out of 10 previous years prior to relevant year and the 2nd condition of being in India for 730 days or more in the 7 preceding previous years therefore; he is resident and ordinarily resident in India.

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2005 - June [1] {C} (a) Armello, a German national, came to India for the first time during the year 2015-16. During the financial years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20, he was in India for 130 days, 75 days, 59 days, 100 days and 80 days respectively. Determine his residential status for the assessment year 2020-21. **(3 marks)** ***[CSIG-I]***

Answer:

In this case, Armello does not stay for 182 days during the financial year 2019-20. Therefore, he fails to fulfill the first basic condition. Having stayed for more than 60 days during 2019-20, he stayed only for 364 days during the preceding four financial years. Thus he fails to fulfill even the second basic condition. Consequently, his residential status for the Assessment Year 2020-21 relevant to the Financial Year 2019-20 is that of a non-resident.

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2005 - Dec [2] (a) State, with reasons in brief, whether the following receipts/expenses are capital or revenue in nature:

(i) Ankit Ltd. received 3 lakh as compensation from Bhushan Ltd. for premature termination of a contract of agency.

(ii) GST collected from the buyer of goods.

(iii) Pretty Ltd., instead of receiving royalty year by year, received it in advance in lump sum.

(iv) Payment of 60,000 as compensation for cancellation of a contract for the purchase of machinery with a view to avoid an unnecessary expenditure.

(v) An employee director of a company was paid 1.5 lakh as a *lump sum* consideration for not resigning from the directorship.

(5 marks) ***[CSIG-I]***

Answer:

(i) Receipt in substitution of a source of income is a capital receipt. Therefore, the amount received by Ankit Ltd, from Bhushan Ltd, for premature termination of an agency contract is a capital receipt through the same is taxable under the head income from profit and gains from business and profession.

(ii) GST is the liability of a seller to pay to the government on the sale of goods made by him, which is allowed as deduction as revenue expenditure. If any part of GST is collected from the buyer of goods, which may be treated as a revenue receipt. Thus, the GST collected from buyer of goods is a revenue receipts.

(iii) Receipts of lump sum royalty in lieu of future royalties is a revenue receipts, as it is an income from royalty

(iv) This is a capital expenditure, as any expenditure incurred by a person to free himself from a capital liability is a capital expenditure. In the given case, the payment of 60,000 for cancelling the order for purchase of the machinery has helped the assessee to become free from an unnecessary capital liability.

(v) The amount of 1,50,000 received for not resigning from the directorship is a reward received from the employer. Therefore, it is a revenue receipt.

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2007 - June [1] {C} Attempt the following: (iii) Rani Textiles Ltd., a manufacturing company in the field of textiles, installed a dust inhalation plant of 200 lakhs in the factory in order to protect the health of its workmen. Whether the expenditure so incurred is capital in nature?

(3 marks) ***[CSIGr-I]***

Answer:

False: the fact of the above is similar to the case where the assessee, a manufacturer of textiles, installed a dust inhalation plant in his factory in order to protect the health of his workmen. Expenditure incurred on the said plant was decided to be treated as revenue expenditure. Therefore, expenditure of 200 lakhs incurred for installation of dust inhalation plant in order to protect the health of workmen is revenue and not an expenditure of capital in nature.

—— Space to write important points for revision ——

2011 - June [4] (a) For the assessment year 2020-21, Hari is a non-resident in India. From the information given below, find out his income chargeable to tax for the assessment year 2020-21:

(i) Royalty received by him outside India from the Government of India: ₹ 17,000.

(ii) Technical fees received from an Indian company in Germany for advice given by him in respect of a project situated in Iran: ₹ 1,17,000.

(iii) Income from a business situated in Sri Lanka (goods are sold in Sri Lanka, sale consideration is received in Sri Lanka but business is partly controlled in Sri Lanka and partly in India): ₹ 2,17,000.

(iv) Income received in Nepal from a business connection in India: ₹ 3,17,000.

(v) Gift in foreign currency from a friend received in India on 20th January, 2020: ₹ 80,000.

(vi) Past untaxed profit of 2000-01 brought in India on 10th April, 2019: ₹ 27,000. **(6 marks)** ***[CSEM-I]***

Answer:

Income of Hari a non resident shall be chargeable to tax for AY 2020-21 as under

Royalty received by him outside India from the Government of India	17,000
Technical fees received from an Indian company in Germany for advice given by him in respect of a project situated in Iran	Nil
Income from a business situated in Sri Lanka (goods are sold in Sri Lanka, sale consideration is received in Sri Lanka but business is partly controlled in Sri Lanka and partly in India)	Nil
Income received in Nepal from a business connection in India	3,17,000
Gift in foreign currency from a friend received in India on 20th January, 2020	80,000
Past untaxed profit of 2000-01 brought in India on 10th April, 2019	Nil
Total	4,14,000

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