



Indian Income Tax Planning for NRIs

A faint, light-colored world map is centered in the background of the slide, showing the outlines of continents in a muted olive-green tone.

Present Indian Tax administration system

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- ✓ All filings with the Income Tax Authorities are E-filing. Complete change on the Tax compliance front.
- ✓ Scrutiny of all Filings, Assessments, Appeals, are faceless.
- ✓ All financial transactions are mapped with Permanent Account Number (PAN).

Present Indian Tax administration system

- ✓ No scope of any personal interaction with / by any Income Tax authorities for any reasons.
- ✓ Functioning of the Income Tax Department undergoes major changes.
- ✓ A march towards ending a parallel economy and making India a cashless & compliant economy.
- ✓ India's Tax to GDP ratio is on a rise. Even when the rates of income tax are reduced the collection of taxes is better on account of better tax compliance.

Present Indian Tax administration system

New Income Tax Act

- ✓ Income Tax Bill 2025 has been introduced in Parliament and shall come in force after discussion from 1st April, 2026.
- ✓ Most of all the provisions of the Income Tax Act 1961 have been adopted.
- ✓ The new law simplifies legal language and structure.

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Who is required to file Income Tax return in India for Financial Year 2024-25?

Who is required to file Income Tax return in India?

Incomes which accrue, arise or are received
in India
are liable to Income Tax in India

Who is required to file Income Tax return in India?

For New Tax Regime (For Non Resident Individual)

1. Person whose income exceeds Rs. 3 lakhs in India (before giving effect of certain capital gains exemptions – Sec 10A, 10B, 54, 54B, 54D, 54EC, 54F, 54G, 54GA, 54GB).
2. Person who wants to claim refund of any taxes which have been withheld (TDS deducted).
3. Person who wants to claim a loss and carry forward the said loss for set off in subsequent years.

Who is required to file Income Tax return in India?

Following categories of persons irrespective of the income:

- I. Deposited an amount exceeding Rs.1 crore in current accounts by any mode during the year.
- II. The deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year.
- III. If his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year; or
- IV. If his total gross receipts in profession exceeds ten lakh rupees during the previous year; or
- V. If the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is twenty-five thousand rupees or more (fifty thousand in case of senior citizen); or
- VI. Has incurred electricity expenditure in aggregate exceeding Rs.1 lakh during the year.



Circumstances for selection of cases for scrutiny

Circumstances for selection of cases for scrutiny

- ✓ AIS (Annual Information Statement) in respect of all assesses is generated on the Income Tax Portal.
- ✓ It has information on Fixed Deposits with the Banks, Sale & Purchase of securities (Mutual Funds, Shares etc.) and Immovable Assets, Credit Card expenses above 2 lakhs, Bank Interest, Dividends etc.
- ✓ Transactions as reflected in the AIS are not considered while filing tax returns.

Circumstances for selection of cases for scrutiny

- ✓ Incomes which are subjected to TDS (Tax Deducted at Source) in Form No. 26AS have not been offered to tax in the tax returns.
- ✓ High value transaction not in line with declared incomes.



DTAA (Double Taxation Avoidance Agreement) framework and benefits

Double Taxation Avoidance Agreement(DTAA)

- ✓ Double Taxation Avoidance Agreement (DTAA) is an agreement entered into between countries, with the basic objective to avoid, taxation of income in both the countries.
- ✓ India has DTAA with major countries (94+) of the world.
- ✓ NRIs can claim concessional rates of tax on various incomes through the DTAA.
- ✓ Reporting of Global Incomes & Assets is mandatory in certain countries (U.S.A., U.K., Australia, etc.)

Double Taxation Avoidance Agreement(DTAA)

- ✓ Relief of taxes/ Tax Credit paid in India is available in country of tax residence for the NRI under the DTAA to avoid double taxation on the same income in two countries.
- ✓ We support with a comprehensive report for NRIs for Indian financial information converted into respective:
 - Tax Year (Jan to Dec, July to June, etc.)
 - Currency (USD, GBP, AUD, etc.)
 - Tax Return format of respective country
 - Available Tax Credits under DTAA
- ✓ Compliance becomes much convenient and seamless in respective country for NRI.

Taxation of Indian Incomes for Individuals

Concessional Tax Rates under DTAA for Indian Incomes

An NRI has a right to be
taxed as per Indian Income Tax Law

OR

Under the Provisions of respective
DTAA (Double Tax Avoidance Agreement)

whatever is beneficial concessional DTAA Rates

Taxation of Indian Incomes for Individuals

Type of Indian Income	Type of Gain	TDS Rate for NRI (%)	Concessional tax rates under Kenya DTAA (%)	Concessional tax rates under Singapore DTAA (%)
Dividend	-	20	10	15
Interest	-	30	10	15
Sale of Equity Mutual Funds	LTCG	12.5	0	0
	STCG	30	0	0
Sale of Debt Mutual Funds	LTCG	12.5	0	0
	STCG	30	0	0
Pension	-	30	0	0

Double Taxation Avoidance Agreement(DTAA)

Concessional Tax Rates under DTAA for Indian Incomes

S.No.	Country of tax residence	Type of income in India	
		Dividend	Interest
1	USA	25%	15%
2	UK	10%	15%
3	Australia	15%	15%
4	UAE	10%	12.50%
5	Canada	25%	15%
6	South Africa	10%	10%
7	Tanzania	10%	10%
8	Uganda	10%	10%
9	Sudan	10%	10%
10	Ethiopia	7.50%	10%
11	Oman	12.50%	10%
12	Saudi Arabia	5%	10%
13	Malaysia	5%	10%
14	Hong Kong	5%	10%

Double Taxation Avoidance Agreement(DTAA)

Tax concessions in DTAA with Middle East, African & South-East Asian countries

- ✓ Capital Gains on sale of Mutual Funds (Debt based or Equity based being short term or long term) and bonds as well as Pension Incomes are not subjected to tax in India for tax residents of respective countries.

- ✓ This has also been supported and upheld by the following court rulings:
 - *ITO (IT) 2(1) Mumbai vs. Shri Satish Beharilal Raheja ITA NO.4627/Mum/2009*
 - *The Dy. Commissioner of Income-tax (International Taxation) Kochi vs. Sri.K.E.Faizal ITA No.423/Coch/2018*
 - *Anushka Sanjay Shah v/s. ITO, Int Tax Ward 4(2)(1), Mumbai on 26 March, 2025*

Taxation of Indian Incomes for Individuals

Options to an NRI

Withholding Tax (TDS) at the Indian tax rates prescribed for any Non Resident Indians (NRI) and claim refund after filling Indian Income Tax Returns.

OR

Carry out appropriate formalities and be subjected to Withholding Tax (TDS) at concessional rates as prescribed under DTAA.

How can an NRI participate in resurgent Indian economy?

Investment in Indian Mutual Funds (Equity or Non-Equity) by NRI

Obtain Tax Residency Certificate (TRC) in respective country for that tax year & Fill Form 10F on Indian income tax department portal.

Sale of investments subject to
a. no TDS if appropriate procedures are followed.

OR

b. Filing of Income Tax Returns and claiming of refund.

Submit TRC (Tax Residency Certificate) along with copy of Form 10F and forwarding letter/email to the Asset Management Company (Mutual Fund)



Tax Planning for NRI in India

Tax Planning for NRI in India



Tax Planning for NRI in India

TAX PLANNING FOR INVESTMENTS THROUGH MUTUAL FUNDS

- ✓ Investments should be planned through growth option so that tax incidence is at a flat rate of tax and not a slab rate under the dividend option.
- ✓ Annual exemption of INR 1.25L is available for all individuals. Portfolios can be reviewed to take tax & performance advantage.
- ✓ Investments can be spread between family members to take separate advantage of annual exemption.
- ✓ Investments can be planned through H.U.F. creation to take advantage of the annual exemption.
- ✓ Arbitrage funds & Hybrid funds can be planned for tax efficient investments.

Tax Planning for NRI in India

TAX PLANNING FOR INVESTMENTS THROUGH PMS (PORTFOLIO MANAGEMENT SERVICES)

- ✓ PMS gives compliance ease to U.S.A. based investors from PFIC (Passive Foreign Investment Corporation) tax reporting.
- ✓ Investments can be spread between family members to take separate advantage of annual exemption (INR 1.25L) and dividend incomes.
- ✓ Investments can be planned through H.U.F. creation to take advantage of the exemption limit.
- ✓ Portfolio churning in a PMS reduces future tax liability as capital gain tax rates are increasing in India.

Tax Planning for NRI in India

TAX PLANNING FOR INVESTMENTS THROUGH GUARANTEED INCOME/PENSION PLANS

- ✓ Tax free guaranteed incomes for very long tenures.
- ✓ Death benefit available which is also tax free.
- ✓ Plan can be initiated for all family members (including H.U.F.) to maximize the tax free incomes.
- ✓ Pension Incomes in India (to any extent) are tax free under the DTAA benefits with several countries.
- ✓ Deduction from incomes (80C) can be obtained from income if the taxpayer opts for the old regime of taxation.

Tax Planning for NRI in India

Policy Year	Age	Out Flow (Annual Premium)	Guaranteed			Monthly SIP (Start from 2nd Month Onwards)	Expected Return in Equity MF (12%)	Total Death Benefit (Guaranteed Death Benefit + Fund Value)
			Inflow (Tax Free Monthly Income)	Maturity Benefit	Death Benefit (Tax Free)		Fund Value (End of The Year)	
1	28	5,22,500	18,040 X 12 = 2,16,480	0	50,00,000	18,040	2,31,080	52,31,080
2	29	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	4,91,467	54,91,467
3	30	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	7,84,878	57,84,878
4	31	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	11,15,500	61,15,500
5	32	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	14,88,054	64,88,054
6	33	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	19,07,857	69,07,857
7	34	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	23,80,901	73,80,901
8	35	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	29,13,939	79,13,939
9	36	5,11,250	18,040 X 12 = 2,16,480	0	50,00,000	18,040	35,14,580	85,14,580
10	37	5,11,250	18,040 X 12 = 2,16,480	0	52,50,000	18,040	41,91,397	94,41,397
11	38	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	49,54,051	1,02,04,051
12	39	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	58,13,429	1,10,63,429
13	40	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	67,81,798	1,20,31,798

Tax Planning for NRI in India

13	40	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	67,81,798	1,20,31,798
14	41	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	78,72,980	1,31,22,980
15	42	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	91,02,551	1,43,52,551
16	43	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	1,04,88,063	1,57,38,063
17	44	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	1,20,49,292	1,72,99,292
18	45	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	1,38,08,524	1,90,58,524
19	46	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	1,57,90,871	2,10,40,871
20	47	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	1,80,24,628	2,32,74,628
21	48	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	2,05,41,683	2,57,91,683
22	49	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	2,33,77,963	2,86,27,963
23	50	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	2,65,73,954	3,18,23,954
24	51	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	3,01,75,276	3,54,25,276
25	52	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	3,42,33,337	3,94,83,337
26	53	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	3,88,06,061	4,40,56,061

Tax Planning for NRI in India

27	54	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	4,39,58,722	4,92,08,722
28	55	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	4,97,64,868	5,50,14,868
29	56	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	5,63,07,379	6,15,57,379
30	57	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	6,36,79,644	6,89,29,644
31	58	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	7,19,86,898	7,72,36,898
32	59	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	8,13,47,718	8,65,97,718
33	60	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	9,18,95,725	9,71,45,725
34	61	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	10,37,81,484	10,90,31,484
35	62	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	11,71,74,654	12,24,24,654
36	63	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	13,22,66,413	13,75,16,413
37	64	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	14,92,72,185	15,45,22,185
38	65	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	16,84,34,715	17,36,84,715
39	66	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	19,00,27,533	19,52,77,533
40	67	0	18,040 X 12 = 2,16,480	0	52,50,000	18,040	21,43,58,861	21,96,08,861
TOTAL		51,23,750	86,59,200	0				

Note:

On Death: Total Death benefit will be paid and policy will be terminated.

Insurance is the Subject Matter of Solicitation.

Tax Planning for NRI in India

TAX PLANNING FOR INVESTMENTS THROUGH REAL ESTATE

- ✓ Expenses relating to transfer (brokerage, stamp duty, etc.) and for cost of improvement of the property can be reduced from sale consideration to arrive at the gains amount.
- ✓ Properties can be co-owned between family members to reduce the surcharge on tax liability.

Tax Planning for NRI in India

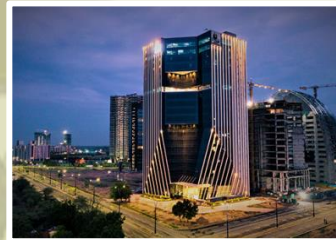
Capital gain exemptions related to Real Estate

Sr. No.	Sale of asset	Reinvestment
01	Sale of land & building	Investment in Capital Gain Bonds (extent of Rs. 50 Lakhs)
02	Sale of a residential house	Investment of gains another residential house
03	Sale of any asset other than residential house	Investment of sale proceeds in residential house



TAX PLANNING FOR INVESTMENTS THROUGH GIFT CITY FUNDS

GIFT City - Gujarat has been notified as India's 1st International Financial Service Center (IFSC)



Tax Planning for NRI in India

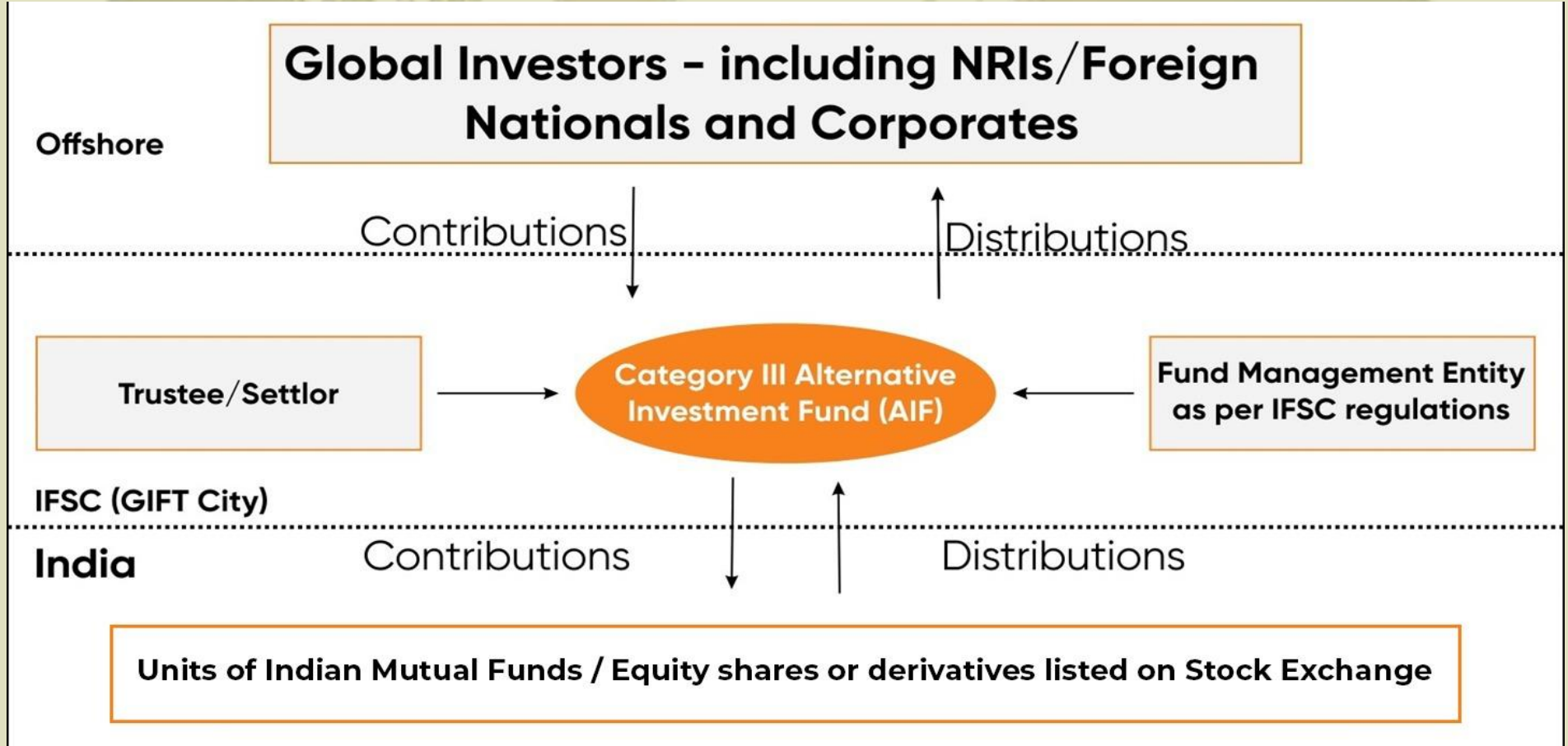
The GIFT City & IFSC – Legal Position

- ✓ The Exchange control regulation of India (FEMA) is not applicable in the GIFT SEZ (Special Economic Zone) area.
- ✓ Benefits only for Financial Services not for Manufacturing, Trading, etc. activities.
- ✓ Special benefits under the Indian Income Tax Act are applicable to Non Resident investors.
- ✓ All other Indian laws are applicable.

Tax Planning for NRI in India

Investment Process

Minimum investment is USD 150,000 as per present regulation



Tax Planning for NRI in India

Advantages

- ✓ No Indian tax implications.
 - No Indian taxation, on gains, where fund invests in units of Indian Mutual Funds/Derivatives.

- ✓ No tax compliances in India.
 - No requirement obtain PAN (Permanent Account Number).
 - No requirement to file India tax returns.
 - No Indian tax assessments

Tax Planning for NRI in India

Advantages

No requirement of any broking / demat account or bank account in India.

- No hassle of opening a broking / demat account for holding securities in India.
- Direct fund flow into the fund from foreign bank account.

USD denominated investments.

- Competitive conversion exchange rate for underlying investment into MF units.

Simplified onboarding process.

- Very convenient documentation for onboarding/KYC.

Tax Planning for NRI in India

Invest in Alternative Investment Funds (AIFs) registered in GIFT City

The AIFs will invest in Indian Mutual Funds which invest into the equity shares.

The gains on sale of the units of the AIF will be tax free to the investor

The funds with the gains can be repatriated back seamlessly.

Advantages:

1. No tax implications on the transactions in India.
2. No requirement of any demat account or bank account in India.
3. USD denominated investments with basic KYC without any hassles.

Opportunities for NRI through GIFT City

Case Study: Tax efficient investing through GIFT City Funds



Disclaimer

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INTERNATIONAL EVENTS

U.K. – Jun. 2024



Australia – Sep. 2024



Singapore – Nov. 2024



Kenya – May. 2025



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- Indian Income Tax & Accounting – Compliance & Advisory
- Indian Estate Planning – Wills & Private Family Trusts
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- International Tax Compliance Support – Reporting Indian Incomes & Assets in residence country with DTAA.
- Financial Regulations advisory – Repatriation of funds, planning for Gifts/loans, any other financial transactions, etc.
- Banking coordination wherever required.

Our professional service mechanism

Advantages to NRIs Working with us

Single point of contact – Complete Indian financial affairs for an NRI (Family office).

Relationship Manager – Backed by a team of specialists in all financial domains.

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Thank You

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