

## **NRIs and filing of return**

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This week I will answer some of the questions that are often asked by non-resident Indians (NRIs) or those who are traveling abroad quite a lot, including merchant navy officers and others.

Q-1. I am a merchant navy officer enjoying NRI status. I own a house, car, mobile, debit cards, telephone connection and a club member and travel abroad too. My Salary is paid abroad in USD. In India I am paying the housing loan Installment Rs.25000.00 pm from NRI account. Do I need to file the IT returns?

Singh, Chandigarh

Ans: Since you are an NRI do not have any income in India, you are not required to file any income tax return.(A NRI is not required to file return even under the one by six scheme)

Q-2: My father owned a house Property at Chandigarh in which he resided alongwith family since long. He sold the house on May ,2004, resulting into long term capital gain of Rs. 280000/-and shifted to Ambala where he purchased a plot after paying an advance of Rs. 10000/- on Oct ,2004.However before executing the deed in his favour he expired on Nov. 2004.Finally sale deed was executed in my favour . I completed the construction by June 2005 and am residing thereon alongwith family. The Cost of Plot Plus construction comes to Approx. Rs. 350000/-Kindly guide me whether I can take the exemption under section 54 in respect of Capital gain arising on sale of Chandigarh House.

**Mohit Singh, Ambala**

Ans: In this Case You will be Assessed as legal heir of your father .You cannot be differentiated from the assessee for this purpose .If you are liable to pay tax for your father's income, benefit of section 54 cannot be denied . Thus Section 54 can be invoked for making the assessment on you as legal heir of your father.

Q-3.I served in Indian Air Force from 1985 to 2005. My pension income is Rs. 2600 pm. My annual earning from the deposits (which I received on account of my service retirement benefits) is around Rs 50,000 per annum. I would like to know what will be my approximate tax and how can I pay that? Is it also a possibility that as I have deposited my funds in Govt institutions and drawing my pension also from a Nationalised Bank my deductions will be automatically made from my Banker side.

**GURDEEP SINGH BEDI, MOHALI.**

**Ans :** Your current income is below the taxable limit so you are not required to pay any income tax. There is no possibility of any deductions out of your pension deposits etc, in the Nationalised banks. However if any tax is deducted at source (TDS) by bank on interest earned on fixed deposits, you can file your IT return and claim refund of such tax deducted

at source. Alternatively to avoid any TDS by bank, you may furnish a declaration in Form 15H (if you are of the age of 65 years or more) /Form 15G (in case of others) to the bank, well in advance.

Q-4: I am MD of a Company since 1988. On 01.01.2005 I sent my resignation to the chairman of the Company. On Jan 10 the company requested me to withdraw my resignation and in consideration promised to pay Rs. 2 lacs. I accepted the offer but due to poor health I worked for short period on reduced salary. Is this Rs 2 lacs received from the employer company taxable? It is neither salary nor perquisite. Please Clarify.

Ans: The amount of Rs. 2 lacs is taxable and will be treated as profit in lieu of salary u/s 17(3). However you can claim standard deduction.