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Tax Residency Status

TI · Monday, January 14th, 2013

Indian citizens or people of Indian origin residing outside of India, temporarily or permanently, can hold different statuses that reflect their ties to the home country. These are especially important for taxation and immigration related needs, since the regulations and requirements differ based on the status they hold.

Non-Resident Indians (NRI)



In general and non-specific terms, any Indian citizen who does not live in India is a non-resident Indian.

According to regulations under the [Foreign Exchange Management Act, 1999](#) and the [Income Tax Act, 1961](#), an NRI is defined as any Indian citizen who has gone out of India or who stays outside India for employment, carrying on a business, vacation, or for any other purpose, such that :

- he/she did not reside in India for **more than 182 days** during the preceding financial year.
- he/she did not reside in India for **more than 60 days** during the preceding financial year and for **more than 365 days** during the four year period prior to the preceding financial year.

Resident but Not Ordinarily Resident (RNOR)

Resident but not Ordinarily Resident (RNOR) is essentially a transitional status between being an NRI and becoming a full-fledged resident. The Income Tax Act has specified this transitional status of an RNOR for any person if:

- he/she was a resident in India during the financial year (such that he/she is not an NRI based on the above definition) **AND**
- he/she has been a non-resident in India for 9 out of the 10 previous years, **or** he/she stayed in India for a total period of less than 730 days during the 7 years preceding the financial year

Ordinary Resident/ Resident Indian (OR/RI)

A person is said to be resident of India if :

- He / she is in India in that year for 182 days or more (irrespective of whether the stay is a continuous period of 182 days or in multiple parts).

Person of Indian Origin (PIO)

Person of Indian Origin (PIO) is defined as any person who presently is a citizen of another country (i.e. he/she holds a foreign passport) but who was an Indian national by lieu of holding an Indian Passport at any time or whose any of ancestors was an Indian national. Such a person may be eligible to apply for a PIO card. **Please see our [PIO Card page](#).**

Overseas Citizen of India (OCI)

The Overseas Citizenship of India (OCI) Scheme, which was introduced by amending the Citizenship Act, 1955, provides for registration as Overseas Citizen of India (OCI).

- All persons of Indian origin (PIOs) who were citizens of India on 26th January, 1950 or thereafter or who were eligible to become citizens of India on 26th January, 1950 are eligible for registration as an OCI.
- This does not include persons who are or had been a citizen of Pakistan, Bangladesh or such other country as specified by the Central Government.
- **Please see our [OCI Card page](#).**

TI Lessons

- A resident Indian is required by law to pay taxes on all income in India and overseas.
- RNORs do not have to pay tax in India on their foreign income.
- **401K Withdrawl:** The best time for 401K withdrawl could be during the period when one is RNOR since they would not have to pay tax on the 401K money in India and they may have to pay relatively lower tax in US as well if they do not have other income in US as RNOR.

	Resident	Non-Resident	RNOR	PIO/OCI
Citizenship	India	India	India	Non-India
Residence Requirements in India	More than 182 days during the financial year	Less than 182 days during the financial year OR Less than 60 days during the financial year and less than a total of 365 days during the 4 years prior to the financial year	More than 182 days during the financial year AND Has been a NRI for 9 out of 10 previous years or stayed for less than a total of 730 days during the 7 years prior to the financial year	No Residency Requirements

Duration of Status	Until he/she becomes a NRI	Until he/she renounces his/her Indian citizenship.	You can be a RNOR for 2-3 years	-
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Related Guides

[NRIs Returning to India](#)

[Living in India with Green Card](#)

[OCI Card](#)

[PIO Card](#)

References

[Deciding-Tax-Status-NRI-or-RNOR-or-Resident](#)

[US Tax Filing: Help for US Citizens and Greencard Holders Living in India \[Times of India\]](#)

[Tax-benefits-during-RNOR](#)

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