



The Company of Master Mariners of India

Seafarers Taxation and Financial Management

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Are you tax exempt in India?

Are you tax exempt in India?

Is your salary income not taxable in India – Indian/ Foreign National?

Residential status	India flagged ship & sailing		Foreign flagged ship & sailing	
	In India*	Outside India	In India	Outside India
ROR	Taxable	Taxable	Taxable	Taxable
RNOR	Taxable	Not taxable**	Taxable	Not taxable**
NR	Taxable	Not taxable**	Taxable	Not taxable**

* In India means Indian territorial waters i.e., up to 12 nautical miles from the Indian coast

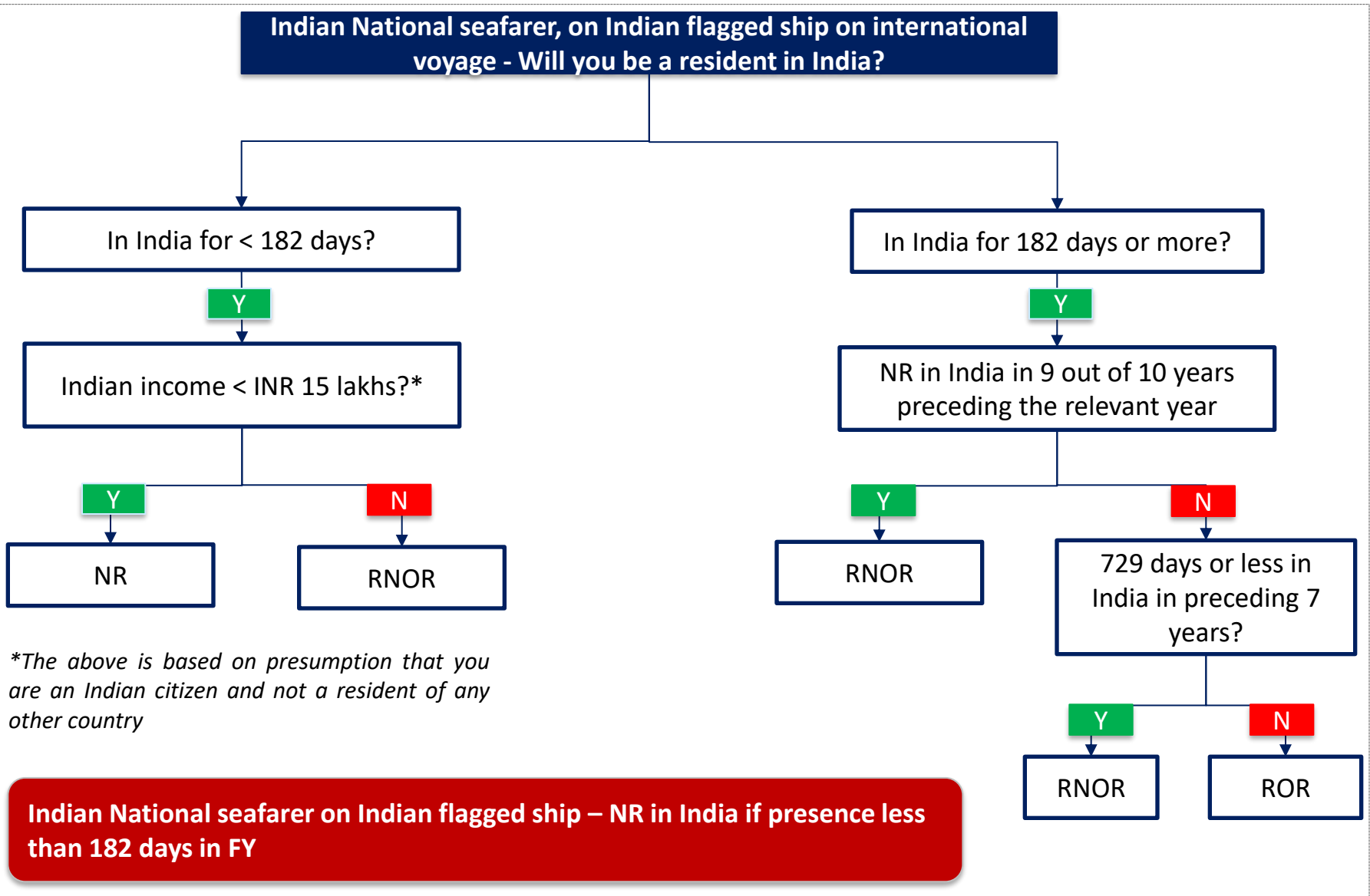
**The salary should be received in your NRE account/ bank account outside India. If salary received in NRO account, prone to litigation

How will your other income be taxed in India?

- For ROR, global income taxable in India
- For RNOR and NR, India sourced income/ income received in India taxable in India; illustrative list –
 - Bank interest (interest on NRE account balance is exempted)
 - Capital gains on sale of asset in India (*watchout for property sale*)
 - Rental income from property in India
 - Income from business controlled or profession set-up in India (applicable only in case of RNOR)

Your residential status in India?

Your residential status in India? | Income tax



Your residential status in India? | Income tax

How to compute period outside India?

- Entry & exit dates as per which document to be considered?

Boarding	Sign off	Relevant document
UAE	USA	Passport
UAE	Mumbai	CDC
Mumbai	UAE	CDC

- Day of departure from and arrival in India to be considered outside India for “eligible voyage” (*Rule 126 of Income Tax Rules, 1962*); illustrative calculation –

Departure	Arrival	Days outside India
1 July 2024	31 July 2024	31 days
1 September 2024	31 March 2024	212 days

- Purpose of stay outside India relevant for days outside India –

On foreign waters	Vacation outside India	Conference outside India on behalf of the employer	Day outside India (for residency purposes)
170 days	15 days	-	170 days
170 days	15 days	14 days	184 days

Your residential status in India? | FEMA

- Criteria for determining residency under income tax (objective based) and FEMA (intention based) are different
- Residency as per FEMA:
 - Individual stays in India for 182 days in preceding FY; 182 days condition not applicable if:
 - Individual goes outside India for or taking up employment, carrying business/ vocation or for uncertain period – **regarded NR from day of exit from India**
 - If person comes to India for or taking up employment, carrying business/ vocation or for uncertain period – **regarded R from day of arrival in India**
- Illustrative scenarios:

Facts	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Habitual resident of*	India	India	Outside India	Outside India
Employed with	Indian company	Foreign Company	Indian company	Foreign company
Days spent sailing on foreign waters	52 days	200 days	300 days	150 days
Days spent sailing on India waters	300 days	150 days	52 days	200 days
Type of ship	Indian flagged	Foreign flagged	Indian flagged	Foreign flagged

What will be your residential status under FEMA in above fact pattern?

**Habitual residency generally is based on factors such as citizenship, permanent residence, socio-economic ties, place where the family of such person is residing*

Other key aspects

Other key aspects | Income tax

Are you required to file ITR as a NR in India (for income tax purposes)?

Illustrative scenarios – Income earned in FY 2024-25	Required to file ITR?
<ul style="list-style-type: none">• INR 3 lakhs – Rental income from property in India• INR 20 lakhs – Salary for services outside India	Yes
<ul style="list-style-type: none">• INR 20 lakhs – Salary for services outside India• TDS deducted by Indian employer of INR 6 lakhs (presuming at 30%)	Yes (and claim refund of TDS)
<ul style="list-style-type: none">• INR 20 lakhs – Salary for services outside India; no TDS deducted	No (subject to evaluation)

Other income tax aspects:

- Disclosure of foreign assets in ITR – not applicable in case of RNOR and NR
- **Indexation benefit on sale of land/ building or both acquired before 23 July 2024 – not available to NR**
- TCS on remittance under LRS
 - 0.5% above INR 7 lakhs (if loan from financial institution for education purpose)
 - 5% above INR 7 lakhs (for education and medical purposes)
 - 5% till INR 7 lakhs and 20% thereafter (for overseas tour package)
 - 20% above INR 7 lakhs (for any other permitted purpose)

Other key aspects | Income tax

Summary of applicable capital gains tax rate (for select assets):

Capital asset	Period of holding	Nature of capital gains	Applicable tax rate (after 23 July 2024)
STT paid equity shares & equity-oriented MF (listed)	> 12 months	LTCG	12.5% (without indexation) <i>[Exemption up to INR 1.25 lakhs]</i>
	≤ 12 months	STCG	20%
Debt oriented MF	NA	Deemed STCG	Slab rate
Immovable property	>24 months	LTCG	12.5%; or 20% with indexation for land/building or both acquired before 23 July 2024 (Refer note 2 & 3)
	≤ 24 months	STCG	Slab rate

Notes:

1. The above rates are applicable in case of R and NR; taxability in case of NR subject to treaty benefits
2. 20% with indexation applicable only for computation purposes; in loss scenario no carry forward and set-off of loss available
3. Above relaxation available only to resident individuals and HUF

Other key aspects | FEMA

Illustrative TO DO – if you become NR in India (for FEMA purposes)

- **Inform your Bank** – Get your savings bank account converted to NRO account
- **Inform your Broker** – Get your existing demat account closed/ converted to NRI demat account
- **Notify your insurer** regarding change in your residential status

Types of accounts that can be held in India as NR

Features	NRO	NRE	FCNR
Account maintained in	<ul style="list-style-type: none"> • Indian currency 	<ul style="list-style-type: none"> • Indian currency 	<ul style="list-style-type: none"> • Foreign currency
Type of account	<ul style="list-style-type: none"> • Savings, current, recurring and FD 	<ul style="list-style-type: none"> • Savings, current, recurring and FD 	<ul style="list-style-type: none"> • FD
Permitted transfer	<ul style="list-style-type: none"> • Domestic payments • Transfer to another NRO ac • Remittance outside India 	<ul style="list-style-type: none"> • Domestic payments • Transfer to NRE/ FCNR ac • Remittance outside India 	<ul style="list-style-type: none"> • Same as NRE
Repatriable funds	<ul style="list-style-type: none"> • Current income freely repatriable • Capital income up to USD 1 Mn per FY 	<ul style="list-style-type: none"> • Freely repatriable 	<ul style="list-style-type: none"> • Freely repatriable
Tax on interest in India	<ul style="list-style-type: none"> • Taxable 	<ul style="list-style-type: none"> • Exempt 	<ul style="list-style-type: none"> • Exempt

Other key aspects | FEMA

Investments permitted for an NRI (for FEMA purposes) in India?

Illustrative scenarios	Permitted?
• Purchase commercial and residential property in India	Yes
• Purchase agricultural land in India	No
• Investment in shares and mutual fund in India	Yes
• Invest in fixed income and debt instruments – <ul style="list-style-type: none"> – FD – PSU and infrastructure bonds – Non-convertible debentures – Corporate bonds 	Yes
• Opening of PPF account	No
• Make contributions to PPF account held before become NRI	Yes (if account has been held for 5 years or more)
• Investment in NPS (Tier I) account	Yes
• Investment in NPS (Tier II) account	No
• Investment in SGB	No (permitted to hold investment made as R)
• Investment in NSCs and post office schemes	No (permitted to hold investment made as R)

Other key aspects | FEMA & others

Illustrative TO DO – if you become R in India from NR (for FEMA purposes)

- **Inform your Bank** – Close your NRE account to resident account or transfer the funds to RFC account
- **Inform your broker** – Close/ convert your NRI demat account to resident demat account
- FCNR deposit can be held till maturity; once matured transfer funds to resident account or RFC account

Other financial management aspects

- Prudent financial practices and ease for compliance –



Microsoft Excel
Worksheet

Q & A?

Glossary

Glossary

CDC	Countinuance Discharge Certificate
FCNR	Foreign currency non resident account
FD	Fixed deposit
FEMA	Foreign Exchange Management Act, 1999 read with Rules, Regulations, Notifications, Circulars, Directions issued thereunder and amended from time to time
FY	Financial year
IT Act	Income Tax Act, 1961
ITR	Income tax return
LRS	Liberalised remittance scheme
LTCG	Long term capital gain
MF	Mutual fund
Mn	Million
NA	Not applicable
NPS	National pension scheme
NR	Non resident
NRE	Non-Resident External Account
NRO	Non resident ordinary account
NSC	National savings certificate
PPF	Public provident fund
R	Resident
RFC	Resident foreign currency account
RNOR	Resident but not ordinarily resident
ROR	Resident ordinarily resident
SGB	Sovereign gold bond
STCG	Short term capital gain
STT	Security transaction tax
TCS	Tax collection at source

Thank you & Disclaimer

Thank you

For any questions, please contact

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