

# Covid-19: CBDT relaxes residency rule for individuals unable to leave India (1/2)

### Summary

The Central Board of Direct Taxes (CBDT) has issued a circular providing relief to individuals who came to India in Financial Year 2019-20 (FY20) for a visit and had to extend their stay in India due to the lockdown and consequent suspension of international flights in view of the COVID-19 situation.

The relief is applicable to individuals who came to India on a visit before 22 March 2020. In case of such individuals, the CBDT has announced exclusion of a certain number of days while determining the residential status for FY20.

### Individuals unable to leave India before 31 March 2020

The physical presence in India from 22 March 2020 till 31 March 2020 to be excluded.

### Individuals quarantined in India on or after 1 March 2020

The physical presence in India from the date of quarantine to the date of departure or till 31 March 2020, shall not be considered.

### Individuals who have departed on evacuation flight on or before 31 March 2020

The physical presence from 22 March 2020 till date of departure not to be considered.

# Covid-19: CBDT relaxes residency rule for individuals unable to leave India (2/2)



### Our comments

This is a much-awaited circular, which acknowledges the concerns of non-resident Indians and other foreigners who arrived in India but could not return due to the nationwide lockdown announced in view of the COVID-19 crisis.

Though, the circular provides relief in the calculation of number of days for FY20, the concern remains for determining the residential status for FY21. The Ministry of Finance has, in an announcement, indicated that a similar clarification will be issued in due course for FY21 based on resumption of international flights.

Meanwhile, it is important for individuals to evaluate their residential status for FY20 as per the applicable tax provisions and the above clarifications and determine their tax liability in India accordingly.