COMPARISION OF TAXATION OF RESIDENT AND NON RESIDENT

Sl	Criteria	Resident	Non-Resident (NRI)
1	Days of Stay in India	≥ 182 days in the financial year, or ≥ 60 days in the financial year and ≥ 365 days in the last 4 years.	< 182 days in India during the financial year.
2	Scope of Income Tax	Taxed on global income (income earned in India and abroad).	Taxed only on income earned or accrued in India.
3	Income Tax Rates	Subject to tax slabs for resident individuals.	Taxed on Indian income only; higher TDS rates apply.
4	TDS Rates	Standard TDS rates based on income type.	Higher TDS rates on Indian income: 30% on interest, 20% on rental income, 10% on capital gains (as applicable).
5	Income from Foreign Assets	Global income and assets must be disclosed.	Not required to disclose foreign income or assets.
6	Tax Savings (Deductions & Exemptions)	Eligible for deductions under 80C, 80D, 80G, etc.	Limited deductions for Indian income under 80C, 80D, 80G, etc.
7	Presumptive Taxation	Can opt for presumptive taxation (44AD, 44ADA, 44AE) based on criteria.	Eligible only if Indian income meets requirements of presumptive schemes.
8	Applicable ITR Forms	- ITR-1 (Sahaj): For residents with simple income.	- ITR-2: For capital gains in India.
9		- ITR-2, ITR-3, ITR-4 based on income type.	- ITR-3: For business/profession income.
10			- ITR-4: If eligible for presumptive income in India.
11	Foreign Investments	Taxed on income from foreign investments and dividends.	Foreign investments are not taxed in India unless income is sourced from India.
12	Rent Paid to NRI	N/A	Payer must deduct TDS at 30% on rent paid to NRI and deposit with the government.
13	Sale of Property by NRI	N/A	TDS deducted at 20% on long-term capital gains (holding > 2 years) or 30% on short-term gains (holding ≤ 2 years). Refund possible if TDS exceeds tax liability.
14	Buying Property by NRI	N/A	NRIs can buy residential/commercial property (not agricultural land/farmhouse). Payment in INR via NRO/NRE accounts.
15	Housing Loan Interest	Interest deduction under Section 24(b) up to ₹2 lakh; principal deduction under 80C up to ₹1.5 lakh.	NRIs can claim similar deductions; loan must be taken from an Indian lender and repaid from NRO/NRE accounts or foreign currency remittances.
16	Sovereign Gold Bonds (SGB)	Residents can invest in SGBs for regular interest and potential appreciation.	NRIs cannot invest in SGBs. If they become NRI after purchase, they may hold until maturity but cannot reinvest or extend.

17	Senior Citizens Savings Scheme (SCSS)	Available to residents aged 60+, offering stable interest with a 5-year term (extendable by 3 years).	NRIs cannot open SCSS accounts. If they become NRI after opening, they can hold until maturity but cannot extend or reinvest.
18	Buying Shares	Can invest freely in Indian stock market. Capital gains taxed at 15% (short-term) or 10% (long-term on gains over ₹1 lakh).	NRIs can invest via Portfolio Investment Scheme (PIS) through NRE/NRO accounts. Gains are taxed similarly, with TDS applicable before repatriation.
19	Investment in Government Bonds	Allowed and subject to income tax on interest.	Limited eligibility; TDS at 20% generally applies on interest income.
20	Stock Market Transactions (Equity)	Gains from equity taxed as short-term (15%) or long-term (10% on gains above ₹1 lakh), subject to STT.	Similar tax rates for NRIs, with TDS deducted on capital gains before repatriation.
21	Futures and Options (F&O)	F&O income treated as business income; taxed by slab rate. Tax audit required if turnover exceeds limits or in case of losses.	F&O income also considered business income and subject to tax audit based on turnover limits (₹1 crore or ₹10 crore for digital transactions).
22	Tax Audit Requirement	Required if turnover exceeds ₹1 crore (₹10 crore for digital transactions) for business, ₹50 lakh for profession.	NRIs must undergo audit if business income in India exceeds turnover limits or in case of F&O trading breaching limits.
23	Double Taxation Avoidance (DTA)	Relief under DTAA agreements to avoid double tax on foreign income. Methods include exemption or tax credit, with a TRC required.	NRIs can use DTAAs to avoid double taxation on Indian income, requiring a TRC from their resident country.
24	Reporting Requirements	Required to report global income and assets.	Required to file returns only if Indian income meets taxable limits.