

8. Remuneration or Salary received by an individual who is not a citizen of India
[Section 10(6)]

The following incomes are exempt when received by an individual who is not a citizen of India:

(i) Remuneration [U/s 10(6)(ii)].

- a. The remuneration received by an ambassador or other officials of the Embassy, High Commission or Legation of a foreign State in India.
- b. The remuneration by a consular officer of a foreign State in India.
- c. The remuneration received by a trade commissioner or other official representative in India of a foreign State, provided corresponding officials of the Government of India in that country are given a similar concession.
- d. The remuneration received by a member of the staff of any of the officials referred to in (a), (b) and (c) above.

If the person mentioned above in (a) to (d) is a subject of the country represented, is not engaged in any business, profession or employment in India (otherwise than as a member of such staff), and the country represented gives similar concession to the members of the staff of corresponding officials of the Government of India.

(ii) Remuneration received by him as an employee of foreign enterprise [U/s 10(6)(vi)]

(e.g., technician deputed by a foreign firm to work in India), for service rendered by him during his stay in India provided the following conditions are fulfilled—

1. the foreign enterprise is not engaged in any trade or business in India ;
2. his stay in India does not exceed in the aggregate a period of 90 days in such previous year ; and
3. such remuneration is not liable to be deducted from the income of the employer chargeable under the Act.

(iii) Employment on a foreign ship [U/s 10(6)(viii)].

Any income chargeable under the head “Salaries” received by or due to any such individual being a non-resident, as remuneration for service rendered in connection with his employment on a foreign ship where his total stay in India does not exceed in the aggregate of a period of 90 days in the previous year.

(iv) Remuneration received by an employee of foreign govt. during his stay in India for his training in India [U/s 10(6)(xi)].

Such remuneration shall be fully exempted if he is taking training in any of the following concern :

- a. Institution owned by govt
- b. A company wholly owned by Central or State govt. or partly owned by Central and partly by State govt
- c. A subsidiary Co. of company referred at point (b) above
- d. Any corporation established by or under Central, State or Provincial Act
- e. Any society registered under Societies Registration Act; 186Q and which is wholly financed by Central or State govt.

9. Tax paid by Government or Indian concern on Income of a Foreign Company
[Section 10(6A), (6B), (6BB) and (6C)]

(6A) :

1. Where a foreign company renders technical services to Government of India or to a State Government or to an Indian enterprise and for such services a foreign company is paid income by way of royalty or fees.
2. Such fees or royalty is paid by an India concern in pursuance of an agreement entered into before 1-6-2002 and such agreement is approved by Government of India and it is in accordance with the Industrial Policy of the Government of India.
3. Since royalty or fees paid to a foreign company accrues in India, so such income is liable to be taxed in India and as per agreement the payer of income in India pays tax liability of the foreign company.
4. Tax so paid by Government of India or a State Government or an Indian enterprise will be exempted i.e., it will not be grossed up with the income of the foreign company.

Example. A foreign company renders technical services to an Indian company and as per agreement, foreign company is to be paid a fees of Rs. 1,00,000. Tax of Rs. 30,000 on such fees is also paid by the Indian company. Tax paid by Indian company will be exempt and so it will not be grossed up with the income of the foreign company and such foreign company's income will be only Rs. 1,00,000.

(6B) :

The tax liability of a non-resident (Not being a company) or a foreign company if paid by an Indian concern or Government of India or a State Government the same

will be exempted and so will not be grossed up with the income of the foreign entity.

(6BB) :

Tax paid on income received by foreign government or a foreign enterprise on leasing aircraft.

In case any income is received by a foreign government or a foreign enterprise from an Indian company which is engaged in the operation of aircraft and such income is by way of consideration of acquiring an aircraft or an engine of aircraft (other than payment for providing spares or services in connection with the operation of leased aircraft) on lease under an agreement entered into after 31-3-1996 but before 1-4-2007 and approved by the Central Government in this behalf, and the tax on such income is payable by such Indian company under the terms of agreement, the tax so paid shall be fully exempted.

This benefit shall be available only to that foreign enterprise which is non-resident.

(6C) :

Any income derived by a foreign company (so notified by Central govt.) by way of royalty or fees for technical services under an agreement for providing services in or outside India in projects connected with security of India shall be fully exempted.

10. Perquisites and Allowances paid by Government to its Employees serving outside India [Section 10(7)]

Any allowances or perquisites paid or allowed, as such, outside India by the Government to a citizen of India, for rendering services outside India, are exempt.

The following conditions have to be satisfied before such income is treated as deemed to accrue or arise in India:

- i. Income should be chargeable under the head 'Salaries';
- ii. The payer should be Government of India;
- iii. The recipient should be an Indian citizen — whether Resident or Non-Resident;
- iv. The services should be rendered outside India.

While salary of Indian citizen in the above case shall be deemed to accrue or arise in India but all allowances or perquisites paid outside India by the Government to the above Indian citizens for their rendering services outside India are exempt under section 10(7).

11. Employees of Foreign Countries working in India under Cooperative Technical Assistance Programme [Section 10(8)]

The persons who are working in India under co-operative technical assistance programmes in accordance with an agreement entered into by the Central Government and the Government of a foreign State, the following incomes of such individuals shall be exempt provided the terms of agreements provide for such exemption

1. the remuneration received by him directly or indirectly from the Government of the foreign State for such duties rendered in India ; and

2. any other income of such individual which accrues or arises outside India and is not deemed to accrue or arise in India, in respect of which individual is required to pay any income or social security tax to the Government of that foreign State.

12. Income of a Consultant [Section 10(8A)]

Any remuneration or fee received by a consultant from an international organisation who derives its fund under technical assistance grant agreement between such organisation and the Foreign Government, and any other income accruing or arising to him outside India (which is not deemed to accrue or arise in India) and which is subject to income-tax or social security tax in foreign country, shall be fully exempted. The agreement of the service of consultant must be approved by the competent authority.

The consultant means:

1. an individual who is (a) not a citizen of India; or (b) if citizen but is not ordinarily resident in India ; or
2. any person who is non-resident ; and is rendering technical services in India in connection with any technical assistance programme or project.