

## Unit 13: Residential Status

### Theoretical Questions

#### Brief Answer Questions

[2 marks]

1. Briefly describe the situation for an individual to be a resident individual.
2. List out any four entities classified as resident in Nepal.
3. Mr. KP Dhakal, an officer in Government of Nepal service, was appointed as a permanent representative of Nepal to USA. He left Nepal on 1st Ashwin of the previous year. You are required to determine his residential status.
4. List out any two privileges granted to resident over non-resident.

#### Descriptive Answer Questions

[10 marks]

5. 2081 Q.No. 14b

Mention the condition for an assessee to be resident person in case of natural person, partnership firm, trust and company. [5]

6. 2066 Q.No. 4

Define a taxpayer. Mention the provisions for a natural taxpayer to be a resident as per the prevailing tax law.

7. 2064 (Old) Q.No. 1

Define a 'resident'. State the privileges provided by IT Act 2058 to resident over non-resident. [2+3]

## Numerical Problems

## Brief Answer Questions

[2 marks]

1. 2080 Q.No. 7

Thomas is foreign citizenship holder arrived in Nepal on 1st Baishakh 2078 and stayed in Nepal till the end of Kartik, 2079.

**Required:** His residential status for the income year 2078/79 and explanation as per Income Tax Act. [Unit 13]

2. 2079 Q.No. 7

Thomas is foreign citizenship holder arrived in Nepal on 1st Poush 2078 and stayed in Nepal at the end of Ashad 2079.

**Required:** His residential status for the income year 2078/79.

## Descriptive Answer Questions

[10 marks]

3. 2078 Q.No. 6a

Mrs. Fedrica, a German citizen, came to Nepal on 1st Poush of previous income year and involve in business and investment activities. She submitted the statement with following incomes:

- Income from handicraft business Rs. 700,000.
- Income from investment Rs. 300,000.
- Remuneration from acting as resource person in training Rs. 50,000.
- She has paid donation to a social club Rs. 50,000.

**Required:**

- a. Residential status with explanation.
- b. Statement of taxable income.
- c. Tax liability.

[1+2+2]

4. 2077 Q.No. 6a

Mr. Sumijo, a Japanese citizen, came to Nepal on 1<sup>st</sup> Kartik of previous income year and involve in business and investment activities. He submitted the statement with following incomes:

Income from handicraft business Rs. 500,000

Gain from investment Rs. 200,000

Remuneration on delivery of lecture in a work shop Rs. 20,000

He has paid donation to a social club Rs. 50,000.

**Required:**

- a. Residential status with explanation
- b. Statement of taxable income
- c. Tax liability

[1+2+2]

5. 2076 Q.No. 6a

Mr. Pathak a permanent employee of Nepal Government appointed as a representative of Nepal to USA. He left Nepal on 1<sup>st</sup> Marga of the previous year. He was drawing salary of Rs. 40,000 p.m. while he was in Nepal. He received US \$ 8,000 as foreign allowance. The exchange rate per dollar is Rs. 100. He stayed there till the end of previous year.

**Required:**

- a. Residential status of Mr. Pathak
- b. Taxable income
- c. Tax liability

[1+2+2]

**6. 2075 Q.No. 6a**

Mr Baker an employee of American Embassy in Nepal came to Nepal on first Mangsir of the previous year. His salary and other benefits are paid by the country he represents. He declared the following sources of income during the year.

- Salary \$10,000 pm
- Other allowances \$ 2000 pm
- He won a lottery worth Rs. 225,000

He claimed the following expenses for deduction:

- Donation to public school Rs. 500,000
- Other domestic and personal expenses Rs. 600,000.

**Required:**

Residential status of Mr. Baker and taxable income if any? If not give your argument under the ground of Income Tax Act, 2058.

The current exchange rate is \$1 = Rs. 100

[2+3=5]

**7. 2074 Q.No.6b**

Mr. Gupta and Indian citizen came to Nepal on 1<sup>st</sup> Magh of previous year and engaged in business and professional activities. He had submitted the following particulars for the previous income year.

- i. Net assessable income from professional activities Rs. 500,000.
- ii. Net assessable income from business activities Rs. 400,000.
- iii. Consultancy fees received Rs. 300,000 (after TDS).

**Required:**

- a. Residential status of Mr. Gupta.
- b. Taxable income and tax liability.

[2+1+1=4]

**8. 2073 Q.No. 6a**

Mrs. Lina came to Nepal on 1<sup>st</sup> Shrawan of the previous year and is working in the embassy of France. Her salary and emoluments are paid by the country she represents. She declared the following sources of income during the year.

- Salary \$ 6000 p.m. (exchange rate is \$1 = Rs. 100)
- Dearness allowance \$ 1,000 p.m.
- She runs a small business in Nepal and has earned Rs. 500,000 as assessable income.
- Royalty income Rs. 68,000 (after TDS)
- Interest from bank deposit Rs. 28,500 (net).

She has claimed the following deduction:

- Personal expenses Rs. 200,000
- Donation to a public school Rs. 10,000

**Required:**

- a. Residential status of Mrs. Lina.
- b. Taxable income

[1+4]

**9. 2072 Q.No. 10**

Mr. Sukitamo a citizen of Japan working in Japanese Embassy came to Nepal on 1<sup>st</sup> Kartik of previous year. He stayed in Nepal until the Ashad end of previous year. The particulars of his incomes and expenditures during the previous year are as follows:

- Salary \$4,000 p.m.
- Outstation allowance \$2,000 p.m.
- Residential facility provided by the office.

- He had earned Rs. 255,000 (after TDS) as a consultation fees.
- Income from small business of Rs. 200,000.
- Interest earned from private loan of Rs. 100,000.

He claimed the following expenses for deduction:

- Collection cost of consultancy fees of Rs. 1,000.
- Interest collection charges of Rs. 5,000.
- The exchange rate of one \$ was equal to Rs. 95.

**Required:**

- a. Total taxable income of Mr. Sukitamo
- b. His Residential Status

[4+1=5]

**10. 2071 Q.No. 10**

Mrs. Z an American citizen worked in UNDP/Nepal came in Nepal on 20<sup>th</sup> Magh of previous year. She has submitted the following particulars of her income and expenses for the year:

- Salary income \$ 5,000 p.m.
- Foreign allowance \$ 400 p.m.
- Office provided free accommodation to her
- Income from consultation business in Nepal Rs. 200,000
- Royalty from publication Rs. 100,000
- Interest from unrecognized sector Rs. 25,500 (after TDS)

She claimed the following expenses for deduction:

- Donation to a public school Rs. 5,000
- Domestic expenses Rs. 100,000

The exchange rate of one \$ was equal to Rs. 90.

**Required:**

- a. Residential status of Mrs. Z
- b. Total taxable income and tax liability.

[1+4]

**11. 2070 Q.No. 10**

Mr. Gurung, who was migrated to USA 30 years ago, earned the following incomes during his stay in Nepal from 1<sup>st</sup> Aswin to last of Falgun of the previous year.

Net (Assessable) Income from export business Rs. 500,000

He claimed the following expenses for deduction:

Rent of the room used for the business office Rs. 3,000 p.m. for the above period

**Required**

- a. Residential status of Mr. Gurung
- b. Tax payable by Mr. Gurung

[2+3=5]

**12. 2069 Q.No. 10**

Mr. Pradhan a Joint-Secretary of Government posted outside the country representing the government. He left Nepal on 1<sup>st</sup> Chaitra of the previous year. He received TADA US \$ 10,000 and foreign allowance US \$ 3,000 p.m. The exchange rate applicable for US \$ is Rs. 70 per dollar. He was drawing Rs. 12,000 p.m. as his salary.

**Required:**

- a. His residual status
- b. Taxable Income

[2+3=5]

**13. 2068 Q.No. 10**

Mr. Hari, a permanent officer of Government of Nepal was appointed as a First Secretary at the Embassy of Nepal in Bangkok. He was drawing Rs. 18,000 p.m. as salary. He left Nepal on 1<sup>st</sup> Ashwin. He was paid US\$ 2,000 dearness allowance and US\$ 500 as out of station allowance. Dollar exchange rate applicable was Rs. 80 for one US\$. He stayed there until the end of Jestha of following year.

**Required:**

- His taxable income
- His residual status

[4+1]

**14. 2067 Q.No. 10**

Mrs. Y, a representative of Pakistan came to Nepal on 18th Marga previous year. She is getting salary and foreign allowance from Pakistan government \$7,000 and \$1,000 p.m. respectively. She furnished the following income having sources in Nepal as follows:

- Income from an investment - Rs. 150,000.
- Income from a small business - Rs. 150,000 (before deducting related expenses - Rs. 40,000)
- Rent income by letting computers after TDS - Rs. 51,000.

**Required:**

- Residential status of Mrs. Y with explanation
- Tax liability

[2+3]

**15. 2066 Q.No.10**

Mr. Jonson, an American citizen came to Nepal as an expert on 1st Magh of previous year and he had stayed here till the end of Ashadh and earned the following incomes:

- Consultancy fees received of Rs. 212,500 (after TDS of Rs. 37,500)
- Net (Assessable) income from business of Rs. 150,000.
- Gain on sale of securities of Rs. 45,000.
- Lottery received (after TDS) Rs. 37,500.

He had claimed the following expenses for deduction:

- Expenses related to consultancy fees of Rs. 3,000.
- Donation given to a tax exempted organization approved by IRD of Rs. 5,000.

**Required:**

- Statement of total taxable income
- His residential status with explanation.

[4+1]

**16. 2065 Q. No. 10**

Mr. Mukesh Gupta an Indian citizen came to Nepal on 1st Falgun of previous year and resided till the end of Ashad. During the previous year he had earned the following incomes.

- Income from business of Rs. 350,000
- Income from investment of Rs. 127,500 after TDS

He claimed the following expenses for deduction:

- Depreciation on assets used for business of Rs. 5,000
- Investment income collection charges of Rs. 2,000

**Required:**

- Statement of total taxable income
- His residential status with explanation

[4]

[1]

**17. 2064 (Old) Q. No. 10**

Mr. John, a citizen of United Kingdom, came to Nepal on 1st Falgun of previous year. He joined American Embassy next day at a salary of Rs. 20,000 p.m. Besides salary he disclosed the following incomes for the previous year.

- Foreign allowance Rs. 5,000 p.m.
- He also run a small business in Nepal and earned Rs. 75,000 during the same time.

**Required:**

- a. His residential status
- b. Taxable income.

[2+3=5]

**18. 2064 Q.No. 10**

Dr. Advani, a citizen of India, earned the following income during his stay in Nepal from 15th Shrawan to 30th Marga of the previous year:

- |  |             |
|--|-------------|
| • Net (assessable) income from profession/business | Rs. 150,000 |
| • Gain from investment activities                  | Rs. 100,000 |
| • Remuneration from part time lectures             | Rs. 60,000  |
| • Dividend from Indian company remitted to Nepal   | Rs. 50,000  |

**Required:**

- a. Residential status of Dr. Advani
- b. Tax liability.

[2+3 = 5]

**19. 2063 Q. No. 10**

Mr. Shukla, an Indian citizen, came to Nepal on 1<sup>st</sup> Magh and stayed in Nepal till the end of previous year. During his stay Nepal, he earned the following incomes:

- Income from business of Rs. 337,000 before deducting electricity charges of Rs. 30,000 of his house and after deducting depreciation of Rs. 35,000 of the assets used for business purpose.
- He claimed the amount of Rs. 10,000 donated to Nepal Red Cross Society.

**Required:**

- a. Net (assessable) income from business
- b. Statement of total taxable income
- c. His residential status with explanation.

[1]