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INCOME-TAX ACT, 2025

Chapter II: BASIS OF CHARGE

Section 5 - Scope of total income.

(1) Subject to the provisions of this Act, the total income of any tax year of a person, who is a resident, includes all income from whatever source derived, which—

(a) is received or deemed to be received in India in that year by or on behalf of such person;

(b) accrues or arises, or is deemed to accrue or arise, to such person in India in that year; or

(c) accrues or arises to such person outside India in that year, but when such person is “not ordinarily resident” in India under section 6(13), such income shall be included only when it is derived from a business controlled in or a profession set up in India.

(2) Subject to the provisions of this Act, the total income of a tax year of a person, who is a non-resident, includes all income from whatever source derived, which––

(a) is received or deemed to be received in India in that year by or on behalf of such person; or

(b) accrues or arises, or is deemed to accrue or arise, to such person in India in that year.

(3) Income accruing or arising outside India shall not be deemed to be received in India under this section by reason only of the fact that it is taken into account in a balance sheet prepared in India.

(4) If an income has been included in a person’s total income on the basis that it––

(a) has accrued or arisen; or

(b) is deemed to have accrued or arisen,

to such person, it shall not again be included on the basis that it is received or deemed to be received by that person in India.

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