

INCOME-TAX ACT, 2025

E: Special provisions relating to non-residents and foreign company

Section 209 - Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

(1) The income-tax payable, on the total income of an assessee, being a non-resident, which includes income specified in column B of the Table below, shall be the aggregate of income-tax computed at the rate specified in the column C applied on the corresponding income specified in column B.

Table

Sl. No.	Income	Rate of income tax payable
A	B	C
1.	From interest on-- (a) bonds of an Indian company issued as per such scheme as may be notified by the Central Government; or (b) bonds of a public sector company sold by the Government, and purchased in foreign currency.	10%
2.	From dividends on Global Depository Receipts— (a) issued as per such scheme as may be notified by the Central Government against the initial issue of shares of an Indian company and purchased in foreign currency through an approved intermediary; or (b) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or (c) issued or re-issued as per a scheme as may be notified by the Central Government, against the existing shares of an Indian company purchased in foreign currency through an approved intermediary.	10%
3.	Long-term capital gains arising from the transfer of bonds referred to against serial number 1 or Global Depository Receipts referred to against serial number 2.	12.5%
4.	Total income as reduced by income referred to against serial numbers 1 to 3.	Rates in force.

(2) Where the gross total income of the non-resident—

(a) consists only of income by way of interest or dividends in respect of--

(i) bonds referred to in sub-section (1) (Table: Sl. No. 1); or

(ii) Global Depository Receipts referred to in sub-section (1) (Table: Sl. No. 2),

no deduction shall be allowed under sections 28 to 58, 60 and 61 or section 93(1)(a) or (e) or under Chapter VIII;

(b) includes any income referred to in sub-section (1) (Table: Sl. No. 1) to (Table: Sl. No. 3),--

(i) the gross total income shall be reduced by the such income; and

(ii) the deduction under Chapter VIII shall be allowed as if the gross total income so reduced, were the gross total income of the assessee.

(3) The provisions of section 72(6) shall not apply for computation of long-term capital gains arising out of the transfer of long-term capital asset being bonds or Global Depository Receipts referred to in sub-section (1) (Table: Sl. No. 3).

(4) It shall not be necessary for a non-resident to furnish a return of his income under section 263(1), if—

(a) his total income during the tax year consisted only of income referred to in sub-sections (1) (Table: Sl. No. 1) and (Table: Sl. No. 2); and

(b) the tax deductible at source under the provisions of Chapter XIX-B has been deducted from such income.

(5) Where the assessee acquired Global Depository Receipts or bonds in an amalgamated or resulting company by virtue of his holding Global Depository Receipts or bonds in the amalgamating or demerged company, as the case may be, as per the provisions of sub-section (1), the provisions of that sub-section shall apply to such Global Depository Receipts or bonds.

(6) For the purposes of this section,--

(a) “approved intermediary” means an intermediary which is approved as per a scheme as may be notified by the Central Government; and

(b) “Global Depository Receipts” shall have the meaning assigned to it in section 193(4)(a).