

INCOME-TAX ACT, 2025

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

Section 220 - Foreign company said to be resident in India.

(1) Where a foreign company is said to be a resident in India in any tax year and such company has not been a resident in India in earlier tax years, then, irrespective of anything in this Act and subject to the conditions as may be notified by the Central Government in this behalf, the provisions of this Act relating to—

- (a) the computation of total income;
- (b) treatment of unabsorbed depreciation;
- (c) set off or carry forward and set off of losses;
- (d) collection and recovery; and
- (e) special provisions relating to avoidance of tax,

shall apply with such exceptions, modifications and adaptations as specified in that notification for such tax year.

(2) Where the determination regarding foreign company to be resident in India has been made in the assessment proceedings for any tax year, then, the provisions of sub-section (1) shall also apply to any other tax year succeeding such tax year, which ends on or before the date of completion of such assessment proceeding.

(3) Where, in a tax year, any benefit, exemption or relief has been claimed and granted to the foreign company as per the provisions of sub-section (1), and, subsequently, there is failure to comply with any of the conditions specified in the notification issued under the said sub-section, then,—

- (a) such benefit, exemption or relief shall be deemed to have been wrongly allowed;
- (b) the Assessing Officer may, irrespective of anything in this Act, re-compute the total income of the assessee for the said tax year and make the necessary amendment as if the exceptions, modifications and adaptation referred to in sub-section (1) did not apply; and
- (c) the provisions of section 287 shall, so far as may be, apply thereto and the period of four years specified in sub-section (8) of that section being reckoned from the end of the tax year in which the failure to comply with the condition referred to in sub-section (1) takes place.

(4) Every notification issued under this section shall be laid before each House of Parliament.