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# Coming Home

How Indian residency is actually determined, what the transitional status protects, and the moves that only work before you land.

**NRI status and the year you return to India**

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# NRI status and the year you return to India

Indian residency is decided by day counts, not by intention or passport. Return at the wrong point in the year and your worldwide income becomes taxable in India for that whole year. Return with the transitional status intact and a window opens that does not come back.

## Who this is for

- NRIs planning a return to India, or who returned in the last two years.
- NRIs with Indian property, deposits or investments who want the reporting and repatriation side straight.
- Anyone holding foreign assets who is about to become an Indian resident and has not yet considered what that triggers.

## Residency is arithmetic, applied year by year

India determines residency for a tax year by counting days of physical presence, on a primary test and a secondary test that looks at the current year together with preceding years. There are variations for Indian citizens leaving for employment and for visits by people of Indian origin, and further rules for high-income individuals with no tax residence anywhere. The upshot is simple even if the arithmetic is not: your status is recalculated every year and it can change without you doing anything deliberate.

Because the tests count days, the date you land is a planning variable. Two arrivals a few weeks apart can produce entirely different tax years, and the difference is not marginal — it is the difference between Indian tax on Indian income and Indian tax on worldwide income. Our page on theday tests that decide NRI statusworks through the counting rules.

## The transitional status, and what it buys you

A returning Indian who has been non-resident for long enough can qualify, for a limited number of years, for a transitional status that sits between non-resident and ordinarily resident. During that window certain foreign income is outside the Indian net even though you are living in India.

That window is the single most valuable thing in this guide, and it is used well or wasted almost entirely on decisions made in the first few months: which foreign accounts stay open, when foreign investments are sold, when a foreign pension begins to draw, and when overseas income is realised. Thetransitional resident windowpage sets out how it is claimed and evidenced.

Two things it does not do. It does not remove reporting obligations in the country you are leaving, and it does not survive a miscounted arrival. Both are why the plan has to exist before the flight, not after the first Indian filing season.

## Foreign assets become reportable the moment you are ordinarily resident

An Indian resident and ordinarily resident reports foreign assets and foreign income in the Indian return on a dedicated schedule, and the disclosure regime around undisclosed foreign assets is severe. The obligation is not limited to income-producing assets, and it does not wait for a remittance.

This is where a returning NRI most often gets into trouble, because the assets themselves are entirely legitimate — an overseas pension, a house, a brokerage account, an employer share plan — and the failure is purely a reporting one. Building the foreign asset inventory in the year you return, while the statements are easy to obtain, is far cheaper than reconstructing it later.

## Money moving in both directions

Bringing money in is mostly an exchange-control and documentation exercise rather than a tax one, and the account you bring it into determines how the income on it is taxed afterwards. The distinction between the account types available to non-residents matters more than the rate on any one deposit — our page onhow NRE, NRO and FCNR accounts are taxedsets out the differences.

Taking money out of India is the direction that needs certification. Remittances abroad generally require a remitter declaration supported by an accountant's certificate confirming the tax position on the amount being sent, and the sequence is document-led. Selling Indian property as a non-resident adds withholding at source on the buyer's side, which can be reduced in advance by certificate rather than reclaimed afterwards by return.

## Planning a return, in order

Four of these six steps are only available before you land.

1. **Count the days and choose the arrival window** Model the arrival against the day tests for the Indian tax year and the tax year of the country you are leaving. A few weeks of flexibility is often worth more than any deduction.
2. **Test the transitional status** Establish whether you qualify, for how many years, and what foreign income it protects. This determines the whole sequencing plan that follows.
3. **Sequence the foreign realisations** Decide what to sell, draw or convert while you are still outside the Indian net, and what is better held. Employer equity and pensions need particular care because their timing is often not yours.
4. **Close the departure country properly** The country you are leaving may have its own exit rules, deemed disposals or final return. Leaving it unresolved does not become simpler once you are resident somewhere else.
5. **Build the foreign asset inventory** Every foreign account, holding, property, plan and interest, with balances and cost, ready for the Indian foreign asset schedule in the first year it applies.
6. **Set up the Indian side** Accounts of the right type, tax registration current, and a plan for any remittance out of India so the certification is prepared rather than rushed.

## Papers to gather

What the first Indian filing season needs from you:

- A day-by-day travel record covering the current and preceding tax years, with passport stamps or boarding passes.
- Employment or assignment documents showing why and when you left, and when you returned.
- Statements for every foreign account and holding, with year-end balances and cost.
- Foreign pension and employer plan documents, including vesting and distribution rules.
- Indian bank account details by account type, and interest certificates.
- Property documents for anything owned in India, including purchase cost and improvements.
- Prior returns filed in the country you are leaving, and any exit or final return.
- Details of any remittance out of India made or planned, with its source of funds.

## Where it goes wrong

- **Booking the flight before counting the days** The arrival date is a tax variable with a large coefficient. Once the year has closed the count is a fact, and the transitional window may have been shortened or lost for nothing.
- **Assuming the transitional status is automatic** It depends on a period of non-residence and on the day counts holding. It also has to be claimed and evidenced in the return, which means the travel record has to exist.
- **Leaving foreign assets off the Indian schedule** The assets are legitimate; the omission is not, and the disclosure regime around undisclosed foreign assets is unforgiving. Inventory them in the first year rather than the third.

## Questions this raises

**Does giving up my visa abroad make me an Indian resident?**

No. Indian residency is decided by day counts for the tax year, together with the preceding-year test. Immigration status elsewhere is evidence about where you live, but the Indian answer is produced by counting days.

**How long does the transitional status last?**

It is a limited window measured in tax years, available where you have been non-resident long enough beforehand. Because it is finite and cannot be extended, the value comes from sequencing realisations inside it rather than from the status itself.

**Do I report my overseas pension to India?**

Once you are resident and ordinarily resident, foreign assets and foreign income go on the Indian return's dedicated schedule, and a pension is within that. How the income itself is taxed depends on the plan and on the treaty, which is a separate question from the reporting.

**Can I reduce the withholding when I sell Indian property?**

Yes. Rather than accept withholding on the gross price and reclaim the excess by return, a certificate can be applied for in advance so the buyer withholds a lower amount. It takes time, so it is started before the sale rather than at signing.

## What to do next

If the return is ahead of you, a residency and sequencing review is the highest-value hour in the whole move. If you have already landed, the first questions are whether the transitional status applies, what has to go on the foreign asset schedule, and whether the departure country is properly closed.

We handle both sides as one engagement — the Indian return and the return in the country you left — at a fixed fee agreed in writing before work starts. See theCanada–India corridoror theUS–India corridorfor how each pairing runs.

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Cross-border and international tax. Fixed fees agreed in writing before work starts, quoted from your own documents.

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