NRI income-tax return filing in India: forms, DTAA and refunds.

For most NRIs the Indian return is not about paying tax — it is about getting back the tax India already withheld at flat rates. Here is who must file, which form, what is actually taxable, how to claim treaty rates, and how to e-verify from abroad.

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Start with your residential status — everything follows from it

Indian tax residence is counted in days, not passports. Cross 182 days in the financial year (or, for visiting NRIs with Indian income above ₹15 lakh, the tighter 120-day rule) and India taxes you as a resident; stay under and only your India-sourced income is taxable. Between the two sits **RNOR** — resident but not ordinarily resident — a transitional status that keeps foreign income out of Indian tax for typically two to three years after a permanent return. Run the residential-status checker before anything else: the wrong status on the first page of the return distorts every schedule after it.

Who actually has to file

A non-resident must file when taxable Indian income exceeds the basic exemption — **₹4 lakh** under the default new regime for FY 2025-26 (₹2.5 lakh under the old regime) — or when a specified trigger applies regardless of income: deposits above ₹1 crore in current accounts, savings deposits above ₹50 lakh, foreign-travel spend above ₹2 lakh, electricity bills above ₹1 lakh, or TDS/TCS of ₹25,000 or more in the year.

In practice, the stronger reason to file is voluntary: **refunds**. NRI TDS is deducted at flat, gross rates — 30% (plus cess) on NRO interest, about 13% of the *full sale price* on a property sale, 20% on dividends — while your actual liability is computed on net income at the applicable rate. The gap is routinely lakhs, and a filed return is the only way it comes back.

What is taxable for a non-resident

Only income that is *received in India* or *accrues or arises in India* (including deemed accrual): salary for services rendered in India, rent from Indian property, capital gains on Indian shares and property, NRO interest, dividends from Indian companies. Your overseas salary, business income and investment gains stay outside — that is the point of being non-resident.

- **Exempt:** NRE and FCNR(B) deposit interest under Section 10(4), while you remain a person resident outside India under FEMA. Report it in the exempt-income schedule.
- **Taxable at special rates:** capital gains — run the NRI capital-gains calculator for the post-July-2024 rates. Note that non-residents cannot set the basic exemption against Section 111A/112A gains and get no Section 87A rebate under either regime.
- **Optional regime:** Chapter XII-A (erstwhile Section 115E) offers flat rates on investment income from foreign-exchange assets, and can even lift the filing obligation where TDS fully covers such income — worth a look for deposit-and-dividend-only NRIs.

Which form, and when

ITR-2 is the NRI default — ITR-1 is not open to non-residents. **ITR-3** only if you carry Indian business or professional income. The due date is **31 July** after the financial year (31 October with audit); belated returns run to 31 December with late fees of up to ₹5,000 and, generally, the loss of carry-forwards. Returns for FY 2025-26 are filed under the familiar 1961-Act schedules; from the 2026-27 tax year the Income-tax Act, 2025 renumbers the sections but carries the regime forward.

Claiming the treaty: TRC, Form 10F and the schedules

If you want DTAA rates — 10–15% on interest instead of 30%, treaty caps on dividends and royalties — the return must be backed by a **Tax Residency Certificate** from your country of residence for the relevant year and an electronically filed **Form 10F**. Check your corridor's numbers on the DTAA rate checker. Returning NRIs who became ordinarily resident claim the reverse relief — foreign tax credit on doubly taxed income — through **Form 67 and Schedule FSI/TR**, filed before the return.

Reconcile 26AS and AIS before you file

Every rupee withheld from you sits in **Form 26AS**; every reportable transaction — deposits, share trades, property deals — sits in the **Annual Information Statement**. File a return that ignores an AIS entry and the mismatch surfaces as a notice months later, handled from another timezone. Pull both, tie every entry to a schedule or an explanation, then file.

Filing from abroad: the mechanics

- **E-verification without Aadhaar:** net banking, pre-validated bank account EVC, demat EVC or DSC all work. ITR-V by post to CPC Bengaluru is the fallback — 30 days to verify, or the return is treated as not filed.
- **Refunds land only in a pre-validated Indian bank account** — keep the NRO account alive until the refund clears.
- **Moving the money out afterwards** is a separate FEMA step: up to USD 1 million per financial year from the NRO account with Form 15CA/15CB — the repatriation note walks through it.

Where NRI returns go wrong

- Filing ITR-1 as a non-resident — the return is defective on arrival.
- Mis-stating residential status, especially in the year of moving abroad or returning (split-year facts, the 120-day rule, deemed residency for the high-income undocumented).
- Claiming treaty rates with no TRC or Form 10F on record.
- Reporting NRE interest as taxable — or not reporting it at all instead of showing it as exempt.
- Missing the refund on property-sale TDS because "the buyer already paid the tax".
- Reporting foreign assets in Schedule FA as a non-resident — it applies only to ordinarily residents, and volunteering it invites questions.

Common questions

Does an NRI have to file an Indian tax return if TDS was already deducted?

Filing is mandatory only if taxable Indian income exceeds the basic exemption (₹4 lakh under the new regime for FY 2025-26) or a specified trigger applies. But because NRI TDS is deducted at flat rates — 30% on NRO interest, on the full sale price of property — the withholding usually exceeds the actual tax, and the excess comes back only through a filed return. For most NRIs the return is how you recover money, not how you pay it.

Which ITR form should an NRI use?

ITR-2 in almost all cases. ITR-1 (Sahaj) is not available to non-residents. Use ITR-3 only if you have business or professional income taxable in India.

Is NRE account interest taxable in India?

No — interest on NRE and FCNR(B) deposits is exempt under Section 10(4) as long as you qualify as a person resident outside India under FEMA. NRO interest is fully taxable, with TDS at 30% plus cess unless a treaty rate is claimed.

Can I e-verify my return from abroad without an Aadhaar?

Yes. E-verification works through net banking of an Indian bank account, a pre-validated bank account EVC, a demat account EVC or a digital signature — Aadhaar OTP is only one of the options. Physical ITR-V by post to CPC Bengaluru remains the fallback.

Do NRIs have to report foreign assets in the Indian return?

No. Schedule FA (foreign assets) applies only to residents who are ordinarily resident. Non-residents and RNORs do not report foreign bank accounts or assets, and their foreign income stays outside Indian tax unless it is received or accrues in India.

What is the due date for an NRI return?

31 July following the financial year for non-audit cases (31 October where audit applies), with government extensions announced in some years. A belated return can be filed until 31 December with late fees — but

losses generally cannot be carried forward in a belated return.

This guide is general information, not tax advice. Thresholds and dates are as amended for FY 2025-26 and change with each Finance Act. Speak with the Pravasi Desk for preparation and filing, DTAA positions, and notice handling.

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