

**\*TCS @ 20% from 01-10-2023 on foreign remittances / LRS : Important features\***

1. **\*Exemption threshold limit of 7 lacs** per financial year per individual shall apply to remittance under liberalized remittance scheme (LRS). No threshold exemption for overseas tour packages

2. **\*TCS Rates for LRS\***: On amount exceeding Rs. 7 lacs, TCS shall be collected :-

i. @ 0.5% on remittance for \*education financed by loan\* taken from financial institution

ii. @ 5% on remittance for \*education not financed\* by financial institution.

**Note** :

Remittance for \*education shall include\* tickets for study abroad, tuition fee and other fee to educational institute and other day to day expenses under \*codes S0305 or under S1107\*

iii. @ 5% on remittance for \*medical treatment\* (including ticket of patient and his attendant and medical expenses and day to day expenses for medical treatment) made under \*Code S0304 and Code S 1108\*.

iv. @ 20% on \*any other purpose\* for remittance under liberalized remittance scheme.

3. **\*Liberalized Remittance Scheme\***: Remittances by individuals up to 250000 USD for following purposes are covered under liberalized remittance scheme attracting TCS on remittance exceeding Rs. 7 lacs :-

- (i) Private visits to any country (except Nepal and Bhutan)
- (ii) Gift or donation.
- (iii) Going abroad for employment
- (iv) Emigration
- (v) Maintenance of close relatives abroad
- (vi) Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment / check-up.
- (vii) Expenses in connection with medical treatment abroad
- (viii) Studies Abroad
- (ix) Any other Current account transaction

4. **\*Current account transactions\*** means transaction other than capital account transactions and include :-

- i.- payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business
- ii.- payments due as interest on loans and as net income from investments,
- iii.- remittances for living expenses of parents, spouse and children residing abroad, and

iv.- expenses in connection with foreign travel, education and medical care of parents, spouse and children.

5. **TCS on expenditure through \*international credit card\*** while being overseas though has also been brought under liberalized remittance scheme by omissions of Rule 7 of Foreign Exchange Management (Current Account Transactions) Rules, 2000 but TCS has been suspended till further orders by guidelines issued under Circular 10/2023 dated 30-06-2023. TCS on expenditure through \*international debit card/ATM\* is covered by LRS and shall attract TCS.

6. **Expenses of \*business visit of employee\*** are borne by entity. Such expenses shall be treated outside LRS and may be permitted without limit and shall not attract TCS

7. **TCS @ 5% shall apply on \*overseas tour packages\*** up to to Rs. 7 lacs and TCS @ 20% shall apply on overseas tour packages above Rs. 7 lacs. Overseas tour package should expenditure on any two of followings \_

- i.- International travel ticket
- ii.- hotel accommodation (with or without food)/boarding/lodging
- iii. any other expenditure of similar nature or in relation thereto.

8. **\*Applicability of limit of 7 lacs\* :**

i. Limit of 7 lacs shall apply \*in aggregate to all types of remittances under LRS\* for education or medical treatment or any other purpose and not to applied to every purpose individually. \*However for overseas tour packages limit of 7 lacs shall not be clubbed with LRS remittances.\*

ii. Limit of 7 lacs for LRS shall apply for \*complete FY 2023-24\* and not only period post 01-07-23 or 01-10-2023

iii. Limit of Rs. 7 lacs is \*qua every remitter and not qua authorized dealer\*. \*Undertaking in this regard may be obtained from remitter\* by authorized dealer for remittances through other dealers, till RBI develops system. Remitter shall be responsible for false undertaking, if any

9. Where **purchase of overseas tour package** is covered by LRS also, TCS shall apply treating the same as overseas tour package and not remittance under LRS.

10. **\*TCS on foreign remittance shall not apply** to non resident who does not have establishment in India\*.

11. **\*TCS on foreign remittance shall not apply** where TDS is applicable\*

