

Revision in TCS on LRS Transactions from 1 October 2023

20% TCS to apply for all purposes under LRS, except Overseas Education & Medical

Liberalised Remittance Scheme (LRS), is a facility where all resident individuals (as defined under FEMA 1999), including minors, are allowed to freely remit up to USD 250,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both

This is to inform you of the revised TCS rates (as per the Finance Act, 2023) on Forex draws/ remittances by Resident Individuals under Liberalised Remittance Scheme (LRS) effective from 1 October 2023, which is as under.

Sr. No	Type of Remittance Abroad	New TCS rate
		(w.e.f 1 October 2023)
1	For the purpose of education, if the amount being remitted is from a loan obtained from any specified institution	Threshold limit - NIL upto Rs. 7 lakh.
		0.5% of the amount or the aggregate amount over Rs. 7 lakh per financial year
2	For the purpose of education, other than (1) above (or) for the purpose of medical treatment.	Threshold limit - NIL upto Rs. 7 lakh
		5% of the amount or the aggregate amount over ₹7 lakh per financial year
3	Any other purpose under LRS	Threshold limit - NIL upto Rs. 7 lakh 20% of the amount or the aggregate amount over Rs. 7 lakh per financial year
4	Overseas tour packages	5% upto Rs. 7 lakh* 20% of the amount or the aggregate amount over Rs. 7 lakh* per financial year
5	Resident Individual falling under "Specified Person" category/Non-PAN case/ inoperative PAN case	Double the normal rate of TCS or 5%, whichever is higher. However, TCS rate shall not exceed 20%.

Note:

1. Threshold limit of Rs. 7 lakh per FY for LRS as mentioned in point no. (1), (2) & (3) is a combined limit on all categories of LRS payments, through all modes of payments, regardless of the purpose.
2. Threshold limits as mentioned in point no. (1), (2) & (3) are remittances/forex draws availed under LRS across all Authorised Dealers (ADs).
3. LRS remittance processed by the Bank as an Authorised Dealer towards air travel ticket booking or hotel booking by a resident individual customer would be subject to TCS as per the rate provided as mentioned in point no. (3) of the above table.
4. (*) Threshold limit for Rs. 7 lakh per FY for purchase of Overseas tour program package is independent of the threshold limit mentioned in point no. (1).

5. Please note PAN number of the Forex Card holder will be considered for LRS reporting to RBI and for TCS reporting to Central Board of Direct Tax.

Definition of Specified Person:

“Specified Person” means a person who satisfies both the following conditions

1. He/She has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted/collected. The previous year to be counted is required to be the one whose return filing date under sub-section (1) of section 139 has expired.
2. The aggregate tax deducted at source and tax collected at source is Rupees Fifty thousand or more in that previous year.