

**Important Regulatory guidelines on Usage of Debit Cards:**

- Customers performing International transactions are governed by the Reserve Bank of India (RBI) vide Master Direction on Liberalized Remittance Scheme (LRS) updated as on August 24, 2022 (RBI/FED/2017 18/3 FED Master Direction No.7/2015-16).
- As per the Master Direction, it is mandatory for a resident individual to provide his/her Permanent Account Number (PAN) to make remittance under the LRS Scheme.
- All Cross Border payments (payments to merchants outside India) initiated using Debit Cards qualify as transactions under the provisions of LRS.
- In order to comply with the regulatory requirement, the Bank would be declining such Cross Border Debit Card transactions, if PAN is not updated against the Customer ID linked to the Debit Card.  
You can update your PAN via following channels:
  - **NetBanking:** Login > Account > Request > Add/Update PAN
  - **Branch:** Visit nearest HDFC Bank branch and request for PAN update
  - **Online:** Click <https://www.hdfcbank.com/personal/useful-links/important-messages/pan-updation>
- As per LRS guidelines, customers are allowed to perform transactions up to USD 2,50,000 (limit at Income Tax PAN level checked across all payment instruments and issued by Banks and Authorized Dealers) during a financial year. If the customer breaches this limit, then it would be classified as contravention of FEMA guidelines and penalties as specified in RBI circular **RBI/FED/2015-16/1 FED Master Direction No.4/2015-16 updated as on May 24, 2022** would be applicable to the customer.
- Tax Collected at source (TCS) will be applicable to all the International transactions performed by customers which are identified under LRS under **section 206C of the Income Tax act 1961**.
- The applicable rate of TCS will be determined basis the classification provided by Ministry of Finance and Income Tax authorities as per the purpose of transaction.

The increase in TCS rates; which were to come into effect from 1st July, 2023 shall now **come into effect from 1st October, 2023** with the modification as in (ii) above. Till 30<sup>th</sup> September, 2023, earlier rates (prior to amendment by the Finance Act 2023) shall continue to apply.

Earlier and new TCS rates are summarised as under: <b>Nature of payment</b>	<b>TCS Rates applicable till 30th Sep'23</b>	<b>New rate w.e.f 01<sup>st</sup> Oct'23</b>			
		<b>Normal rates</b>	<b>TCS (if PAN not linked to Aadhaar</b>	<b>PAN Not Available</b>	<b>TCS for Income Tax Return not filed for last FY</b>
1	2	3	4	5	6
LRS for education, financed by loan from financial institution	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	0.5% above Rs 7 Lakh	0.5% above Rs 7 lakh	10% above Rs 7 lakh	10% above Rs 7 lakh	10% above Rs 7 lakh
LRS for Medical treatment/ education (other than financed by loan)	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	5% above Rs 7 Lakh	5% above Rs 7 lakh	10% above Rs 7 lakh	10% above Rs 7 lakh	10% above Rs 7 lakh
LRS for other Purposes	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	5% above Rs 7 Lakh	20% above Rs 7 lakh	20% above Rs 7 lakh	20% above Rs 7 lakh	20% above Rs 7 lakh

Note: (i) TCS rate in column two shall continue to apply till 30 September, 2023.

(ii) There shall be no TCS on expenditures under LRS under clause (i) of Sub-section (1G) for the first Rs. 7 lakh, irrespective of purpose.

The necessary changes to the Rules (Foreign Exchange Management (Current Account Transactions Rules), 2000) are being issued separately.

(iii) Education loan purpose cannot be ascertained for Debit Cards hence Bank will levy 5% TCS above INR 7 lac instead of 0.5%. The additional TCS levied over 0.5% can be reversed to the customer on the following conditions:

- a. Customers submit valid proofs to the Bank and establish that the transaction performed was out of loan obtained for Education purpose as specified under section 80E of Income Tax.
- b. TCS has not been paid by the Bank to Government of India.

1. Threshold limit of Rs 7 lakh per financial year mentioned in 2 to 6 above is aggregate threshold of all Forex withdrawals availed by the customer under LRS from our Bank across all the products (Outward Remittances, Forex Cards, FCY Cash, FCY DD, Debit Card – International Spends)
2. PAN should be valid and operative from 1 July 2023 i.e., the Bank will check validity of PAN in terms, whether Aadhaar is linked to PAN or not. In case PAN is inoperative, TCS would be charged at the rate applicable to Non-PAN case.
3. **TCS will be deducted on realtime basis alongwith the actual transaction. Customers to ensure their account linked to Debit card is sufficiently funded before performing an International transaction so that the transaction is not declined due to insufficient funds in the linked account.**

**Definition of Specified Person:**

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

1- He 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- Aggregate of tax deducted at source and tax collected at source is Rupees Fifty thousand or more in that previous year.

- Customers are expected to keep their liabilities accounts sufficiently funded before performing International transactions so that all the charges/taxes with respect to the transaction can be debited from the account without the account going into negative balance to and avoid any penal action by the Bank.
- **ATM Limit Update:** For all Debit Card variants, we have capped the daily ATM cash withdrawal limit at INR 2 Lakhs and the monthly limit at INR 10 Lakhs, effective immediately. Further, for accounts which have been opened in the last 6 months will have ATM cash withdrawal limit capped at INR 50,000 per day for the initial 6 months after which the restriction of INR 2 Lakh per day would be applicable. Monthly limit of INR 10 Lakhs would be applicable irrespective of the vintage of the account opened (Less than 6 month or greater than 6 month).
- Customers can perform Cash at POS transactions as per **RBI/2021-22/40 DPSS.CO.PD.No.S-99/02.14.006/2021-22 dated May 19, 2021** using their HDFC Bank Debit Cards subject to availability of the functionality at the Merchant/Acquiring Bank:
  - Per transaction limit for Cash at POS transaction is Rs. 2,000.
  - Overall monthly limit per Debit Card restriction of is Rs. 10,000.
- In terms of Reserve Bank of India (RBI) Directives vide **RBI Circular having reference no. RBI/2017-18/DBR No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017**, the customer unconditionally agrees and gives consent that the Bank reserves the right to issue an ATM Card instead of a Debit Card to a customer, in case if the customer’s mobile number is not registered / not available or present in the Bank records at any given point of time. The customer further unconditionally agrees and gives consent that the Bank can issue such ATM card during on-boarding / renewal / re-issuance / upgrade stage, as may be applicable, if mobile number is not provided. Alternatively, Bank also reserve the right to replace customer’s existing Debit Card with an ATM Card, if mobile number is not updated in the Bank’s record to comply with RBI directives as mentioned above
- Customers not having their Permanent Account Number (PAN) updated against their HDFC Bank liabilities account, would be restricted from withdrawing and depositing cash over and above Rs.20 Lacs, for each, in aggregation during a financial year to comply with Central Board of Direct Taxes (CBDT) guidelines as released by Ministry of Finance vide **Notification No. 53/2022/F.No. 370142/49/2020-TPL dated May 10, 2022**.