

Tax Collected at source (TCS)

The Government of India vide Finance Act, 2023 has introduced certain amendments in section 206C(1G) of the Income Tax Act, 1961 (the Act). Subsequently, circular dated 30 June 2023 was issued by CBDT issuing further guidelines for implementation of the TCS.

Pursuant to the aforementioned amendments, effective 1 October 2023, there are changes in the Tax Collected at Source (TCS) applicable for all remittances made under Liberalised Remittance Scheme (LRS). The comparison between current TCS provisions and revised TCS provisions is tabulated below:

S. No.	Purpose	Existing ^{#*}	W.E.F 1 Oct 2023*
1	Remittance out of education loan obtained from financial institution**	Nil up to ₹7 lakhs. 0.5% above ₹7 lakhs	No change
2	Remittance for the purpose of education/medical treatment/travel for education or medical treatment	Nil up to ₹7 lakhs 5% above ₹7 lakhs	No change
3	Other LRS purposes	Nil up to ₹7 lakhs 5% above ₹7 lakhs	Nil up to ₹7 lakhs 20% above ₹7 lakhs

*Threshold of ₹7 lakhs is a combined threshold for the financial year for applicability of the TCS on LRS irrespective of the purpose of the remittance (education/medical/others).

**Financial institution as defined under section 80E of the Act.

[#]It indicates position of the Bank w.e.f. 1 July 2023 as per clarification provided by circular dated 30 June 2023. Prior to the same, TCS was collected without any threshold on remittances towards travel.

As announced by the Ministry of Finance on 28 June 2023, use of International Credit Cards while overseas will not be considered as LRS until further notice. Hence, TCS is not applicable on expenditure on International Credit Cards.

Important Information

- Effective 1 July 2023, TCS will be applicable on all INR currency transfer from a Resident Account to a Non-Resident (NRO) account which qualifies as LRS
- TCS amount will be recovered from your account.
- TCS once collected cannot be refunded by the bank in case of any return of transaction or remittances
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- Quarterly certificates for the TCS collected will be made available for customers on their registered e-mail ID or couriered to their registered mailing address
- If you have already applied TDS, a declaration confirming that TDS has been paid along with the tax paid challan and form 15CA/CB will have to be furnished at the time of remittance. In such a case, TCS would not apply
- Credit of TCS amount can be claimed while filing the return of income
- Please note a higher rate of TCS is applicable if PAN – Aadhaar is not linked, PAN is invalid and in case a person is a 'Specified Person', i.e. a person satisfying prescribed conditions under Section 206CCA of the Act
- In absence of PAN or PAN not updated on Banks records, higher TCS/TDS will be applicable and the threshold exemption of Rs 7 lakh will not be available.

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