

TAX COLLECTION AT SOURCE ON INTERNATIONAL REMITTANCES

What is Liberalised Remittance Scheme(LRS)?

- ◆ Under LRS, all resident individuals, including minors, are allowed to remit outside India, up to \$250,000 per financial year, for investments, education, medical and travel purposes
- ◆ Tax is collected at source on these remittances.



TCS rate on foreign remittances made under LRS applicable from July 1,2023

Purpose of remittance	Threshold	Rate
Investment in shares, real estate, gifts etc	Nil	20%
Medical Treatment	Rs 7 lacs	5%
Overseas tour package	Nil	20%
Education	Rs 7 lacs	5%
Remittance from education loan	Rs 7 lacs	0.5%
International credit card payments, made by resident individuals, on foreign visits	Rs 7 lacs	20%

- ◆ The **cumulative** LRS spending of resident individuals, in a financial year, are compiled and monitored by RBI, based on PAN Number
- ◆ TCS deducted can be claimed as a credit while depositing advance tax and self-assessment tax or can claim a refund of this amount, if there is no income tax liability
- ◆ TCS certificate will be provided by the collector or deductor at the time of deduction.