

Tax Collection at Source (TCS) for Foreign Remittance under Liberalised Remittance Scheme

Key Points:

- TCS is in effect on International Transactions under LRS from October 2020.
- TCS is applicable on foreign remittance amount in excess of INR 10 Lacs in a Financial Year (FY) as per the Liberalized Remittances Scheme (LRS)
- Going ahead from 1st April, 2025 all transactions falling under LRS, will now attract updated TCS rates as below

Sr No.	Nature of outward remittance	Earlier Rates	New rate w.e.f. 1 st Apr 2025
(i)	LRS for Education, financed by loan from financial institution	Nil upto Rs 7 lakh 0.5% above Rs 7 lakh	Nil
(ii)	LRS for Medical Treatment/ Education (other than financed by loan)	Nil upto Rs 7 lakh 5% above Rs 7 lakh	Nil upto Rs 10 lakh 5% above Rs 10 lakh
(iii)	LRS for other purposes	Nil upto Rs 7 lakh 5% above Rs 7 lakh	Nil upto Rs 10 lakh 20% above Rs 10 lakh

Frequently Asked Questions

1. What is TCS? How does it work for Liberalised Remittance Scheme?

A. Tax Collected at Source (TCS) on LRS transactions is a regulatory requirement amended under the section 206C of Finance Act 2020.

2. Will TCS be applicable for ATM or POS or e-commerce transactions?

A. TCS will be applicable for all foreign cash withdrawals through ATM, POS or e-commerce, including transactions done on Foreign Merchants or sites which offer Dynamic Currency Conversion (DCC) transactions.

3. From when are these new rates applicable?

A. Revised TCS rates would be applicable from 1st April 2025 as per changes in the Union Budget 2025.

4. For what period is the aggregate calculated for TCS charges?

- A. The TCS charges are applicable on Debit Card remittance transaction beyond aggregate remittance spends of INR 10 Lakh in an annual year. For the purpose of computing the limit of INR 10 lakhs, the aggregate of all Forex withdrawals availed by the customer under LRS across all the products (e.g. Outward Remittances, Forex Cards, Debit Card, etc.) is taken into consideration.

5. Can Tax credit be claimed for TCS collected?

- A. Customers may claim credit for Tax collected by the Bank while filing their income tax returns. Customers to consult their tax advisors/consultant for further information

6. In the event of any transaction reversal, will the TCS amount be refunded?

- A. In the case of any reversal leading to refund of transaction amount, the originally collected TCS will not be refunded; except, on the transaction where reversal is done on the date of original transaction itself. However, TCS credit for any tax collected by the Bank (if not refunded) can be claimed by the card holder when filing the Income Tax Return, subject to applicable income tax provisions