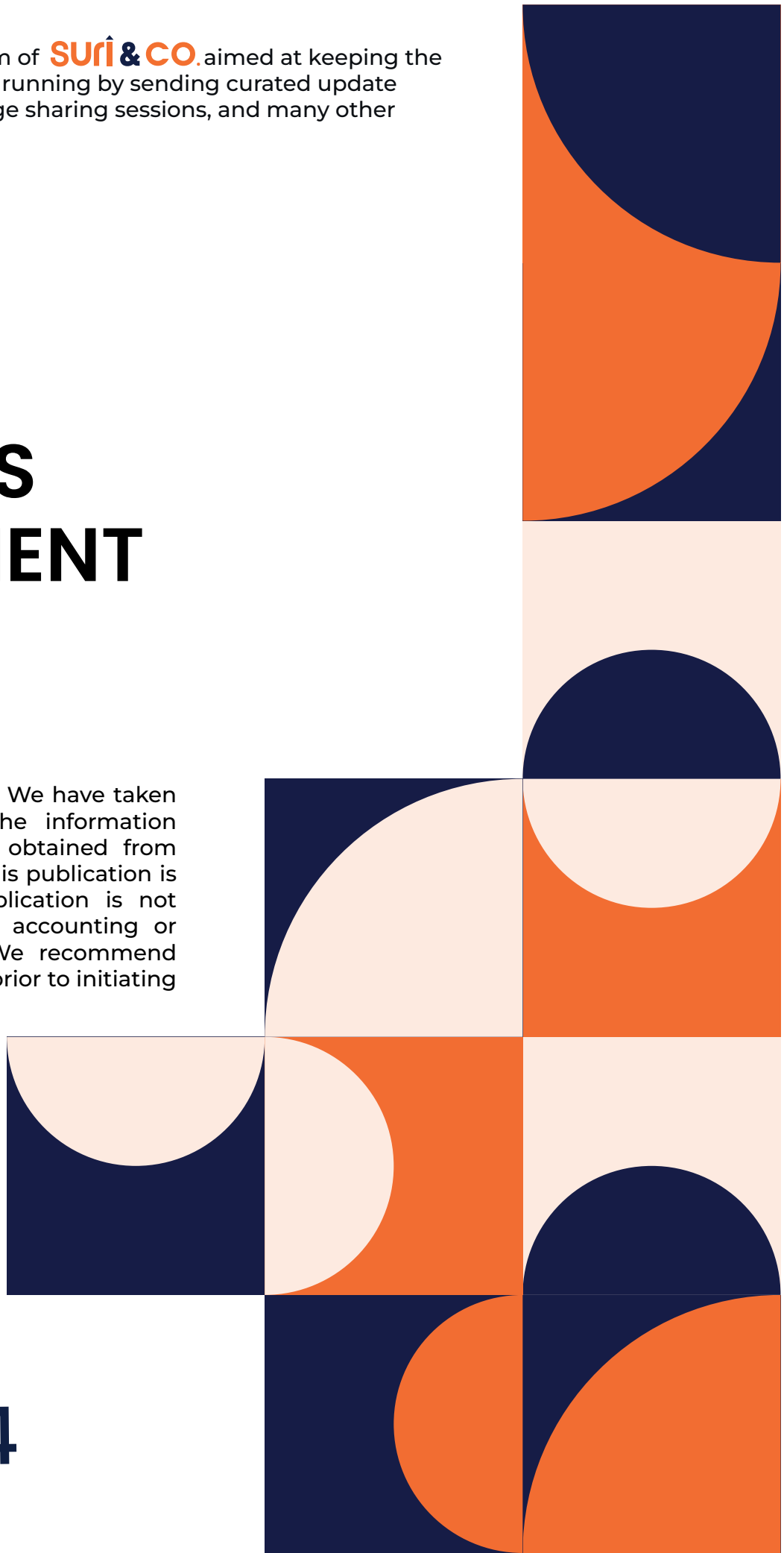


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# TCS & LRS AMENDMENT

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## Part-A Some clarifications on Tax Collection at Source

### 1. Amendment in relation to tax collected at source (TCS) on Credit Card Payments

Section 206C of the Income Tax Act, 1961 provides for TCS in the business of trading in alcohol, liquor, forest produce, scrap etc. Sub-section (1G) of the aforesaid section provides for TCS on foreign remittance through the Liberalised Remittance Scheme and on the sale of overseas tour packages.

### 2. Change or increase in rates of TCS

#### i) Remittance for the purpose of any education

Nature	Old position (up to 30.6.2023)		After Finance Act 2023 (from 1.7.2023)	
	Threshold	Rate	Threshold	Rate
If the amount being remitted out is a loan obtained from any financial institution as defined in Section 80E	7 lacs	0.5%	7 lacs	0.5%
Remittance is not out of loan from a financial institution	7 lacs	5%	7 lacs	5%

#### ii) Remittance for the purpose of any medical Treatment

Nature	Old position (up to 30.6.2023)		After Finance Act 2023 (from 1.7.2023)	
	Threshold	Rate	Threshold	Rate
Remittance is for Medical Treatment	7 lacs	5%	7 lacs	5%

#### iii) Sale of Overseas tour package

Nature	Old position (up to 30.6.2023)		After Finance Act 2023 (from 1.7.2023)	
	Threshold	Rate	Threshold	Rate
Remittance is for the purchase of a tour package	Nil	5%	Nil	20%

#### iv) Any other Remittance (for Bonds, shares, real estate gifts etc)

	Old position (up to 30.6.2023)		After Finance Act 2023 (from 1.7.2023)	
Nature	Threshold	Rate	Threshold	Rate
Remittance is for any other purpose	7 lacs	5%	Nil	20%

Clarification link is mentioned below:

<https://twitter.com/FinMinIndia/status/1659150479765671938>

#### Part-B Clarifications on the Liberalised Remittance Scheme

##### 1. What is the notification dated 16th May 2023 amending the FEM(CAT) Rules, 2000?

The e-Gazette notification dated 16th May 2023 omitted Rule 7 of the FEM(CAT) Rules, 2000. In effect, it removes the exemption given to the use of international credit cards for meeting his/her expenses by a person when he is abroad.

##### 2. What was the need for the Notification?

While on a visit abroad, a person could use international debit cards or other methods or international credit cards for undertaking current account transactions. Payments by debit cards etc. have been treated as LRS even earlier. Due to exemption under erstwhile Rule 7, expenditure through credit cards were not accounted for under the specified LRS limit, which has led to some individuals exceeding the LRS limit of USD 2,50,000. Data collected from top money remitters under LRS reveals that international credit cards are being issued with limits in excess of the present LRS limit of USD 2,50,000. The differential treatment between debit cards and credit cards needed to be removed in the interest of uniformity and equity in the treatment of modes of drawal of foreign exchange and for capturing total expenditures under LRS for prudent foreign exchange management and to prevent by-passing of LRS limits.

Clarification link is mentioned below:

<https://twitter.com/FinMinIndia/status/1659150491652329472>

##### Further Clarification issued:

As per Press release issued by Ministry of Finance on 19th May 2023 clarified that to avoid any procedural ambiguity, it has been decided that any payments by an individual using their international Debit or Credit cards upto Rs 7 lakh per financial year will be excluded from the LRS limits and hence, will not attract any TCS.

Press release link is mentioned below:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1925592>