

Preface

1. **Author has felt when he qualified as Chartered Accountant (CA) in Year 1985 that legal provisions' interpretations are big challenge for legal professionals, govts' officials and public at large in India and outside India.**
2. **Author has realized that something should be developed to resolve this challenge in India and outside India.**
3. **Author has started compiling Frequently Asked Questions (FAQs) on many subjects where his 100% answers are precisely based on Yes or No i.e. white or black nothing is grey**
4. **Author has compiled approximately 150 +(plus) research papers / books with 25 thousand +(plus) pages on many prevailing subjects / acts in India and outside India.**
5. **Author's 1st paper book is now being published under head FAQs on Enforcement Directorate (ED) where 571 FAQs are replied based on Yes or No i.e. white or black nothing is grey**
6. **This book is also containing**
 - (i) Foreign Exchange Management Act (FEMA) 1999 and rules / regulations
 - (ii) Prevention of Money Laundering Act (PMLA) 2002 and rules / regulations
 - (iii) Fugitive Economic Offenders Act (FEOA) 2018 and rules / regulations
7. **This book is published with Sai Kripa and dedicated to my father (late) Mr. M.R. Agarwal, Mother Mrs. R.D. Agarwal, wife Mrs. Snigdha Agarwal, daughter Ms. Soumya Agarwal, daughter Ms. Sanya Agarwal and dedicated team headed by Rajat Kumar**

● **I trust that you will be enriched by reading this book**

With best wishes,
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Author's Profile

Mr. Satish Agarwal (FCA) is heading M/s Satish S Agarwal & Co. Chartered Accountants since 1985 with a team of dynamic young professionals serving clients from various business sectors including public listed companies and government undertakings. Firm was also registered with PCAOB (USA) for undertaking audits and other work of US GAAP.

He is regularly advising on several matters to Institute of Chartered Accountant of India (ICAI) and also to Ministry of Commerce (MoC) for Foreign Trade Agreements (FTAs) and World Trade Organization (WTO) for securing India's best interests.

He is continuously advising on Foreign Investments (FIs) in India and also on Overseas Direct Investments (ODIs) outside India.

He is known for his expertise in incorporating companies in most of countries across the world.

He has written around 150 +(plus) Research papers / books containing 25 thousand +(plus) pages available "freely" on certain portals like:

https://taxguru.in/author/satishagarwal307_1957

Or

www.femainindia.com

Few out of abovementioned Research papers / books are as under:

1. *Book on Enforcement Directorate (ED) in India- (Book with 617 pages)*
2. *Director of Revenue Intelligence (DRI) in India*
3. *Central Bureau of Investigation (CBI) in India*
4. *National Investigation Agency (NIA) in India*
5. *Serious Fraud Investigation Office (SFIO) in India*
6. *Financial Intelligence Unit (FIU-IND) in India*
7. *Central Vigilance Commission (CVC) in India*
8. *Narcotics Control Bureau (NCB) in India*
9. *Research & Analysis Wing (R&AW) in India*
10. *Economic Offence Wing (EOW) in India*
11. *Intelligence Bureau (IB) in India*
12. *Director General of Income Tax Criminal Investigation (DGITCI) in India*
13. *National Company Law Tribunal (NCLT) in India*
14. *Security Exchange Board of India (SEBI) in India*
15. *Prevention of Corruption (PC) Act,1988 in India*

16. *Foreign Assets Investigation Unit (FAIU) in India*
17. *Book on International Financial Services Center (IFSC) in India (Book with 290 pages)*
18. *Replacement of Indian Penal Code (IPC) Criminal Procedure (CP) & Evidence Act (EA) in India*
19. *Undisclosed Foreign Income & Asset (UFIA)-Black Money Act, 2015*
20. *Statutory provisions for General Anti Avoidance Rule (GAAR) in India*
21. *Reserve Bank of India (RBI) Act, 1934*
22. *Foreign Exchange Management Act (FEMA) 1999 in India*
23. *Benami Transactions (Prohibition) Amendment Act, 2016 in India*
24. *Advance Pricing Agreements (APAs) in India*
25. *Annual Performance Report (APR) for Investments outside India*
26. *Foreign Trade Agreements (FTAs) executed by India*
27. *Statutory Obligations for Companies Operating in India*
28. *Significant Beneficial Owners (SBO) in India*
29. *Significant Economic Presence (SEP) in India*
30. *Place of Effective Management (POEM) in India*
31. *Liberalized Remittance Scheme (LRS) for residents of India*
32. *Foreign Liability and Asset (FLA) return in India*
33. *FATCA agreement with USA*
34. *Double Taxation Avoidance Agreement (DTAA) with USA*
35. *Foreign Tax Credit (FTC) in India*
36. *Corporate Frauds (CFs) in India*
37. *Export of Goods and Services under FEMA, 1999 in India*
38. *Imports of Goods and Services under FEMA, 1999 in India*
39. *External Commercial Borrowings (ECBs) in India*
40. *Overseas Direct Investments (ODIs) under FEMA, 1999 in India*
41. *Acquisition of Immovable Properties by Non-residents under FEMA, 1999 in India*
42. *Compounding of Contraventions under FEMA, 1999 in India*
43. *Foreign Branch Office (BO) + Liaison Office (LO) + Project Office (PO) under FEMA, 1999 in India*
44. *Annual Information Statement (AIS) in India*
45. *Investments by Non-Residents (NRIs) in India*
46. *Guidance for Doing Business in United States of America (USA)*
47. *Corporate Tax (CT) Law in UAE*
48. *Acquisition & Transfer for Immovable Properties by Non-Residents (NRs) in India*
49. *Foreign Company's Registration in India*
50. *Auditor Checks and Reporting for Indian Companies in India*
51. *Companies Auditor Report Order (CARO) 2020 in India*
52. *Tax Audit Report (TAR) + Accounting Standard (ASs) in India*
53. *World Trade Organisation (WTO) & Benefits for India*
54. *Deposits by Corporate in India*
55. *Expatriates + Foreign Citizens in India*
56. *Book on Foreign Investments (FIs) by Non-Residents of India (Non-RoI) (Book with 346 pages)*



25 FAQ's on Liberalized Remittance Scheme (LRS) for Resident of India (RoI)

INDEX		
S.No	Topics	Page No.
	(A) LRS for foreign remittances by RoI	4
1	Briefs on LRS's permissible for Automatic Route for Resident of India (RoI)	4
2	Briefs on LRS's permissible for Automatic Route not exceeding \$ 2.5 lac	4
3	Briefs on LRS's permissible for acquisition of foreign assets (Capital account)	4 & 5
4	Briefs on LRS's permissible for incurring foreign expenses (Current account)	5
5	Briefs on LRS's not permissible for capital + current account transactions (both)	5 & 6
6	Briefs on LRS's permissible for current account transactions exceeding \$ 2.5 lac	6
7	Briefs on LRS's permissible for Approval Route exceeding \$ 2.5 lac	6
8	Briefs on Role of Authorized Dealer (AD) Bank for Automatic Route under LRS	7
9	Briefs on incomes earned on foreign investments on capital account under LRS	7 & 8
10	Briefs on LRS's permissible for consolidation against family in 1 financial year	8
11	Briefs on LRS's permissible for purchase of foreign object of arts	8
12	Briefs on LRS's mandatory conditions for having PAN in India	8
13	Briefs on LRS's remittances for personal visit to Nepal + Bhutan (both)	8
14	Briefs on LRS's frequency for remittances during 1 financial year	8 & 9
15	Briefs on LRS's permissible remittances through Demand Draft (DD)	9
16	Briefs on LRS's permissible remittances for Gift to NRI + OCI (both)	9

17	<i>Briefs on LRS's permissible for loans to NRI + OCI (both) close relatives in INR</i>	9 & 10
18	<i>Briefs on LRS's expenses for foreign business trip</i>	10
19	<i>Briefs on LRS's use of currencies for remittances</i>	10
20	<i>Briefs on LRS's not permissible for remittances twice in 1 financial year</i>	10
21	<i>Briefs on LRS's filling of APR for foreign investments in JV + WOS (both)</i>	10 & 11
22	<i>Briefs on LRS's conclusion for Automatic Route</i>	11
23	<i>Briefs on LRS's conclusion for Role of AD bank in India</i>	11
24	<i>Briefs on LRS's conclusion for remittances by RoI</i>	12
25	<i>Briefs on LRS's conclusion for approval route for RoI</i>	12
(B) Application-cum-declaration in Form A2 under LRS in India		13 to 19
(C) 8 FAQ's on TCS for remittances under LRS in India		20 to 31
Profile of Publisher for 25 FAQ's on LRS for Resident of India (RoI)		32



25 FAQ's on Liberalized Remittance Scheme (LRS) for Resident of India (RoI)

(A) LRS for foreign remittances by RoI

1. Briefs on LRS's permissible for Automatic Route for Resident of India (RoI)

- (i) *LRS originally announced by RBI through circular No. 64, dated February 04, 2004 as simplified + liberalized foreign exchange facility for RoI (only).*
- (ii) *LRS not permitted for HUF + partnership firm + company + Trust + also etc. (all)*

2. Briefs on LRS's permissible for Automatic Route not exceeding \$ 2.5 lac

- *Major RoI + minor RoI permitted to remit not exceeding for USD 2.5 Lac per person + per financial year under permissible current account + also Capital account transactions under automatic route in India (all)*

3. Briefs on LRS's permissible for acquisition of foreign assets (Capital account)

- (i) *For acquisition of foreign equity shares in listed + also unlisted (both)*
- (ii) *For acquisition of foreign qualification equity shares to hold directorship outside India*
- (iii) *For acquisition of foreign equity shares against professional services already rendered by RoI*
- (iv) *For acquisition of foreign equity shares against director remunerations already receivable by RoI*
- (v) *For acquisition of foreign Debt instruments*
- (vi) *For acquisition of foreign immovable properties*
- (vii) *For acquisition of foreign investments in unit of Mutual Funds*
- (viii) *For acquisition of foreign investments in Venture capital Funds*

- (ix) For acquisition of foreign investments in Promissory Notes
- (x) For acquisition of foreign investments in Wholly Owned Subsidiary + also Joint Venture (both)
- (xi) For acquisition of foreign investments in object of arts
- (xii) For acquisition of other notified foreign assets by RBI
- (xiii) For providing of foreign loan (in INR) to NRI + OCI (both) under close relative category
- (xiv) For opening of foreign currency account (outside India) without approval of RBI

4. Briefs on LRS's permissible for incurring foreign expenses (Current account)

- (i) For foreign personal visit
- (ii) For gifts to NRI + OCI close relatives + also donations to foreign NGOs (all)
- (iii) For foreign employment
- (iv) For foreign emigration
- (v) For foreign maintenance of close relatives
- (vi) For foreign business visit
- (vii) For foreign medical treatment
- (viii) For foreign education

5. Briefs on LRS's not permissible for capital + current account transactions (both)

- Commonly known prohibited foreign transactions under LRS for RoI.
+ (plus)
- Also RoI not permitted under approval route from RBI where prohibited foreign transactions involved.

- (i) For purchases which already notified in Schedule - I of Foreign Exchange Management (Current Account Transactions) Rules 2000 :-
 - (a) For purchase of foreign lottery ticket + also foreign sweep stake (both)
 - (b) For purchase of foreign proscribed magazine + also etc. (both)

- (ii) For prohibited purposes which already notified in schedule - II of Foreign Exchange Management (Current Account Transactions) Rules 2000
- (iii) For providing margin money + also margin call to foreign stock exchange (both)
- (iv) For acquisition of Foreign Currency Convertible Bond (FCCB) from foreign secondary market which already issued by Indian company
- (v) For trading in foreign exchange
- (vi) For remittance to foreign country + also foreign territory which already identified non-cooperative by Financial Action Task Force (FATF) both
- (vii) For remittance to foreign individual + also foreign entity which already identified by RBI that having significant risk for committing act of terrorism in India (both)

6. **Briefs on LRS's permissible for current account transactions exceeding \$ 2.5 lac**

- (i) (a) For foreign emigration like foreign long stay visa + also foreign citizenship (passport) both.
+ (plus)
- (b) Not permitted for earning points + also credit to become eligible for foreign Immigration (both).
- (ii) For foreign medical treatment
- (iii) For foreign education
 - AD Bank permitted to remit exceeding USD 2.5 Lac in 1 financial year when RoI already submitted appropriate documentary supports like estimates for foreign medical treatment expenses + also required AD bank's own judgment for bonafideness of remittance without approval from RBI (both).

7. **Briefs on LRS's permissible for Approval Route exceeding \$ 2.5 lac**

- RoI permitted to remit under approval route from RBI when remittance not permitted under automatic route.

8. *Briefs on Role of Authorized Dealer (AD) Bank for Automatic Route under LRS*

- (i) *RoI required to designate AD bank in India*
- (ii) *RoI required to maintain bank account exceeding 1 year before remitting under LRS*

Or
- (iii) *AD bank required to carry due diligence for opening + operating + also maintaining of account (all) when RoI not maintaining bank account exceeding 1 year before remitting under LRS*
- (iv) *AD bank required to review bank statement for 1 previous year to satisfy about source of fund under LRS*
- (v) *AD bank required to obtain latest income tax assessment order when bank statement of last 1 year not available*
- (vi) *AD bank required to receive application-cum-declaration in form A2*
- (vii) *AD bank not permitted to provide any credit facility for remitting under LRS*
- (viii) *AD bank required to levy TCS @ 0.5% or 5% or 20% (any) applicable when remittance exceeding INR 7 Lac in 1 financial year*
- (ix) *AD bank required to accept payment through credit card + debit card + prepaid card + also bank account maintained in bank (all)*
- (x) *AD bank required to satisfy that recipient of remittance is not resident from non-cooperative country + also territory which already identified by FATF (both)*
- (xi) *AD bank permitted to refuse for remittance when bank has reason to believe that RoI already made contravention under provisions of FEMA, 1999*

9. *Briefs on incomes earned on foreign investments on capital account under LRS*

- (i) *RoI permitted to retain + also to reinvest outside India against incomes earned on foreign investments already made under LRS (both).*

- (ii) *AD bank permitted for computing limit not exceeding USD 2.5 Lac without adding income earned during same financial year on foreign investments made under LRS*
- (iii) *RoI required to obey Overseas Direct Investments (ODIs) guidelines issued by RBI for foreign investments already made under LRS.*

10. *Briefs on LRS's permissible for consolidation against family in 1 financial year*

- (i) *Consolidation of investments permitted against whole family through multiply by per person eligibility like USD 10 Lac for 4 member of family (@ USD 2.5 Lac) + (plus)*
- (ii) *Consolidated investments not permitted when whole family's investments in assets not to be made jointly (Joint titled)*

11. *Briefs on LRS's permissible for purchase of foreign object of arts*

- (i) *RoI permitted to purchase foreign object of arts like painting + also etc. under permissible monetary limit USD 2.5 Lac (both).*
+ (plus)
- (ii) *RoI not permitted to purchase foreign object of arts when not permitted for imports in India under Foreign Trade Policy (FTP) of Govt.*

12. *Briefs on LRS's mandatory conditions for having PAN in India*

- *RoI mandatory required to have PAN in India for remittance under LRS.*

13. *Briefs on LRS's remittances for personal visit to Nepal + Bhutan (both)*

- (i) *RoI not permitted to obtain foreign exchange + to remit under LRS for personal visit to Nepal + also Bhutan (all).*
+ (plus)
- (ii) *RoI permitted to obtain foreign exchange + to remit under LRS for personal visit to other than Nepal + also Bhutan (all)*

14. *Briefs on LRS's frequency for remittances during 1 financial year*

- (i) *RoI permitted to remit without any restriction on frequency during 1 financial year*

+ (plus)

(ii) Total of multiple remittances not to exceed USD 2.5 Lac during 1 financial year.

15. Briefs on LRS's permissible remittances through Demand Draft (DD)

(i) RoI permitted to obtain DD in his own name + in name investee + also in name beneficiary for foreign personal visit (all).

+ (plus)

(ii) Total of multiple DDs not to exceed USD 2.5 Lac during 1 financial year.

16. Briefs on LRS's permissible remittances for Gift to NRI + OCI (both)

(i) RoI permitted for gift to NRI (only) close relative not to exceed USD 2.5 Lac in 1 financial year through remittance to outside India.

+ (plus)

(ii) RoI permitted for gift in INR to NRI + also OCI (both) close relatives not to exceed USD 2.5 Lac through transfer to his NRO account.

17. Briefs on LRS's permissible for loans to NRI + OCI (both) close relatives in INR

- Loans to NRI + OCI (both) close relatives in INR permitted through transfer to his NRO account in India.

- Loans to NRI + OCI (both) close relatives not permitted with interest.

- Loans to NRI + OCI (both) close relatives permitted without interest.

(i) When maturity period of loan not exceeding 1 year

(ii) When amount of loan not exceeding USD 2.5 Lac during 1 financial year

(iii) When amount of loan to be utilized in India for borrower's personal needs + also business needs (both)

(iv) Loan to NRI + OCI (both) relatives in INR not permitted for certain businesses + activities (both) in India :

(a) For chit fund business in India

(b) For Nidhi Company in India

(c) For Agricultural + also plantation activities (both) in India

- (d) For Real estate business like trading in properties in India
- (e) For Trading in Transferable Development Rights (TDRs) in India
- (f) For Agricultural + Plantation activity + also Construction of farm house (all) in India
- (v) NRI + OCI close relatives required to make repayment of loan through direct foreign inward remittance from outside India + debit to NRO + also NRE in India (all).

18. *Briefs on LRS's expenses for foreign business trip*

- (i) RoI permitted for foreign business trip not exceeding USD 2.5 Lac during 1 financial year
- (ii) (a) Non RoI permitted for foreign business trip without limit of USD 2.5 Lac.
+ (plus)
- (b) Also non RoI permitted for foreign business trip without availing facility available under LRS.

19. *Briefs on LRS's use of currencies for remittances*

- (i) RoI permitted to remit in all free convertible foreign currencies which already notified by RBI for India.
+ (plus)
- (ii) Also 100% amount of remittance not to exceed equivalent to USD 2.5 Lac during 1 financial year.

20. *Briefs on LRS's not permissible for remittances twice in 1 financial year*

- RoI not permitted to remit 2nd time during 1 financial year under LRS beside proceed of 1st time's investments which already brought back to India

21. *Briefs on LRS's filling of APR for foreign investments in JV + WOS (both)*

- (i) RoI required to file Annual Performance Report (APR) up to 31st December each year based on audited or unaudited financial statements of investee companies

against investments in foreign JV + foreign WOS (both) beside FLA return already filed with RBI up to July 31st each year.

+ (plus)

(ii) RoI not required to file APR when investments not made in foreign JV + foreign WOS (both).

22. *Briefs on LRS's conclusion for Automatic Route*

(i) RoI permitted to remit not exceeding USD 2.5 Lac per person in 1 financial year under Automatic route for certain purposes (only) :-

(a) For foreign emigration

(b) For foreign medical treatment

(c) For foreign education

(ii) RoI permitted to remit exceeding USD 2.5 Lac when estimate already submitted for remittances mentioned under above para i (a) to (c)

(iii) RoI permitted to remit under LRS for capital account + also permitted current account (both) transactions.

(iv) RoI not permitted to remit under LRS for prohibited transactions when approval from RBI also prohibited

+ (plus)

(v) RoI permitted to remit under LRS through obtaining approval from RBI when not permitted under automatic route available for LRS in India.

23. *Briefs on LRS's conclusion for Role of AD bank in India*

(i) For carrying due diligence of RoI

(ii) For collecting TCS @ 0.5% or 5% or 20% (any) applicable where remittances exceeding Rs. 7 Lac during 1 financial year

(iii) For not allowing credit facility for foreign remittance under LRS

24. *Briefs on LRS's conclusion for remittances by RoI*

- (i) *For investments under LRS*
- (ii) *For gift to NRI + also OCI (both) close relatives*
- (iii) *For Loan to NRI + also OCI (both) close relatives*

25. *Briefs on LRS's conclusion for approval route for RoI*

- *RoI required to remit under approval route when remittance not permitted under automatic route of RBI.*

(B) Application-cum-declaration in Form A2 under LRS in India

(To be completed by RoI - applicant)

(For payments other
than imports and
remittances covering
intermediary trade)

AD Code No. _____
Form No. _____
(To be filled in by the Authorised Dealer)

Application for Remittance Abroad

Currency _____ Amount _____ Equivalent to Rs. _____
(To be completed by the Authorised Dealer)

I/We _____

(Name of applicant remitter)

PAN No. _____

Address _____

authorize

_____ (Name of AD branch)

To debit my Savings Bank/ Current/ RFC/ EEFC A/c. No. _____
together with their charges and

* a) Issue a draft : Beneficiary's Name _____
Address _____

* b) Effect the foreign exchange remittance directly -
1) Beneficiary's Name _____
2) Name and address of the bank _____
3) Account No. _____

* c) Issue travelers cheques for _____

* d) Issue foreign currency notes for _____ Amount
(specify currency) _____

* (Strike out whichever is not applicable) for the purpose/s indicated below

Sr. No.	Whether under LRS (Yes/No)	Purpose Code	Description
As per the Annex			

(Remitter should put a tick (✓) against an appropriate purpose code. In case of doubt/
difficulty, the AD bank should be consulted).

¹⁹ Inserted vide AP (Dir) series Circular 50 dated February 11, 2016. Prior to insertion it read as Annex 1, which has since been replaced with effect from the same date.

²⁰ Modified vide AP (DIR) Series Circular No. 32 dated June 19, 2018. Prior to modification, it read "PAN No. (For remittances exceeding USD 25,000 and for all capital account transactions)"

Declaration
(Under FEMA 1999)

1. # I, (Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year including this application is within the overall limit of the Liberalised Remittance Scheme prescribed by the Reserve Bank of India and certify that the source of funds for making the said remittance belongs to me and the foreign exchange will not be used for prohibited purposes.

Details of the remittances made/transactions effected under the Liberalised Remittance Scheme in the current financial year (April- March)

Sl. No	Date	Amount	Name and address of AD branch/FFMC through which the transaction has been effected

2. # The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD _____ (USD _____) the annual limit prescribed by Reserve Bank of India for the said purpose.
3. # Foreign exchange purchased from you is for the purpose indicated above.
(Strike out whichever is not applicable)

Signature of the applicant

(Name) Date:

Certificate by the Authorized Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorized official: Stamp and seal

Signature:

Date:

Place:

Purpose Codes for Reporting under FETERS A. Payment Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
00	<i>Capital Account</i>	S0017	<i>Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government</i>
		S0019	<i>Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government</i>
		S0026	<i>Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government</i>
		S0027	<i>Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non-Government</i>
		S0099	<i>Other capital payments not included elsewhere</i>
Financial Account			
	<i>Foreign Direct Investments</i>	S0003	<i>Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares</i>
		S0004	<i>Indian Direct investment abroad (in subsidiaries and associates) in debt instruments</i>
		S0005	<i>Indian investment abroad – in real estate</i>
		S0006	<i>Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares</i>
		S0007	<i>Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt instruments</i>
		S0008	<i>Repatriation of Foreign Direct Investment made by overseas Investors in India – in real estate</i>
	<i>Foreign Portfolio Investments</i>	S0001	<i>Indian Portfolio investment abroad – in equity shares</i>
		S0002	<i>Indian Portfolio investment abroad – in debt instruments</i>
		S0009	<i>Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares</i>
		S0010	<i>Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments</i>
	<i>External Commercial Borrowings</i>	S0011	<i>Loans extended to Non-Residents</i>
		S0012	<i>Repayment of long & medium term loans with original maturity above one year received from Non-Residents</i>
<i>Short term Loans</i>	S0013	<i>Repayment of short term loans with original maturity up to one year received from Non-Residents</i>	
	<i>Banking Capital</i>	S0014	<i>Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc)</i>
		S0015	<i>Repayment of loans & overdrafts taken by ADs on their own account.</i>
		S0016	<i>Sale of a foreign currency against another foreign currency</i>
	<i>Financial Derivatives and Others</i>	S0020	<i>Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions.</i>
		S0021	<i>Payments made on account of sale of share under Employee stock option</i>
		S0022	<i>Investment in Indian Depositories Receipts (IDRs)</i>

Gr. No.	Purpose Group Name	Purpose Code	Description
	<i>External Assistance</i>	<i>S0023</i>	<i>Opening of foreign currency account abroad with a bank</i>
		<i>S0024</i>	<i>External Assistance extended by India. e.g. Loans and advances extended by India to Foreign governments under various agreements</i>
		<i>S0025</i>	<i>Repayments made on account of External Assistance received by India.</i>
<i>01</i>	<i>Imports</i>	<i>S0101</i>	<i>Advance payment against imports made to countries other than Nepal and Bhutan</i>
		<i>S0102</i>	<i>Payment towards imports- settlement of invoice other than Nepal and Bhutan</i>
		<i>S0103</i>	<i>Imports by diplomatic missions other than Nepal and Bhutan</i>
		<i>S0104</i>	<i>Intermediary trade/transit trade, i.e., third country export passing through India</i>
		<i>S0108</i>	<i>Goods acquired under merchanting / Payment against import leg of merchanting trade*</i>
		<i>S0109</i>	<i>Payments made for Imports from Nepal and Bhutan, if any</i>
<i>02</i>	<i>Transport</i>	<i>S0201</i>	<i>Payments for surplus freight/passenger fare by foreign shipping companies operating in India</i>
		<i>S0202</i>	<i>Payment for operating expenses of Indian shipping companies operating abroad</i>
		<i>S0203</i>	<i>Freight on imports – Shipping companies</i>
		<i>S0204</i>	<i>Freight on exports – Shipping companies</i>
		<i>S0205</i>	<i>Operational leasing/Rental of Vessels (with crew) – Shipping companies</i>
		<i>S0206</i>	<i>Booking of passages abroad – Shipping companies</i>
		<i>S0207</i>	<i>Payments for surplus freight/passenger fare by foreign Airlines companies operating in India</i>
		<i>S0208</i>	<i>Operating expenses of Indian Airlines companies operating abroad</i>
		<i>S0209</i>	<i>Freight on imports – Airlines companies</i>
		<i>S0210</i>	<i>Freight on exports – Airlines companies</i>
		<i>S0211</i>	<i>Operational leasing / Rental of Vessels (with crew) – Airline companies</i>
		<i>S0212</i>	<i>Booking of passages abroad – Airlines companies</i>
		<i>S0214</i>	<i>Payments on account of stevedoring, demurrage, port handling charges etc.(Shipping companies)</i>
		<i>S0215</i>	<i>Payments on account of stevedoring, demurrage, port handling charges, etc.(Airlines companies)</i>
		<i>S0216</i>	<i>Payments for Passenger - Shipping companies</i>
		<i>S0217</i>	<i>Other payments by Shipping companies</i>
		<i>S0218</i>	<i>Payments for Passenger - Airlines companies</i>
		<i>S0219</i>	<i>Other Payments by Airlines companies</i>
		<i>S0220</i>	<i>Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)</i>
		<i>S0221</i>	<i>Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)</i>
		<i>S0222</i>	<i>Postal & Courier services by Air</i>
		<i>S0223</i>	<i>Postal & Courier services by Sea</i>

Gr. No.	Purpose Group Name	Purpose Code	Description
		<i>S0224</i>	<i>Postal & Courier services by others</i>
<i>03</i>	<i>Travel</i>	<i>S0301</i>	<i>Business travel.</i>
		<i>S0303</i>	<i>Travel for pilgrimage</i>
		<i>S0304</i>	<i>Travel for medical treatment</i>
		<i>S0305</i>	<i>Travel for education (including fees, hostel expenses etc.)</i>
		<i>S0306</i>	<i>Other travel (including holiday trips and payments for settling international credit cards transactions)</i>
<i>05</i>	<i>Construction Services</i>	<i>S0501</i>	<i>Construction of projects abroad by Indian companies including import of goods at project site abroad</i>
		<i>S0502</i>	<i>Cost of construction etc. of projects executed by foreign companies in India.</i>
<i>06</i>	<i>Insurance and Pension Services</i>	<i>S0601</i>	<i>Life Insurance premium except term insurance</i>
		<i>S0602</i>	<i>Freight insurance – relating to import & export of goods</i>
		<i>S0603</i>	<i>Other general insurance premium including reinsurance premium; and term life insurance premium</i>
		<i>S0605</i>	<i>Auxiliary services including commission on insurance</i>
		<i>S0607</i>	<i>Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)</i>
		<i>S0608</i>	<i>Life Insurance Claim Settlements</i>
		<i>S0609</i>	<i>Standardised guarantee services</i>
		<i>S0610</i>	<i>Premium for pension funds</i>
		<i>S0611</i>	<i>Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.</i>
		<i>S0612</i>	<i>Invoking of standardised guarantees</i>
		<i>S0701</i>	<i>Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.</i>
		<i>S0702</i>	<i>Investment banking – brokerage, under writing commission etc.</i>
<i>07</i>	<i>Financial Services</i>	<i>S0703</i>	<i>Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.</i>
		<i>S0801</i>	<i>Hardware consultancy/implementation</i>
		<i>S0802</i>	<i>Software consultancy / implementation</i>
		<i>S0803</i>	<i>Data base, data processing charges</i>
		<i>S0804</i>	<i>Repair and maintenance of computer and software</i>
		<i>S0805</i>	<i>News agency services</i>
		<i>S0806</i>	<i>Other information services- Subscription to newspapers, periodicals</i>
		<i>S0807</i>	<i>Off-site software imports</i>
		<i>S0808</i>	<i>Telecommunication services including electronic mail services and voice mail services</i>
		<i>S0809</i>	<i>Satellite services including space shuttle and rockets etc.</i>
<i>08</i>	<i>Telecommunication, Computer & Information Services</i>	<i>S0901</i>	<i>Franchises services</i>
		<i>S0902</i>	<i>Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.</i>
<i>10</i>	<i>Other Business Services</i>	<i>S1002</i>	<i>Trade related services – commission on exports / imports</i>

Gr. No.	Purpose Group Name	Purpose Code	Description
		<i>S1003</i>	<i>Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies</i>
		<i>S1004</i>	<i>Legal services</i>
		<i>S1005</i>	<i>Accounting, auditing, book-keeping services</i>
		<i>S1006</i>	<i>Business and management consultancy and public relations services</i>
		<i>S1007</i>	<i>Advertising, trade fair service</i>
		<i>S1008</i>	<i>Research & Development services</i>
		<i>S1009</i>	<i>Architectural services</i>
		<i>S1010</i>	<i>Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.</i>
		<i>S1011</i>	<i>Payments for maintenance of offices abroad</i>
		<i>S1013</i>	<i>Environmental Services</i>
		<i>S1014</i>	<i>Engineering Services</i>
		<i>S1015</i>	<i>Tax consulting services</i>
		<i>S1016</i>	<i>Market research and public opinion polling service</i>
		<i>S1017</i>	<i>Publishing and printing services</i>
		<i>S1018</i>	<i>Mining services like on-site processing services analysis of ores etc.</i>
		<i>S1020</i>	<i>Commission agent services</i>
		<i>S1021</i>	<i>Wholesale and retailing trade services.</i>
		<i>S1022</i>	<i>Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies</i>
		<i>S1023</i>	<i>Other Technical Services including scientific/space services.</i>
		<i>S1099</i>	<i>Other services not included elsewhere</i>
11	<i>Personal, Cultural & Recreational services</i>	<i>S1101</i>	<i>Audio-visual and related services like Motion picture and video tape production, distribution and projection services.</i>
		<i>S1103</i>	<i>Radio and television production, distribution and transmission services</i>
		<i>S1104</i>	<i>Entertainment services</i>
		<i>S1105</i>	<i>Museums, library and archival services</i>
		<i>S1106</i>	<i>Recreation and sporting activities services</i>
		<i>S1107</i>	<i>Education (e.g. fees for correspondence courses abroad)</i>
		<i>S1108</i>	<i>Health Service (payment towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)</i>
		<i>S1109</i>	<i>Other Personal, Cultural & Recreational services</i>
12	<i>Govt. not included elsewhere</i>	<i>S1201</i>	<i>Maintenance of Indian embassies abroad</i>
		<i>S1202</i>	<i>Remittances by foreign embassies in India</i>
13	<i>Secondary Income</i>	<i>S1301</i>	<i>Remittance for family maintenance and savings</i>
		<i>S1302</i>	<i>Remittance towards personal gifts and donations</i>
		<i>S1303</i>	<i>Remittance towards donations to religious and charitable institutions abroad</i>
		<i>S1304</i>	<i>Remittance towards grants and donations to other governments and charitable institutions established by the governments.</i>
		<i>S1305</i>	<i>Contributions/donations by the Government to international institutions</i>
		<i>S1306</i>	<i>Remittance towards payment / refund of taxes.</i>
		<i>S1307</i>	<i>Outflows on account of migrant transfers including personal effects</i>

Gr. No.	Purpose Group Name	Purpose Code	Description
14	Primary Income	S1401	<i>Compensation of employees</i>
		S1402	<i>Remittance towards interest on Non-Resident deposits (FCNR(B)/NR(E)RA, etc.)</i>
		S1403	<i>Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.</i>
		S1405	<i>Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)</i>
		S1408	<i>Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)</i>
		S1409	<i>Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares</i>
		S1410	<i>Payment of interest by FDI enterprises in India to their Parent company abroad.</i>
		S1411	<i>Remittance of interest income on account of Portfolio Investment in India</i>
		S1412	<i>Remittance of dividends on account of Portfolio Investment in India on equity and investment fund shares</i>
		S1501	<i>Refunds / rebates / reduction in invoice value on account of exports</i>
15	Others	S1502	<i>Reversal of wrong entries, refunds of amount remitted for non-exports</i>
		S1503	<i>Payments by residents for international bidding</i>
		S1504	<i>Notional sales when export bills negotiated/ purchased/ discounted are dishonored/ crystallised/ cancelled and reversed from suspense account</i>
		S1505	<i>Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)</i>
		S1601	<i>Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.</i>
16	<i>Maintenance and repair services (not included elsewhere)</i>	S1602	<i>Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts, helicopters, etc.</i>
		S1701	<i>Payments for processing of goods</i>
17	<i>Manufacturing services (goods for processing)</i>		

(C) 8 FAQ's on TCS for remittances under LRS in India

- Circular No. 10 of 2023 issued by CBDT to remove difficulty in implementation of changes for Tax Collection at Source (TCS) for remittances under Liberalized Remittance Scheme (LRS) + also for purchase of overseas tour program package (both).

1. Finance Act, 2023 has amended sub-section (1G) of section 206C of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') to, intera/ia,
 - (i) increase the rate of Tax Collection at Source (TCS) from 5% to 20% for remittance under LRS as well as for purchase of overseas tour program package; and
 - (ii) remove the threshold of Rs 7 lakh for triggering TCS on LRS.

These two changes did not apply when the remittance is for education and medical purpose.
2. Subsequently, the Government had notified Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2023 vide an e-gazette notification dated 16th May, 2023 to remove the differential treatment for credit cards vis a vis other modes of drawal of foreign exchange under LRS. This change has now been postponed for the time being.
3. Comments were received about the practical difficulties that may arise from the removal of the threshold for LRS payments other than for education and medical treatment. During meetings with the RBI, Banks and Card networks, some financial institutions have desired more time to modify their current IT systems to address issues arising from the implementation of the provision of TCS on credit card transactions.
4. In order to address these issues, a Press Release dated 28.6.2023 (copy enclosed) was issued by Ministry of Finance wherein the following decisions relating to income-tax have been taken:

(i) Threshold of Rs. 7 lakh per financial year per individual in clause (i) of sub-section (1G) of section 206C shall be restored for TCS on all categories of LRS payments, through all modes of payment, regardless of the purpose: Thus, for first Rs 7 lakh remittance under LRS there shall be no TCS. Beyond this Rs 7 lakh threshold, TCS shall be at the rate of-

- 0.5% (if remittance for education is financed by loan taken from a financial institution);
- 5% (in case of remittance for education/medical treatment);
- 20% for others.

For purchase of overseas tour program package under clause (ii) of sub-section (1G) of section 206C, the TCS shall continue to apply at the rate of 5% for the first Rs 7 lakh per individual per annum; the 20% rate will only apply for expenditure above this limit.

(ii) Increased TCS rates to apply from 1st October, 2023: 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 (i) above. Till 30th September, 2023, earlier rates (prior to amendment by the Finance Act, 2023) shall continue to apply.

5. Earlier and new TCS rates are summarised as under:

<i>Nature of payment (1)</i>	<i>Earlier rate before Finance Act, 2023 (2)</i>	<i>New rate w.e.f 1st October, 2023 (3)</i>
<i>LRS for education, financed by loan from financial institution</i>	<i>Nil upto Rs 7 lakh 0.5% above Rs 7 lakh</i>	<i>Nil upto Rs 7 lakh 0.5% above Rs 7 lakh</i>
<i>LRS for Medical treatment/ education (other than financed by loan)</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 lakh</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 lakh</i>
<i>LRS for other purposes</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 lakh</i>	<i>Nil upto Rs 7 lakh 20% above Rs 7 lakh</i>
<i>Purchase of Overseas tour program package</i>	<i>5% (without threshold)</i>	<i>5% till Rs 7 lakh, 20% thereafter</i>

***Note:**

- (i) *TCS rate mentioned in column 2 shall continue to apply till 30th September, 2023.*
- (ii) *There shall be no TCS on expenditure under LRS under clause (i) of sub-section (1G) of section 206C upto Rs 7 lakh, irrespective of purpose.*

6. *Sub-section (1-1) of section 206C of the Act provides that if any difficulty arises in giving effect to the provisions of sub-section (1G) of this section, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty. Accordingly, the following guideline is issued under this provision.*

FAQ 1: Whether payment through overseas credit card would be counted in LRS ?

Ans.1: As announced in the press release dated 28th June, 2023, the classification of use of international credit card while being overseas, as LRS is postponed.

Therefore, no TCS shall be applicable on expenditure through international credit card while being overseas till further order.

FAQ 2: Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for various purposes like education, health treatment and others? For example, if remittance of Rs 7 lakh under LRS is made in a financial year for education purpose and other remittances in the same financial year of Rs 7 lakh is made for medical treatment and Rs 7 lakh for other purposes, whether the exemption limit of Rs 7 lakh shall be given to each of the three separately?

Ans. 2: It is clarified that the threshold of Rs 7 lakh for LRS is combined threshold for applicability of the TCS on LRS irrespective of the purpose of the remittance. This is clear from the first proviso to sub-section (1G) of section 206C of the Act. The proviso states that the TCS is not required if the amount or aggregate of the amounts being remitted by a buyer is less than seven lakh rupees in a financial year. The amendment by the Finance Act, 2023 has only restricted it to education and medical treatment purpose. Now, after press release, old position has been restored and the threshold continues to apply for seven lakh rupees in a financial year, irrespective of the purpose.

Thus, in the given example, upto Rs 7 lakh remittance under LRS during a financial year shall not be liable for TCS. However, subsequent Rs 14 lakh remittance under LRS shall be liable for TCS in accordance with the TCS rates applicable for such remittance.

In the example, if the remittances under LRS are made in the current financial year at different point of time, TCS rates for the remaining Rs 14 lakh remittances under LRS would depend on the time of remittance as TCS rates changes from 1st October 2023.

TCS rates would be applicable as under:-

- (a) *First Rs 7 lakh remittance under LRS during the financial year 2023-24 for education purpose (or for that matter any purpose) -7 No TCS*
- (b) *Remittances beyond Rs 7 lakh under LRS during the financial year 2023-24, if on or before 30th September 2023 -7 TCS at 5% (irrespective of the purpose unless it is for education purpose financed by loan from a financial institution when the rate is 0.5%)*
- (c) *Remittances beyond Rs 7 lakh under LRS during the financial year 2023-24, if on or after 1st October 2023 -7 TCS at 0.5% (if it is for education purpose financed by loan from a financial institution), 5% (if it is for education or medical treatment) and 20% (if it is for other purposes)*

FAQ 3: Since there are different TCS rates on LRS for the first six months and next six months of the financial year 2023-24, whether the threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies separately for each six months?

Ans. 3: The threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies for the full financial year. If this threshold has already been exhausted; all subsequent remittances under LRS, whether in the first half or in the second half, would be liable for TCS at applicable rate.

FAQ 4: Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for each remittance through different authorised dealers? If not, how will authorised dealer know about the earlier remittances by that remitter through some other authorized dealer?

Ans 4: It is clarified that the threshold of Rs 7 lakh for LRS is qua remitter and not qua authorised dealer. This is clear from the first proviso to sub-section (1G) of section 206C of the Act. The proviso states that the TCS is not required if the amount or aggregate of amounts being remitted by a buyer is less than seven lakh rupees in a financial year. The threshold continues to apply qua remitter.

Since the facility to provide real time update of remittance under LRS by remitter is still under development by the RBI, it is clarified that the details of earlier remittances under LRS by the remitter during the financial year may be taken by the authorised dealer through an undertaking at the time of remittance. If the authorised dealer correctly collects the tax at source based on information given in this undertaking, he will not be treated as "assessee in default". However, for any false information in the undertaking, appropriate action may be taken against the remitter under the Act.

It is further clarified that same methodology of taking undertaking from the buyer of overseas tour program package may be followed by the seller of such package.

FAQ 5: There is threshold of Rs 7 lakh for remittance under LRS for TCS to become applicable while there is another threshold of Rs 7 lakh for purchase of overseas tour program package where reduced rate of 5% TCS applies. Whether these two thresholds apply independently?

Ans 5: Yes, these two thresholds apply independently. For LRS, the threshold of Rs 7 lakh applies to make TCS applicable. For purchase of overseas tour program package, the threshold of Rs 7 lakh applies to determine the applicable TCS rate as 5% or 20%.

FAQ 6: A resident individual spends Rs 3 lakh for purchase of overseas tour program package from a foreign tour operator and remits money which is classified under LRS. There is no other remittance under LRS or purchase of overseas tour program during the financial year. Whether TCS is applicable?

Ans 6: In case of purchase of overseas tour program package which is classified under LRS, TCS provision for purchase of overseas tour program package shall apply and not TCS provisions for remittance under LRS.

Since for purchase of overseas tour program package, the threshold of Rs 7 lakh for applicability of TCS does not apply, TCS is applicable and tax is required to be collected by the seller. In this case the tax shall be required to be collected at 5% since the total amount spent on purchase of overseas tour program package during the financial year is less than Rs 7 lakh. The TCS should be made by the seller.

FAQ 7: There are different rates for remittance under LRS for medical treatment/education purposes and for other purposes. What is the scope of remittance under LRS for medical treatment/education purposes?

Ans 7: As per the clarification by the RBI, remittance for the purposes of medical treatment shall include,-

- (i) remittance for purchase of tickets of the person to be treated medically overseas (and his attendant) for commuting between India and the overseas destination;
- (ii) his medical expense; and
- (iii) other day to day expenses required for such purpose.

It may be noted that code S0304 (under the Purpose Group Name "Travel"), in RBI master direction for LRS, pertains to travel for medical treatment. As per BPM6, A.P. (DIR Series) Circular no 50, dated 11 Feb 2016 this code covers the transactions which are related to health services acquired by residents travelling abroad for medical reasons, which includes medical services, other healthcare, food, accommodation and local transport transactions.

In addition, code S1108 (under the Purpose Group Name "Personal, Cultural & Recreational services") covers transactions for health services rendered remotely or on- site (that is no travel by service recipient is involved). This cover services from hospitals, doctors, nurses, paramedical and similar services, etc.

TCS provision for purpose of medical treatment would apply when remittance is under code S0304 or under code 81108.

Education

Remittance for purpose of education shall include,-

- (i) remittance for purchase of tickets of the person undertaking study overseas for commuting between India and the overseas destination;*
- (ii) the tuition and other fees to be paid to educational institute; and*
- (iii) other day to day expenses required for undertaking such study.*

It may be noted that code 80305 (under the Purpose Group Name "Travel"), in RBI master direction for LRS, pertains to travel for education (including fees, hostel expenses, etc). As per BPM6, A.P. (DIR Series) Circular no 50, dated 11 Feb 2016 this code covers education related services such as tuition, food, accommodation, local transport and health services acquired by resident students while residing overseas.

In addition, code S1107 (under the Purpose Group Name "Personal, Cultural & Recreational services") covers transactions for education (eg fees for correspondence courses abroad) where the person receiving education does not travel overseas.

TCS provision for purpose of education would apply when remittance is under code S0305 or under S1107.

FAQ 8: Whether purchase of international travel ticket or hotel accommodation on standalone basis is purchase of overseas tour program package?

Ans 8: The term 'overseas tour program package' is defined as to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

It is clarified that purchase of only international travel ticket or purchase of only hotel accommodation, by in itself is not covered within the definition of 'overseas

tour program package'. To qualify as 'overseas tour program package', the package should include at least two of the followings:-

- (i) international travel ticket,*
- (ii) hotel accommodation (with or without food)/boarding/lodging,*
- (iii) any other expenditure of similar nature or in relation thereto.*

*(Jivitesh Anand)
Undersecretary to Government of India
30 June 2023*

Copy to:

- (i) PS to FM/ OSD to FM/ PS to MoS(F)/ OSD to MoS(F)*
- (ii) PPS to Secretary (Revenue)*
- (iii) Chairman, CBDT & All Members, CBDT*
- (iv) All Pr. DGsIT/ Pr. CCsIT*
- (v) All Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries of*
- (vi) CBDT*
- (vii) The C&AG of India*
- (viii) The JS & Legal Adviser, Ministry of Law & Justice, New Delhi*
- (ix) CIT (M& TP), Official Spokesperson of CBDT*
- (x) O/o Pr DGIT (Systems) for uploading on official websit*
- (xi) 10.JCIT (Database Cell) for uploading on www.irsofficersonline.gov.in*

Ministry of Finance

Important changes w.r.t Liberalised Remittance Scheme (LRS) and Tax Collected at Source (TCS)

No change in rate of TCS for all purposes under LRS and for overseas travel tour packages, regardless of mode of payment, for amounts up to Rs. 7 lakh per individual per annum

Government gives more time for implementation of revised TCS rates and for inclusion of credit card payments in LRS

Increased TCS rates to apply from 1st October, 2023

Posted On: 28 JUN 2023 9:09PM by PIB Delhi

- (i) In the Budget this year, certain changes were announced to the system of Tax Collection at Source (TCS) on payments under the Liberalised Remittance Scheme (LRS) and on overseas tour program packages. These were to take effect from 1st July 2023. It was also announced in March that credit card payments would be brought under the LRS. Numerous comments and suggestions were received which have been carefully considered.*
- (ii) In response to the comments and suggestions it has been decided to make suitable changes. Firstly, it has been decided that there will be no change in the rate of TCS for all purposes under LRS and for overseas travel tour packages, regardless of mode of payment, for amounts up to Rs. 7 lakh per individual per annum. It has also been decided to give more time for the implementation of the revised TCS rates and for inclusion of credit card payments in LRS. The changes are detailed below.*
- (iii) Sub-section (I G) of section 206C of the Income-tax Act, 1961 ("the Act") provides for Tax Collection at Source (TCS) on (i) foreign remittance through the Liberalised Remittance Scheme (LRS) and (ii) sale of overseas tour program package.*
- (iv) Through the Finance Act 2023, amendments were carried out in sub-section (IG) of section 206C of the Act. These amendments, inter alia, increased the rate of TCS*

from 5% to 20% for remittance under LRS as well as for purchase of overseas tour program package and removed the threshold of Rs 7 lakh for triggering TCS on LRS. These two changes were not applicable when the remittance is for education or medical purpose. These amendments were to take effect from 1st July 2023.

- (v) The Government had notified Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2023 vide an e-gazette notification dated 16th May 2023 to remove the differential treatment for credit cards vis a vis other modes of drawal of foreign exchange under LRS.
- (vi) After discussions with various stakeholders, and taking into account comments and suggestions received, the following decisions have been taken:
 - (a) To give adequate time to Banks and Card networks to put in place requisite IT based solutions, the Government has decided to postpone the implementation of its 16th May 2023 e-gazette notification. This would mean that transactions through International Credit Cards while being overseas would not be counted as LRS and hence would not be subject to TCS. The Press Release dated 19th May 2023 stands superseded.
 - (b) Threshold of Rs. 7 Lakh per financial year per individual in clause (i) of sub-section (1G) of section 206C shall be restored for TCS on all categories of LRS payments, through all modes of payment, regardless of the purpose: Thus, for first Rs 7 Lakh remittance under LRS there shall be no TCS. Beyond this Rs 7 Lakh threshold, TCS shall be
 - (ba) 0.5% (if remittance for education is financed by education loan);
 - (bb) 5% (in case of remittance for education/medical treatment);
 - (bc) 20% for others.

For purchase of overseas tour program package under Clause (ii) of Sub-section (1G), the TCS shall continue to apply at the rate of 5% for the first Rs 7 lakhs per individual per annum; the 20% rate will only apply for expenditure above this limit.

(c) *Increased TCS rates to apply from 1st October, 2023: 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 30th 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:

<i>Nature of payment (1)</i>	<i>Earlier rate before Finance Act, 2023 (2)</i>	<i>New rate wef 1st October 2023 (3)</i>
<i>LRS for education financed by loan</i>	<i>Nil upto Rs 7 lakh 0.5% above Rs 7 Lakh</i>	<i>Nil upto Rs 7 lakh 0.5% above Rs 7 Lakh</i>
<i>LRS for Medical treatment/ education (other than financed by loan)</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 Lakh</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 Lakh</i>
<i>LRS for other purposes</i>	<i>Nil upto Rs 7 lakh 5% above Rs 7 Lakh</i>	<i>Nil upto Rs 7 lakh 20% above Rs 7 Lakh</i>
<i>Purchase of Overseas tour program package</i>	<i>5% (without threshold)</i>	<i>5% till Rs 7 Lakh, 20% thereafter</i>

Note:

- (i) *TCS rate in column two shall continue to apply till 30th September, 2023.*
- (ii) *There shall be no TCS on expenditures under LRS under clause (i) of Sub-section (I G) 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.

Legislative amendment in this regard shall be proposed in due course. Circular and Frequently Asked Questions (FAQs) shall be issued to clarify various practical issues in implementing this provision.

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