



Important Notification on Tax Collection at Source (TCS)

The Finance Act, 2020 has amended section 206C of the Income tax Act, 1961 (the Act) whereby foreign remittance made under the Liberalized Remittance Scheme (LRS) of the Reserve Bank of India (RBI) will require tax collection at source (TCS) effective 1 October 2020.

The summary of TCS rate and threshold limit:

Remittance under LRS	Applicable TCS
Remittance out of education loan obtained from financial institution as defined under section 80E of the Act.	0.5% of the remittance amount where aggregate amount under LRS exceeds INR 7 lakhs during the financial year
Remittance for purchase of overseas tour program package	5% of the remittance amount from INR 1 onwards during the financial year.
Other LRS purposes	5% of the remittance amount where aggregate amount under LRS exceeds INR 7 lakhs during the financial year

Important note

- TCS amount would be recovered from the customer's account. Please ensure the account is sufficiently funded to cover the remittance amount, TCS amount, remittance charges, correspondent bank charges and other taxes/charges as applicable. In case of insufficient balances, transactions will not be processed.
- TCS once collected cannot be refunded by the bank in case of any return of transaction or remittances.
- Credit of TCS amount may be available while filing the return of income.
- Quarterly certificate for the TCS will be made available to the customers in their registered email id or the registered mailing address.