

NDA Update on TCS on payments under Liberalised Remittance Scheme (LRS) and extension of time limit of submission of certain TDS / TCS Statements

Changes with respect to payments under LRS

Ministry of Finance has issued a press release on 28-06-2023 making certain important changes with respect to TCS on payments / remittances under LRS and purchase of overseas tour package, as under:

- Transactions through International Credit Cards while being overseas would not be treated as payment under LRS and hence would not be subject to TCS under Section 206C of the Income Tax Act. Earlier on 16-05-2023, the Government has issued a notification amending the Foreign Exchange Management (Current Account Transactions) Rules, thereby bringing payments through international credit cards under LRS. The Government has now decided to postpone the implementation of the above notification dated 16-05-2023.
- The Finance Act 2023 has increased the rates of TCS on certain foreign remittances / purchase of overseas tour package under Section 206C(1G) which were to come into effect from 01-07-2023. The same has been postponed to 01-10-2023. The increased rate of 20% shall now apply with effect from 01-10-2023.
- There shall not be any TCS under Section 206C(1G)(i) up to the threshold limit of Rs 7 lakhs per financial year per individual on all categories of payments under LRS regardless of mode of payment and purpose of such payment.
- Beyond the threshold limit of Rs 7 lakhs, there is no change in rate of TCS on the following remittance under LRS:
 - 0.5% if remittance for education, financed by educational loan
 - 5% if remittance is for education or for medical treatment
- Beyond the threshold limit of Rs 7 lakhs, TCS on remittance under LRS (other than education / medical purpose) shall be increased to 20% with effect from 01-10-2023 as against 5% now.
- For purchase of overseas tour program package, TCS under Section 206(1G)(ii) shall be 5% on first Rs 7 lakhs per individual per annum. Beyond Rs 7 lakhs, TCS @ 20% shall apply. At present, it is 5% without any threshold limit.

<https://pib.gov.in/PressReleasePage.aspx?PRID=1936105>

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Extension of time limit for submission of certain TDS / TCS statements

CBDT has issued an order under Section 119 of the Income Tax Act on 28-06-2023 extending the time limit for submission of the following TDS / TCS statements for 1st quarter of financial year 2023-24:

- For TDS Form Nos. 26Q & 27Q, the time limit has been extended to 30-09-2023 from the existing due date of 31-07-2023.
- For TCS Form No. 27EQ, the time limit has been extended to 30-09-2023 from the existing due date of 15-07-2023.

Please note that there is no extension of time limit for submission of TDS Form 24Q for 1st quarter of FY 2023-24 which will remain as 31-07-2023.

<https://incometaxindia.gov.in/news/circular-9-2023.pdf>