

New Guidelines on TCS For

LRS

(Liberalized Remittance Scheme)

Starting from October 1, 2023, a higher TCS (Tax Collected at Source) rate will be implemented for Foreign remittances nil up to Rs 7 lakh in a year.

From October 1, 2023, all overseas outward remittances made through the Liberalised Remittance Scheme (LRS), such as bank account transfers, foreign exchange, loading forex cards and remittances for equity investments outside India will be subject to a 20 percent Tax Collection at Source (TCS) if the amount exceeds Rs 7 lakh in a financial year. However, this higher TCS rate will not apply to remittances made for medical and educational purposes.

The previously scheduled increase in TCS rates, which were supposed to be implemented on July 1, 2023, will now be effective from October 1, 2023. Until September 30, 2023, the rates prior to the amendment by the Finance Act 2023 will continue to be applicable.

TCS rate as per new notification

Nature of Payment	Earlier rate before Finance Act 2023	New rate wef 1st October 2023
LRS for other purposes	Nil upto Rs 7 Lakh 5% above Rs 7 Lakh	Nil upto Rs 7 Lakh 20% above Rs 7 Lakh