

Overseas Remittance under LRS

What you need to know

What is LRS ?

Under the Liberalised Remittance Scheme (LRS), all **resident individuals**, including minors, are allowed to freely remit up to USD 250,000 per financial year. LRS is not available to corporates, partnership firms, HUF, Trusts etc.

Who is liable to collect TCS (Tax Collection at Source) and how much?

- A foreign currency dealer (Banks, Financial institutions etc.) receiving an amount of **Rs 7 Lakh or more** in a financial year for remittance out of India, shall be liable to collect **TCS at 5%**. Only the remittance in excess of Rs 7 lakhs will be liable to TCS.
- **Overseas Tour Packages** - The **entire amount of the overseas tour package** will be liable for TCS. Limit of Rs. 7 Lakh does not apply.

When is this applicable from?

- From October 1, 2020 onwards.

What is the compliance required?

- Remittance of the collected TCS to be done by 7th of next month and filing of the returns quarterly returns like any other TCS/TDS filings.

Is credit available for the TCS collected?

- Credit for TCS can be taken by the remitter by filing returns.

What happens when PAN/ Aadhaar not available?

- In case of No - PAN/Aadhaar, the rate of TCS would be 10%.

When is TCS not applicable?

- If the remittance is subject to Tax deduction at source.
- Remitter is Central Govt. , State Govt., an embassy, a high commission, a legation, a commission, a consulate, the trade representation of a foreign state, a local authority or any other person as notified.

Relaxations

- In cases where the amount is remitted for the purpose of pursuing education through a loan obtained from any financial institute, rate of TCS shall be 0.5% on the amount exceeding Rs 7 lakhs (5% in case PAN is not provided).

"Compliance is not a hindrance in the business, but non - compliance is!" We at Annveshan work towards making compliance a hassle free experience.

For further clarification on TCS applicability on overseas remittance, reach out to us.

For further enquiries, please feel free to contact Bhamini on +91 9845804212 or email at info@annveshan.com