

### **FAQs on TCS on International Transactions on Debit Card**

#### **1. What is Liberalised Remittance Scheme (LRS)?**

Under this Scheme, all resident individuals, including minors, are allowed to freely remit / avail foreign exchange facility up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.

All International transactions or Cross Border payments (payments to merchants outside India) initiated using Debit Cards qualify as transactions under the provisions of LRS.

#### **2. What is the tax implication on all forex transactions under LRS?**

TCS as per prevailing rate will be applied on all transactions falling under LRS. The applicable rate of TCS will be determined basis the classification provided by Ministry of Finance and Income Tax authorities as per the purpose of transaction.

Customers are expected to keep their liabilities accounts sufficiently funded before performing international transactions so that all the charges/taxes with respect to the transaction can be debited from the account.

All International transactions or Cross Border payments (payments to merchants outside India) initiated using Debit Cards qualify as transactions under the provisions of LRS. Customer's account linked to her debit card should have sufficient balance (including applicable charges and taxes) otherwise Bank will reject the transaction and will not be liable for any liability/claim/dispute arising out of this.

#### **3. What is TCS?**

TCS stands for Tax Collected at Source as per provisions of 'The Finance Act, 2020', which introduced new Income tax provisions on Foreign Exchange transactions under Liberalised Remittance Scheme (LRS), effective October 1, 2020.

The applicable rate of TCS will be determined basis the classification provided by Ministry of Finance and Income Tax authorities as per the purpose of transaction.

The said TCS rates were revised as per the Finance Bill, 2025 on Forex draws/ remittances by Resident Individuals under Liberalised Remittance Scheme (LRS) effective from 1 April 2025.

#### **4. What is the rate of TCS applicable from 1st April 2025?**

We would like to inform you of the revised TCS rates (as per the Finance Bill, 2025) on Forex draws/ remittances by Resident Individuals under Liberalised Remittance Scheme (LRS) effective from 1 April 2025, which is as under.

Sr. No.	Type of Remittance Abroad	New TCS rate (w.e.f. 1 April 2025)
1	For education purpose, if the amount being remitted is from a loan obtained from any specified institution	NIL
2	For education purpose, other than (1) above (or) for the purpose of medical treatment.	Threshold limit - NIL upto Rs. 10 lakh 5% of the amount or the aggregate amount over Rs. 10 lakh per financial year
3	Any other purpose under LRS	Threshold limit - NIL upto Rs. 10 lakh 20% of the amount or the aggregate amount over Rs. lakh per financial year
4	Overseas tour packages	5% upto Rs. 10 lakh* 20% of the amount or the aggregate amount over Rs. 10lakh* per financial year

5	Resident Individual falling under "Specified Person" category/non-PAN case/ inoperative PAN case	Double the normal rate of TCS or 5%, whichever is higher. However, TCS rate shall not exceed 20%
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Note:

1. Threshold limit of Rs. 10 lakh per FY for LRS as mentioned in point no. (1), (2) & (3) is a combined limit on all categories of LRS payments, through all modes of payments, regardless of the purpose.
2. Threshold limits as mentioned in point no. (1), (2) & (3) are remittances/forex draws availed under LRS across all Authorised Dealers (ADs).
3. LRS remittance processed by the Bank as an Authorised Dealer towards air travel ticket booking or hotel booking by a resident individual customer would be subject to TCS as per the rate provided as mentioned in point no. (3) of the above table.
4. (\*) Threshold limit for Rs.10 lakh per FY for purchase of Overseas tour program package is independent of the threshold limit mentioned in point no. (1).

Definition of Specified Person:

"Specified Person" means a person who satisfies both the following conditions.

1. He/She has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted/collected. The previous year to be counted is required to be the one whose return filing date under sub-section (1) of section 139 has expired.
2. The aggregate tax deducted at source and tax collected at source is Rupees Fifty thousand or more in that previous year.

For any further assistance, please contact your Relationship Manager or nearest Branch.

5. What rate will be applied on international transactions done on my Debit card?

Bank will collect TCS real-time for the international transaction done by the customer on the debit card with effect from 1<sup>st</sup> April 2025. Customers are expected to keep their liabilities accounts sufficiently funded before performing international transactions so that all the charges/taxes with respect to the transaction can be debited from the account along with the transaction. Bank will ascertain the applicable TCS on these transactions at the time of the transaction and will be collected real time. If the account does not have sufficient balance (including the charges and TCS amount) the transaction will be rejected.

The applicable TCS rates for determining TCS collection amount from customers will be applied as per the rates below.

Nature of payment	New rate w.e.f. 1st April 2025	
	Normal rates	Rates if PAN not linked to Aadhaar or Pan not available
LRS for education financed by loan from financial institution	<ul style="list-style-type: none"> <li>Nil</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>

LRS for Medical treatment/ education (other than financed by loan)	<ul style="list-style-type: none"> <li>• Nil up to Rs 10 lakh</li> <li>• 5% above Rs 10 Lakh</li> </ul>	<ul style="list-style-type: none"> <li>• Nil up to Rs 10 lakh</li> <li>• 10% above Rs 10 Lakh</li> </ul>
LRS for other purposes	<ul style="list-style-type: none"> <li>• Nil up to Rs 10 lakh</li> <li>• 20% above Rs 10 Lakh</li> </ul>	<ul style="list-style-type: none"> <li>• Nil up to Rs 10 lakh</li> <li>• 20% above Rs 10 Lakh</li> </ul>
Purchase of Overseas tour program package	<ul style="list-style-type: none"> <li>• 5% till Rs 10 Lakh</li> <li>• 20% above Rs 10 Lakh</li> </ul>	<ul style="list-style-type: none"> <li>• 5% till Rs 10 Lakh</li> <li>• 20% above Rs 10 Lakh</li> </ul>

**Note:**

- a) TCS rate computation is applicable on overall remittance value done by the customer in the Financial Year (FY) across all banking channels and products under LRS.
- b) Education loan purpose cannot be ascertained for Debit Cards the additional TCS levied can be reversed to the customer on the following conditions:
  - i. Customers submit valid proofs to the Bank and establish that the transaction performed was out of loan obtained for Education purpose as specified under section 80E of Income Tax.
  - ii. TCS has not been paid by the Bank to Government of India.

## 6. Is there any limit on the transaction value for international transactions on my debit card?

RBI allows transactions upto USD 2.5 Lakh in a financial year LRS. However, the bank has put a limit of USD 2.25 lakh per customer for international transactions carried out on debit card.

The transaction limits on your debit card will be as defined in the Debit Card Terms & Conditions.

## 7. I don't have PAN updated in Bank's records? Will I be permitted international transactions on my debit card?

As per the Master Direction, it is mandatory for a resident individual to provide his/her Permanent Account Number (PAN) to make remittance under the LRS Scheme. All International transactions or Cross Border payments (payments to merchants outside India) initiated using Debit Cards qualify as transactions under the provisions of LRS. To comply with the regulatory requirement, the Bank would be declining such Cross Border Debit Card transactions, if PAN is not updated against the Customer ID linked to the Debit Card.

## 8. Am I eligible for undertaking LRS transactions or international transactions on my debit card?

Bank has defined an eligibility criteria basis which you will be allowed to undertake LRS transactions including international transactions on your debit card which encompasses your full KYC compliance, active account, existing LRS utilization, PAN check etc. For more information, you may contact our customer service team.

Furthermore, this facility is available only if your debit card variant has been enabled for international transactions by the Bank.

## 9. What will happen if an international transaction fails?

If any international transaction fails due to technical failure, the principal amount of the transaction will get reversed, and if the TCS is deducted for that particular transaction, the TCS amount will also get reversed immediately.

## 10. Will the TCS amount get reversed if the international transaction is disputed?

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No, the TCS amount has to be claimed by the customer during Tax filing.

11. Is there any penalty for exceeding the LRS limit?

Yes, exceeding the LRS limit is considered a violation of foreign exchange regulations, and penalties may apply. It's important to stay within the prescribed limit of USD 250,000 per financial year.