



Tax Collected at Source (TCS) on Foreign Outward Remittances

Effective from 1-Oct-2020

The Union Budget 2020-21 has introduced a new Tax Collected at Source (TCS) provision on foreign remittances.

As per the mandate, a 5% (where PAN is available) TCS (Tax Collected at Source) has to be done for remittances over ₹7 lakh, for all transactions under Liberalized Remittance Scheme (LRS).

If the remitter of money or buyer of overseas tour package does not furnish PAN or Aadhaar, a higher rate of TCS at 10% will be collected.

All the outward remittances done under LRS will be liable for 5% TCS. The same will be collected by SBM Bank (Remitter Bank).

This tax will be applied only on the transaction value. The tax collection will be applicable for all the purposes which fall under LRS, for e.g., education abroad, maintenance of close relatives, travel, etc.

The process is effective from 1-Oct-2020