

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**

**UNSTARRED QUESTION NO. 2152**

ANSWERED ON 08.08.2023

**READJUSTMENT OF TCS RATES**

2152 DR. PRASHANTA NANDA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the Tax Collection at Source (TCS) rates for overseas tour packages and funds remitted;
- (b) the time from which these adjusted rates shall be implemented; and
- (c) the list of businesses in which TCS has been collected under the existing provisions of the Income Tax Act, 1961?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

- (a) Finance Act, 2023 has amended sub-section (1G) of section 206C of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') to, *inter alia*,
  - (i) increase the rate of TCS from 5% to 20% for remittance under Liberalised Remittance Scheme (LRS) as well as for purchase of overseas tour program package; and
  - (ii) remove the threshold of Rs 7 lakh for triggering TCS on LRS.

These two changes did not apply when the remittance is for education and medical purpose.

Vide Press Release dated 28<sup>th</sup> June 2023 issued by Ministry of Finance it was announced that:-

- (i) Threshold of Rs. 7 lakh per financial year per individual in clause (a) of sub-section (1G) of section 206C shall be restored for TCS on all categories of LRS payments, through all modes of payment, regardless of the purpose: Thus, for first Rs 7 lakh remittance under LRS there shall be no TCS. Beyond this Rs 7 lakh threshold, TCS shall be at the rate of –

- a) 0.5% (if remittance for education is financed by loan taken from a financial institution)
- b) 5% (in case of remittance for education/medical treatment)
- c) 20% for others.

(ii) For purchase of overseas tour program package under clause (b) of sub-section (1G) of section 206C, the TCS shall continue to apply at the rate of 5% for the first Rs 7 lakh per individual per annum, the 20% rate will only apply for expenditure above this limit.

(b) The increase in TCS rates to 20% shall only be applicable from 1<sup>st</sup> October, 2023. Till 30<sup>th</sup> September, 2023, earlier rates (prior to amendment of Finance Act, 2023), shall continue to apply. Various TCS rates are as below:

<b>Nature of payment (1)</b>	<b>Earlier rate before Finance Act, 2023 (2)</b>	<b>New rate w.e.f 1<sup>st</sup> October, 2023 (3)</b>
LRS for education, financed by loan from financial institution	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	0.5% above Rs 7 Lakh	0.5% above Rs 7 Lakh
LRS for Medical treatment/ education (other than financed by loan)	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	5% above Rs 7 Lakh	5% above Rs 7 Lakh
LRS for other purposes	Nil upto Rs 7 lakh	Nil upto Rs 7 lakh
	5% above Rs 7 Lakh	20% above Rs 7 Lakh
Purchase of Overseas tour program package	5% (without threshold)	5% till Rs 7 Lakh, 20% thereafter

(c) TCS is being collected on sale of following items: alcoholic liquor for human consumption, tendu leaves, timber obtained under a forest lease or any other mode, any other forest produce, scrap, minerals (being coal or lignite or iron ore), motor vehicle of value exceeding ten lakh rupees and overseas tour program package.

TCS is also being collected on amount received by any person granting a lease/license or entering into a contract or transferring a right/interest in any parking lot or toll plaza or in mining and quarrying.

TCS is also applicable on amount remitted under Liberalised Remittance Scheme of the Reserve Bank of India and sale of goods exceeding Rs 50 lakhs.

Applicability of TCS is subject to conditions laid down in the Act.

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