



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

FOREIGN EXCHANGE LAWS BULLETIN
JULY 2023

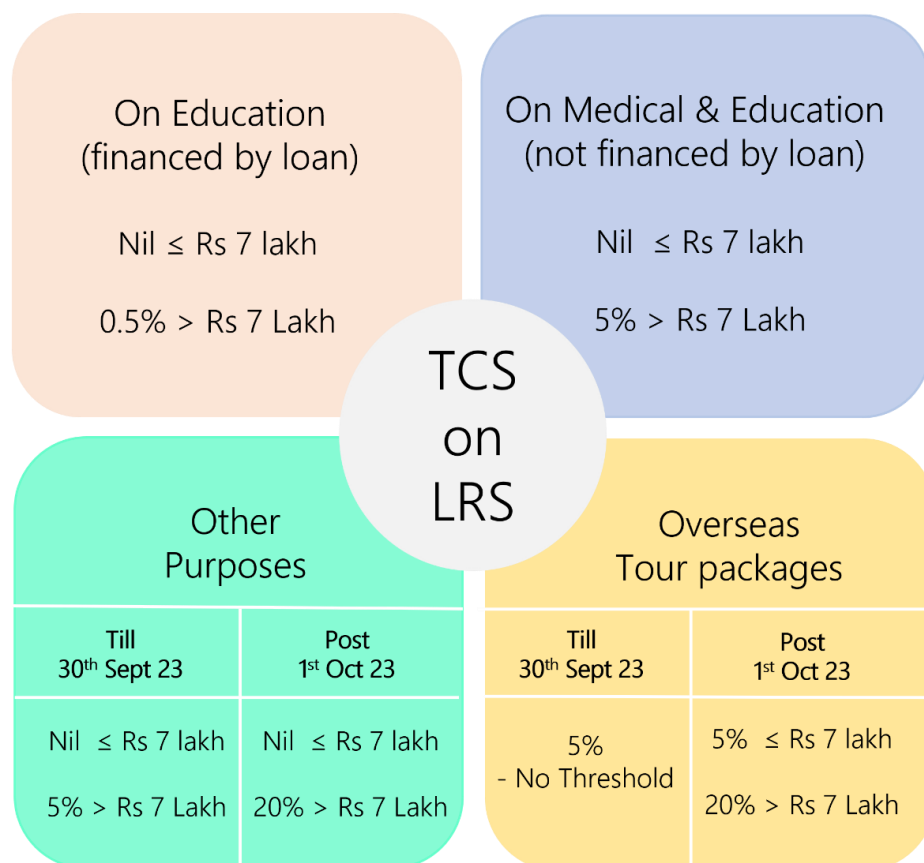
AMENDMENT IN TCS PROVISIONS IN RELATION TO LRS

In the Union Budget 2023-24, changes were proposed in TCS rates on payments under the Liberalised Remittance Scheme (LRS) with effect from 01 July 2023. It was further notified in May 2023 that usage of international credit cards will be covered under limit for LRS which meant would also be liable for TCS.

With an intention of giving adequate time to Banks and Card networks to put in place requisite IT infrastructure, the Government has decided to postpone the implementation of the proposed revisions till further orders in this regard.

Further the increase in TCS rates which were to come into effect from 1st July 23 has been postponed to be now effective from 1st October 23.

Summary of earlier and new TCS rates is as under:






The FAQs released by the Ministry of Finance covers the following aspects:

1. The limits are per financial year
2. There are no separate sub limits for each category. Limit of 7 lacs is for the year for all categories put together.
3. The AD will seek a declaration from the remitter as to aggregate remittances made from 1st April till date and that will be used for determining the TCS rate. Appropriate action as prescribed under Income Tax Act will be taken if the information submitted in declaration is not correct.

FAQ with respect to TCS on LRS can be accessed [here](#).

REMITTANCES TO IFSC UNDER LRS

Presently, remittances by the resident individuals to the International Financial Services Centre (IFSC) could only be made under LRS for making investments in securities. Additionally, RBI has now permitted to remit funds under LRS for payment of fees to foreign universities or foreign institutions located in IFSC.



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