

## *Clarification regarding applicability of Tax Collection at Source at International Debit/Credit card Transactions under LRS*

Finance Ministry issues clarification: No TCS on overseas spending of up to INR 7 Lakh via debit, credit cards

- Concerns have been raised about the applicability of Tax Collection at Source (TCS) to small transactions under the Liberalized Remittance Scheme (LRS) from July 1, 2023. To avoid any procedural ambiguity, it has been decided that any payments by an individual using their international Debit or Credit cards **upto Rs 7 lakh per financial year will be excluded** from the LRS limits and hence, will not attract any TCS.
- “Existing beneficial TCS treatment for education and health payments will continue as before,” the ministry said. This means that payments made for education-related expenses, such as tuition fees, and healthcare expenses will remain exempt from TCS, regardless of the transaction amount. A 5 per cent levy is charged on expenses exceeding INR 7 lakh. For those who availed of education loans, the rate of TCS is 0.5 per cent.
- The necessary changes to the Rules (Foreign Exchange Management (Current Account Transactions Rules), 2000) will be issued separately.

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