

India

# India Postpones Tax Collection at Source (TCS) on International Debit/Credit Cards, Higher TCS Rates

30 June 2023

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On 28 June 2023, the Ministry of Finance issued a press release postponing indefinitely the application of tax collected at source (TCS) on payments through international debit/credit cards under the Liberalized Remittance Scheme (LRS) (scheduled to apply from 1 July 2023). The Ministry further clarified that *"transactions through international credit cards while being overseas would not be counted as LRS and hence would not be subject to TCS"*.

Likewise, the application of revised TCS rates has also been postponed to 1 October 2023 (from 1 July 2023).

Section 206C(IG) of the Income Tax Act, 1961 provides for TCS on (i) foreign remittance through LRS; and (ii) sale of overseas tour program packages. The Finance Act, 2023 amended this section and increased the rate of TCS from 5% to 20% for remittance under LRS as well as for purchase of overseas tour program packages and removed the threshold of INR 700,000 for triggering TCS on LRS. These two changes are not applicable when the remittance is meant for education or medical purposes. These amendments will now take effect from 1 October 2023.

The full text of the update is available [here](#).

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India - India Postpones Tax Collection at Source (TCS) on International Debit/Credit Cards, Higher TCS Rates (30 June 2023), News IBFD.

Exported / Printed on 6 Mar. 2024 by hkermadi@deloitte.lu.