

GMS Flash Alert

2024-051 | March 12, 2024



India – Tax Collection at Source Measures in Interim Budget

The Interim Union Budget 2024, presented by India's central government, outlines the fiscal roadmap for the country until a full budget is introduced in July 2024.¹

Tax Collection at Source on remittances under the Liberalised Remittance Scheme ("LRS") and payments for overseas tour programme packages have been rationalised.

For additional coverage of India's Interim Budget, see "Insights into the Interim Union Budget 2024" and other related documents on the KPMG in India [webpage](#).

WHY THIS MATTERS

These changes will impact certain specified remittances of funds from India such as investments – for example, acquiring shares under a global equity incentive plan, gifts, and vacations/tours. And where those remittances exceed a certain amount, a higher tax rate (20 percent as opposed to 5 percent) would apply.

Tax Collection at Source (TCS)

The Finance Bill, 2024, has proposed the following changes in the TCS regime for remittances under the Liberalised Remittance Scheme (LRS) and payments for overseas tour programme package.

Reduction in TCS rates for remittances/payments less than INR 7 lakh² with retrospective effect from 1 July 2023:

- Remittances under LRS, other than for education and medical treatment – TCS rate reduced from 20 percent to nil.
- Payments for overseas tour program package – TCS rate reduced from 20 percent to 5 percent.

20 percent TCS rate for remittances/payments in excess of INR 7 lakh made effective from 1 October 2023 for³:

- Remittances under LRS, other than for education and medical treatment
- Payments for overseas tour program package.

(For prior coverage, see [GMS Flash Alert 2023-172](#), 12 September 2023.)

KPMG INSIGHTS

Taxpayers should note that, generally speaking, on their income tax returns TCS deductions may be claimed as refunds or credits. It is recommended they consult with their usual tax professional or a member of the tax team with KPMG in India (see the Contacts section).

FOOTNOTES:

1 For the text of the Budget speech and related documents, see: <https://www.indiabudget.gov.in/>.

2 For the meaning of the currency expression “Lakh,” see the Oxford English Dictionary by clicking [here](#). *Please note that by clicking on this link you are leaving the KPMG website for an external (non-KPMG, non-governmental) site, that KPMG is not affiliated with nor does KPMG endorse its content. Use of the external site and its content may be subject to the terms of use and/or privacy policies of its owner or operator.*

3 Extension was given in the press release dated 28 June 2023 / Circular no. 10 dated 30 June 2023 issued by the CBDT. It is now proposed to be codified in the law.

Contact us

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