



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

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in India:



Parizad Sirwalla

Tel. + 91 (22) 3090 2010

psirwalla@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in India.

© 2024 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

www.kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in the U.S.A. USCS001250-2F

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.