

Taxation Revisionary Series  
CA Intermediate  
May, 2024

Lecture 12 – TDS, TCS, Advance Tax

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# Income Tax Revision Schedule

Date	Day	Topic
01-02-2024	Thursday	L1 - Basics of Taxation and General Tax Rates
03-02-2024	Saturday	L2 - Residence and Scope of Total Income
06-02-2024	Tuesday	L3 - Income from Salaries
08-02-2024	Thursday	L4 - Income from House Property
10-02-2024	Saturday	L5 - Profits and Gains from Business or Profession
13-02-2024	Tuesday	L6 - Capital Gains
15-02-2024	Thursday	L7 - Income from Other Sources
17-02-2024	Saturday	L8 - Clubbing of Income
20-02-2024	Tuesday	L9 - Set Off; Carry Forward of Losses
22-02-2024	Thursday	L10 - Deductions from Gross Total Income
02-03-2024	Saturday	L11 - Return Filing and Self Assessment
03-03-2024	Sunday	L12 - TDS, TCS, Advance Tax
04-03-2024	Monday	L13 - Income Tax Liability - Computation and Optimization

# GST Revision Schedule

Date	Day	Topic
05-03-2024	Tuesday	L1 - Supply Under GST
07-03-2024	Thursday	L2 - Charge Under GST; Composition Levy
09-03-2024	Saturday	L3 - Place of Supply
12-03-2024	Tuesday	L4 - Exemptions from GST
14-03-2024	Thursday	L5 - Time of Supply
16-03-2024	Saturday	L6 - Value of Supply
19-03-2024	Tuesday	L7 - Input Tax Credit
21-03-2024	Thursday	L8 - Registration Under GST
23-03-2024	Saturday	L7 - Tax Invoice; Credit and Debit Notes; E-Way Bill
26-03-2024	Tuesday	L8 - Accounts and Records; TDS & TCS
28-03-2024	Thursday	L9 - Payment of Tax
30-03-2024	Saturday	L10 - Returns Under GST

# Chapter 11 – Advance Tax, Tax Deduction at Source and Introduction to Tax Collection at Source

## Tax Deduction at Source (TDS)

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
1	192	Salaries	Basic Exemption Limit	Average Rate	Payment	
2	192A	Premature Withdrawal from EPF	₹ 50,000	10%	Payment	
3	193	Interest on Securities	1. 7.75%/8% Bonds - ₹10,000 2. Interest on Debentures - ₹5,000 3. Others - No Threshold	10%	(P/C) <sub>E</sub>	
4	194	Dividends	1. Individuals - ₹5,000 2. Others - No Threshold	10%	Before Payment	
5	194A	Interest Other Than on Securities	1. From Banks/Post Office/Co-Operative Banks/ <b>Mahila Samman Savings Certificate, 2023 (See detailed amendment after the table):</b> ₹40,000 (₹50,000 for Senior Citizens) 2. From Others: ₹5,000	10%	(P/C) <sub>E</sub>	If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business in the last F.Y. > ₹1 crore, or receipts from profession > ₹50 lakhs

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
6	194B	Winnings from Lotteries, etc.	₹10,000	30%	Payment	
7	194BA	Winnings from Online Gaming	No Threshold	30%	1. At the End of the Financial Year, or 2. At the time of Withdrawal	TDS is deducted only on the amount of net winnings
8	194BB	Winnings from Horse Races	₹10,000	30%	Payment	
9	194C	Contractors	1. Single Payment: ₹30,000 2. Aggregate Payment in a Year: ₹1,00,000	1. 1% (For Payment to Individuals) 2. 2% (For Payment to Others)	(P/C) <sub>E</sub>	1. If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business in the last F.Y. > ₹1 crore, or receipts from profession > ₹50 lakhs 2. No TDS is required to be deducted if the payment is made for personal purposes. 3. Contract includes Works Contract (ABC <sup>2</sup> M) - A: Advertising; B: Broadcasting/Telecasting; C: Catering; C: Carriage of Goods or Passengers; M: Manufacturing as per customer specifications

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
						<p>using material purchased from customer</p> <p>4. No TDS on payment to transport operators if following conditions are satisfied</p> <ol style="list-style-type: none"> <li>Owns ≤ 10 goods carriages in a year;</li> <li>Engaged in the business of plying, leasing goods carriages;</li> <li>Has furnished declaration along with PAN.</li> </ol>
10	194D	Insurance Commission	₹15,000	<ol style="list-style-type: none"> <li>5% (For Non Corporates)</li> <li>10% (For Domestic Companies)</li> </ol>	(P/C) <sub>E</sub>	
11	194DA	Maturity of LIC	>= ₹1,00,000	5%	Payment	TDS is deducted only on the amount of income comprised therein.
12	194G	Commission on Sale of Lottery Tickets	₹15,000	5%	(P/C) <sub>E</sub>	
13	194H	Commission or Brokerage	₹15,000	5%	(P/C) <sub>E</sub>	If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business in the last F.Y. > ₹1 crore, or

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
						receipts from profession > ₹50 lakhs
14	194I	Rent	₹2,40,000	1. 2% (For P&M) 2. 10% (For L&B, F&F)	(P/C) <sub>E</sub>	If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business in the last F.Y. > ₹1 crore, or receipts from profession > ₹50 lakhs
15	194IA	Transfer of Immovable Property	>= ₹50,00,000	1%	(P/C) <sub>E</sub>	<ol style="list-style-type: none"> <li>1. TDS is to be deducted only if the SDV or the consideration exceeds ₹50 lakh.</li> <li>2. Rate of TDS is applied on the consideration or SDV, whichever is higher.</li> <li>3. TDS is not deducted on purchase of rural agricultural land.</li> </ol>
16	194IB	Rent by Certain Individuals/HUFs	> ₹50,000 per month	5%	(P/C) <sub>E</sub>	<ol style="list-style-type: none"> <li>1. Individuals or HUFs having turnover from business in the last P.Y. exceeding ₹1 crore, or professional receipts exceeding ₹50 lakhs are not required to deduct TDS under this section.</li> <li>2. TDS is to be deducted from the rent of the last month only. However, the amount of TDS cannot exceed the</li> </ol>

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
						amount of rent for the last month.
17	194J	1. Professional Services 2. Technical Services 3. Royalty (for Films) 4. Royalty (Other) 5. Non-Compete Fee 6. Directors' Remuneration	1. Professional Services: ₹30,000 2. Technical Services: ₹30,000 3. Royalty: ₹30,000 4. Non-Compete Fee: ₹30,000 5. Directors' Remuneration: No Threshold	1. Professional Services: 10% 2. Technical Services: 2% 3. Royalty (for Films): 2% 4. Royalty: 10% 5. Non-Compete Fee: 10% 6. Directors' Remuneration: 10%	(P/C) <sub>E</sub>	If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business in the last F.Y. > ₹1 crore, or receipts from profession > ₹50 lakhs
18	194K	Income from Units	> ₹5,000	10%	(P/C) <sub>E</sub>	
19	194LA	Compulsory Acquisition of Immovable Property	> ₹2,50,000	10%	Payment	
20	194M	1. Payment to Contractors (194C) 2. Commission or Brokerage (194H) 3. Professional/ Technical Fees (194J)	₹50,00,0000	5%	(P/C) <sub>E</sub>	



S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
21	194N	Cash Withdrawals from Bank	<ol style="list-style-type: none"> <li>₹1 Crore (for Non Defaulter Individuals)</li> <li>₹20 lakhs (for Defaulter Individuals)</li> <li>₹3 Crore (for Co-operative Societies)</li> </ol>	<ol style="list-style-type: none"> <li>2% (on amount exceeding ₹1 crore (for non-defaulters))</li> <li>2% (on amount from ₹20 lakhs to ₹1 crore) and 5% (on amount exceeding ₹1 crore) (for defaulters)</li> </ol>	Payment	You're a defaulter if you haven't filed the return of income for the three years preceding the relevant P.Y.
22	194P	Pension Payments to Specified Senior Citizens	Basic Exemption Limit	Average Rate	Payment	<p>Specified Senior Citizen is an individual:</p> <ol style="list-style-type: none"> <li>Resident of India</li> <li>Age <math>\geq</math> 75</li> <li>Ek hi bank me pension and wahin se interest</li> </ol> <p>Such specified senior citizen need not file Income Tax Return.</p>
23	194Q	Purchase of Goods	₹50,00,000	0.1% on amount exceeding ₹50 lakh	(P/C) <sub>E</sub>	Buyer to deduct TDS only if his business t/o > ₹10 crore in the last F.Y.
24	194R	Perquisites to Non-Salaried People	₹20,000	10%	Before Payment	If the payer is an Individual or HUF, he is liable to deduct TDS only if his turnover from Business

S. No.	Section	Nature of Payment	Threshold	Rate of TDS	Time of Deduction	Remarks
						in the last F.Y. > ₹1 crore, or receipts from profession > ₹50 lakhs

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## Section 194A Notified by the Central Government [Notification No. 27/2023 dated 16.05.2023]

1. Section 194A provides for deduction of tax @10% by any person (other than an individual or a HUF whose total sales, gross receipts or turnover from the business or profession carried on by him/it does not exceed ₹1 crore in case of business and ₹50 lakhs in case of profession during the immediately preceding financial year) on interest, other than “interest on securities” credited or paid to residents.
2. No deduction of tax under section 194A would be made, inter alia, if the aggregate amount of interest paid or credited by post office during the financial year does not exceed ₹40,000/₹50,000 (in case of a senior citizen), on any deposit made with it under any scheme framed and notified by the Central Government.
3. Accordingly, the Central Government has, vide this notification, specified the Scheme “Mahila Samman Savings Certificate, 2023”.
4. “Mahila Samman Savings Certificate, 2023” is a one-time scheme available for two years i.e., from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2025. It offers a maximum deposit facility of upto ₹2 lakh in the name of women or a girl for 2 years at a fixed interest rate of 7.5% p.a., compounded quarterly.
5. Consequently, no tax under section 194A would be deductible by the post office on interest paid or credited under this scheme since the amount of interest would not exceed ₹40,000.

## Guidelines to Remove Difficulties Arising in Implementation of the Provisions of Section 194BA [Circular No. 5/2023 dated 22.5.2023]

Section 194BA inserted by Finance Act, 2023 mandates tax deduction at source at 30% on net winnings from online games. CBDT may issue guidelines to address any implementation challenges. Accordingly, the CBDT has, vide this circular, issued the following guidelines:

### Question 1

There are a large number of gamers who play with very insignificant amount and withdraw also very small amount. Deducting tax at source under section 194BA of the Act for each insignificant withdrawal would increase compliance for tax deductor. Can there be relaxation to ease compliance?

### Answer

Tax may not be deducted on withdrawal on satisfaction of all of the following conditions, namely:

1. net winnings comprised in the amount withdrawn does not exceed ₹100 in a month;
2. tax not deducted on account of this concession is deducted at a time when the net winnings comprised in withdrawal exceeds ₹100 in the same month or subsequent month or if there is no such withdrawal, at the end of the financial year; and
3. the deductor undertakes responsibility of paying the difference if the balance in the user account at the time of tax deduction under section 194BA of the Act is not sufficient to discharge the tax deduction liability.

## Question 2

When the net winnings is in kind how will tax deduction under section 194BA operate?

### Answer

At the outset, it may be clarified that where money in user account is used to buy an item in kind and given to user then it is net winnings in cash only and the deductor is required to deduct tax at source under section 194BA accordingly.

However, there could be a situation where the winning of the game is a prize in kind. In that situation provision of section 194BA(2) will operate.

According to this where the net winnings are wholly in kind or partly in cash, and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings. In these situations, the person responsible for paying, shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings. In the above situation, the deductor will release the net winnings in kind after the deductee provides proof of payment of such tax (e.g., Challan details etc.).

In the alternative, as an option to remove difficulty if any, the deductor may deduct the tax under section 194BA and pay to the Government.

## Question 3

How will the valuation of winnings in kind required to be carried out?

### Answer

The valuation would be based on fair market value of the winnings in kind except in following cases:

1. The online game intermediary has purchased the winnings before providing it to the user. In that case the purchase price shall be the value for winnings.
2. The online game intermediary manufactures such items given as winnings. In that case, the price that it charges to its customers for such items shall be the value for such winnings.

It is further clarified that GST will not be included for the purposes of valuation of winnings for TDS under section 194BA of the Act.

## Additional Important Points

Section	Requirement	Consequence of Non-Compliance	Exceptions
206AA	Deductee must furnish PAN to the deductor	Deductor to deduct tax at the higher of: 1. Rate in the Act; 2. Rates in force; 3. 20% (or 5% for section 194-Q)	NA

<b>206AB</b>	Tax to be deducted at source on any sum paid/credited to a "specified person".	Tax to be deducted at the higher of: 1. Twice the rate in the Act; 2. Twice the rate in force; c) 5%	Not applicable for tax deductible at source under sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194M11, or 194N.
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1. Meaning of "specified person": A person who:
  - a. Has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is to be deducted, for which the time limit under section 139(1) has expired.
  - b. The aggregate of tax deducted at source and tax collected at source is ₹50,000 or more in the said previous year.

However, the specified person would not include:

- a. A non-resident without a permanent establishment in India.
  - b. A person exempt from furnishing the return of income for the relevant assessment year and notified by the Central Government.
2. If section 206AA is also applicable to the specified person, tax is required to be deducted at the higher of the two rates provided in section 206AA and section 206AB.

## Advance Payment of Tax

Category	Criteria/Condition	Due Dates/ Instalments	Amount Payable
<b>Liability for Payment of Advance Tax</b>	<ul style="list-style-type: none"> <li>Tax payable in advance for the income of the next A.Y.</li> <li>Applicable if advance tax payable <math>\geq</math> ₹10,000.</li> <li>Resident Individuals <math>\geq</math> 60 years not earning under "Profits and gains of business or profession" are exempt.</li> </ul>	Applicable during the financial year of income generation.	NA
<b>Instalments for Corporates &amp; Non-corporates (excluding presumptive basis under 44AD or 44ADA)</b>	Four instalments schedule:		
	<b>Due Date</b>	<b>Amount Payable</b>	
	<b>15th June</b>	Not less than 15% of advance tax liability.	
	<b>15<sup>th</sup> September</b>	Not less than 45% of advance tax liability (-) amount paid earlier.	
	<b>15<sup>th</sup> December</b>	Not less than 75% of advance tax liability (-) amount paid earlier.	
	<b>15<sup>th</sup> March</b>	The whole amount of advance tax liability (-) amount paid earlier.	
<b>Advance Tax Payment on Presumptive Basis (u/s 44AD(1) or 44ADA(1))</b>	<ul style="list-style-type: none"> <li>For eligible assessee on presumptive basis.</li> <li>Payment by 31<sup>st</sup> March treated as advance tax of the F.Y.</li> </ul>	On or before 15 <sup>th</sup> March	Whole amount of advance tax.

## Interest u/s 234A/234B/234C

Section	Reason for Levy	Interest Rate	Conditions	Calculation Basis	Threshold Allowance
234A	Late filing of return	1% per month or part	From due date of return filing till the date return is filed	On the "tax payable"	NA
234B	Short payment of advance tax	1% per month or part	From 1st April of the A.Y. till the date of payment	On the "tax payable"	Not leviable if $\geq 90\%$ of total tax liability paid as advance tax
234C	Deferment of advance tax	1% per month or part	See 234C Specifics table	On shortfall in advance tax payment as per specified percentages and dates	Margins provided for the first and second instalments

### 234C Specifics

Specified Date	Specified %	Shortfall in Advance Tax	Period	Margin*
15th June	15%	15% of tax due on returned income (-) advance tax paid up to 15th June	3 months	12%
15th September	45%	45% of tax due on returned income (-) advance tax paid up to 15th September	3 months	36%
15th December	75%	75% of tax due on returned income (-) advance tax paid up to 15th December	3 months	NA
15th March	100%	100% of tax due on returned income (-) advance tax paid up to 15th March	1 month	NA

Margin means that even if the assessee has paid this much of advance tax, interest u/s 234C won't apply. Therefore, if, till 15<sup>th</sup> June, even if 12% of tax due on returned income is paid as advance tax, interest u/s 234C won't apply. Similarly, if, till 15<sup>th</sup> September, even if 36% of tax due on returned income is paid as advance tax, interest u/s 234C won't apply.

## Tax Collection at Source (TCS)

S. No.	Section	Nature of Payment	Threshold	Rate of TCS	Time of Collection	Remarks
1.	206C(1)	Sale of Certain Goods	NA	1. Daru, Kabaad aur Minerals - 1% 2. Timber (With or Without Forest Lease) - 2.5% 3. Other Forest Produce - 2.5% 4. Tendu Leaves - 5%	(R/D) <sub>E</sub>	Buyer cannot be Governments, etc., or an individual who purchases these things for personal consumption. Seller can only be Governments, companies, firms, etc. However, an individual can also be considered as a seller only if his turnover from business > ₹1 crore or receipts from profession > ₹50 lakhs in the last F.Y.
2.	206(1C)	Licensing Parking Lot, Toll Plaza, Mine or Quarry	NA	2%	(R/D) <sub>E</sub>	
3.	206C(1F)	Sale of Motor Car	₹10,00,000	1%	Receipt	Seller can only be Governments, companies, firms, etc. However, an individual can also be considered as a seller only if his turnover from business > ₹1 crore or receipts from profession > ₹50 lakhs in the last F.Y.
4.	206C(1G)	Overseas Remittance; Overseas Tour Package		1. Ghoomne a. Upto 30-09-2023: 5% b. 01-10-2023 onwards: i. Upto ₹7,00,000: 5% ii. Above ₹7,00,000: 20% 2. Education and Medical Treatment: a. Upto ₹7,00,000: NIL b. Above ₹7,00,000: 5% 3. For other than 2:	(R/D) <sub>E</sub>	

S. No.	Section	Nature of Payment	Threshold	Rate of TCS	Time of Collection	Remarks
				a. Upto 30-09-2023: i. Upto ₹7,00,000: NIL ii. Above ₹7,00,000: 5% b. 01-10-2023 onwards: i. Upto ₹7,00,000: NIL ii. Above ₹7,00,000: 20% 4. For Loan u/s 80E: a. Upto ₹7,00,000: NIL b. Above ₹7,00,000: 0.5%		
5	206C(1H)	Sale of Goods	₹50,00,000	0.1% on amount exceeding ₹50 lakh	Receipt	If the buyer deducts TDS on such transaction, seller is not required to collect TCS.



## Additional Important Points

Section	Requirement	Rates	Maximum Rate	Exclusions
206CC	Non-furnishing of PAN/ Aadhaar (for 206C(1H)) by collectee	<ul style="list-style-type: none"> <li>Twice the rate in the Act</li> <li>5% (1% for 206C(1H))</li> </ul>	20%	Non-resident without permanent establishment in India
206CCA	Tax to be collected from a "specified person"	<ul style="list-style-type: none"> <li>Twice the rate in the Act</li> <li>5%</li> </ul>	20%	
General	If both 206CC and 206CCA apply	Higher of the two rates from 206CC and 206CCA		
Specified Person	Non-filing of income tax return with TDS + TCS $\geq$ ₹50,000			<ul style="list-style-type: none"> <li>Non-resident without permanent establishment in India</li> <li>Notified persons by the Central Government not required to file return</li> </ul>

Circular No. 10/2023, Dated 30<sup>th</sup> June, 2023: Circular to Remove Difficulty in Implementation of Changes Relating to Tax Collection at Source (TCS) on Liberalised Remittance Scheme (LRS) and on Purchase of Overseas Tour Program Package

### Question 1

Whether payment through overseas credit card would be counted in LRS?

### Answer

No TCS shall be applicable on expenditure through international credit card while being overseas till further order.

### Question 2

Whether the threshold of ₹7 lakh, for TCS to become applicable on LRS, applies separately for various purposes like education, health treatment and others? For example, if remittance of ₹7 lakh under LRS

is made in a financial year for education purpose and other remittances in the same financial year of ₹7 lakh is made for medical treatment and ₹7 lakh for other purposes, whether the exemption limit of ₹7 lakh shall be given to each of the three separately?

**Answer**

It is clarified that the threshold of ₹7 lakh for LRS is combined threshold for applicability of the TCS on LRS irrespective of the purpose of the remittance.

Thus, in the given example, upto ₹7 lakh remittance under LRS during a financial year shall not be liable for TCS. However, subsequent ₹14 lakh remittance under LRS shall be liable for TCS in accordance with the TCS rates applicable for such remittance.

In the example, if the remittances under LRS are made in the current financial year at different point of time, TCS rates for the remaining ₹14 lakh remittances under LRS would depend on the time of remittance as TCS rates changes from 1<sup>st</sup> October 2023.

TCS rates would be applicable as under:

Remittances	Rate of TCS
First ₹7 lakh remittance under LRS during the financial year 2023-24 for education purpose (or for that matter any purpose)	No TCS
Remittances beyond ₹7 lakh under LRS during the financial year 2023-24, if on or before 30th September 2023	TCS at 5% (irrespective of the purpose unless it is for education purpose financed by loan from a financial institution when the rate is 0.5%)
Remittances beyond ₹7 lakh under LRS during the financial year 2023-24, if on or after 1st October 2023.	TCS at 0.5% (if it is for education purpose financed by loan from a financial institution), 5% (if it is for education or medical treatment) and 20% (if it is for other purposes)

**Question 3**

Since there are different TCS rates on LRS for the first six months and next six months of the financial year 2023-24, whether the threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies separately for each six months?

**Answer**

No. The threshold of Rs 7 lakh, for the TCS to become applicable on LRS, applies for the full financial year. If this threshold has already been exhausted; all subsequent remittances under LRS, whether in the first half or in the second half, would be liable for TCS at applicable rate.

**Question 4**

Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for each remittance through different authorised dealers? If not, how will authorised dealer know about the earlier remittances by that remitter through some other authorised dealer?

**Answer**

It is clarified that the threshold of ₹7 lakh for LRS is qua remitter and not qua authorised dealer.

Since the facility to provide real time update of remittance under LRS by remitter is still under development by the RBI, it is clarified that the details of earlier remittances under LRS by the remitter during the financial year may be taken by the authorised dealer through an undertaking at the time of remittance. If the authorised dealer correctly collects the tax at source based on information given in this undertaking, he will not be treated as "assessee in default". However, for any false information in the undertaking, appropriate action may be taken against the remitter under the Act.

It is further clarified that same methodology of taking undertaking from the buyer of overseas tour program package may be followed by the seller of such package.

#### **Question 5**

There is threshold of ₹7 lakh for remittance under LRS for TCS to become applicable while there is another threshold of ₹7 lakh for purchase of overseas tour program package where reduced rate of 5% of TCS applies. Whether these two thresholds apply independently?

#### **Answer**

Yes, these two thresholds apply independently. For LRS, the threshold of ₹7 lakh applies to make TCS applicable. For purchase of overseas tour program package, the threshold of ₹7 lakh applies to determine the applicable TCS rate as 5% or 20%.

#### **Question 6**

A resident individual spends ₹3 lakh for purchase of overseas tour program package from a foreign tour operator and remits money which is classified under LRS. There is no other remittance under LRS or purchase of overseas tour program during the financial year. Whether TCS is applicable?

#### **Answer**

In case of purchase of overseas tour program package which is classified under LRS, TCS provision for purchase of overseas tour program package shall apply and not TCS provisions for remittance under LRS.

Since for purchase of overseas tour program package, the threshold of ₹7 lakh for applicability of TCS does not apply, TCS is applicable and tax is required to be collected by the seller. In this case the tax shall be required to be collected at 5% since the total amount spent on purchase of overseas tour program package during the financial year is less than ₹7 lakh. The TCS should be made by the seller.

#### **Question 7**

There are different rates for remittance under LRS for medical treatment/education purposes and for other purposes. What is the scope of remittance under LRS for medical treatment/education purposes?

#### **Answer**

As per the clarification by the RBI, remittance for the purposes of medical treatment shall include:

1. remittance for purchase of tickets of the person to be treated medically overseas (and his attendant) for commuting between India and the overseas destination;

2. his medical expense; and
3. other day to day expenses required for such purpose.

### **Education**

Remittance for purpose of education shall include:

1. remittance for purchase of tickets of the person undertaking study overseas for commuting between India and the overseas destination;
2. the tuition and other fees to be paid to educational institute; and
3. other day to day expenses required for undertaking such study.

### **Question 8**

Whether purchase of international travel ticket or hotel accommodation on standalone basis is purchase of overseas tour program package?

### **Answer**

The term 'overseas tour program package' is defined as to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

It is clarified that purchase of only international travel ticket or purchase of only hotel accommodation, by in itself is not covered within the definition of 'overseas tour program package'. To qualify as 'overseas tour program package', the package should include at least two of the followings:

1. international travel ticket,
2. hotel accommodation (with or without food)/boarding/lodging,
3. any other expenditure of similar nature or in relation thereto.

**Important Questions: ALL Questions are important of this chapter! Don't skip any question!**