

AU SMALL FINANCE BANK**INFORMATION ABOUT TCS ON FOREIGN REMITTANCE***

TCS (tax collected at source) on Foreign Remittance is a type of tax which is collected by bank or the financial institution at the time of remitting money outside the country above the threshold limit.

As per the latest regulations, the applicable TCS rate on foreign remittance rate varies depending on the purpose of the remittance:

S. No.	Purpose of Remittance	Minimum Threshold	Rate of TCS	
			With PAN	Without PAN/ Inoperative PAN
(a)	If the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education.	NA	NIL	NIL
(b)	LRS for medical treatment/education (other than mentioned in (a))	TCS shall be collected on amount exceeding Rs. 10 Lakhs in a financial year.	2%	5%
(c)	For any other purpose as mentioned in Liberalized Remittance Scheme of RBI	TCS shall be collected on amount exceeding Rs. 10 Lakhs in a financial year.	20%	20%

When a person remits more than INR 10 lakh outside India within a single financial year, the bank collects [Tax Collected at Source](#) (TCS) at the applicable rate. This tax is collected at the time of executing the transaction. Thereafter, Bank deposits the same to the Government within statutory timelines and report to the Income Tax Department. The sender can claim credit of the TCS amount while filing the income tax return.

How TCS is Calculated: TCS is applied only to the amount exceeding INR 10 lakh threshold. For example, if a customer remits INR 13 lakh for LRS purpose, TCS is calculated at 20% on the amount above INR 10 lakh. In this case, TCS would apply on INR 3 lakh, resulting in TCS of INR 60,000, which will be collected from customer and deposited to the Government.