

International Usage of Debit Cards- TCS & LRS

Liberalised Remittance Scheme (LRS) is a scheme of RBI which allows a resident individual to freely remit out of India up to USD 2,50,000 per financial year for any permissible current account transaction. All International Transactions carried out through Debit Cards also come under LRS.

As per the RBI Master Direction vide Master Direction on Liberalized Remittance Scheme (LRS) dated August 24, 2022 (RBI/FED/2017 18/3 FED Master Direction No.7/2015-16), it is mandatory for all resident individuals to provide his/her Permanent Account Number (PAN) to make remittance under the Scheme. PAN should be valid and linked with Aadhar. If Aadhaar & PAN is not linked, then PAN will be invalid and hence remittance will not be permitted. To comply with the directions, all the international transactions through Debit Card would be blocked if PAN is not updated in the operative account/customer ID. The PAN can be updated via the following channels:

- Mobile Application: Login to SIB Mirror + -> Services & Request-> Update KYC->Update PAN
- Net Banking SIBerNet : Login to SIBerNet +> Service Request-> Update KYC-> Update PAN
- Branches: Visit your nearby South Indian Bank branch and submit the request.

As per the provisions of Sec 206C (1G) of the Income Tax Act, 1961, an authorised dealer who receives an amount (or aggregate of amounts) exceeding an amount of Rs.7 lakhs in a financial year from a person remitting such amount out of India, under the Liberalised Remittance Scheme (LRS) of RBI, is required to collect tax at source. Tax shall be collected only on the aggregate amount of LRS transactions in excess of Rs.7 lakhs in a financial year.

Debit card transactions which are utilized in foreign currency shall fall under the purview of LRS and TCS will be collected at applicable rates.

The TCS will be collected from the account linked to the debit card and hence sufficient balance is to be maintained in the account on initiating international transactions.