

Most tax consultants feel that the hike in TCS rate (introduced in **Budget 2023**) is a harsh move. “LRS is applicable to individuals only. Salaried employees already pay TDS. Business income and professional income is also subject to TDS. Then in addition, one has to pay TCS at 20 percent,” says Neeraj Agarwala, Director, Nangia Andersen India. He feels, if the tax authorities wanted to monitor transactions then 1 percent TCS would have been sufficient.

Do remember that TCS is not a tax by itself. It is adjustable against a taxpayer's total income tax liability in a financial year. An upfront TCS of 20 per cent on tour packages will increase the cash outflow. If the user does not have an adequate tax liability to offset the TCS, he or she will have to file for a refund which could take several months, thus, severely impacting his or her cash flow, said Neeraj Agarwala. So, while making a budget for your next foreign trip, you must factor in this condition, experts advised.