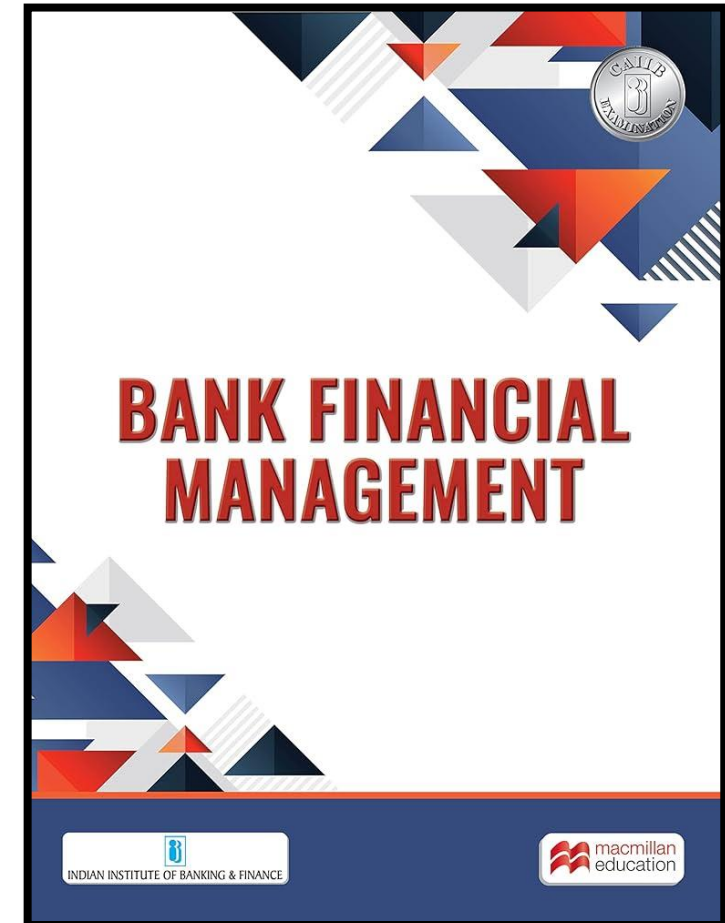


# CAIIB Examination

**Bank Financial Management  
Module A  
Chapter 2 – Liberalised Remittance  
Scheme (LRS) and Other Remittance  
Facilities for Residents - Part 3**



# LRS & OTHER REMITTANCE FACILITIES

## 2. LRS



EduTap

**1. FEMA, 1999** - 1. LRS Scheme, 2. Capital & Current Account, 3. Sections of FEMA vis-a-vis LRS, 4. Permissible/ Non-Permissible remittances under LRS, 5. Operational Guidelines

**2. LRS** - 1. LRS Remittances for Current A/c, 2. Tax Collected at Source (TCS), 3. LRS Remittances for Capital A/c 4. Reporting requirements

### 1. LRS Remittances for Current A/c

**1. Private visits to country (x Nepal & Bhutan)**

- 1. Amount in cash** – Irrespective of no. of visits in an FY, cash upto Rs. 50,000 beyond which routed through a/c
- 2. Unutilized Foreign Exchange** – Surrender to AD within 180 days from the date of return to India
- 3. Haj pilgrims** – **1. Iran & Russia** = Full exchange released as Foreign Currency notes, **2. Iraq & Libya** - USD 5000, **3. Other countries** - USD 3000

**1. Relative as per Co. Act 2013** – Members of HUF; husband and wife; father, mother, son, daughter, daughter's husband, brother, sister (incl. step relatives)

**2. Not included for gifting** – Step daughter, father's father, father's mother, mother's father, mother's mother, Son's son, Son's son's wife, son's daughter, son's daughter's husband, daughter's son, daughter's son's wife, daughter's daughter's husband, brother's wife, sister's husband

**3. Resident cannot gift to resident** – In foreign currency or security in foreign currency account

**3. Emigration**

- 1. Beyond USD 2.5 lakhs** – For emigration allowed
- 2. Not for** - Earning points/credits, Investments in Government Bonds, Lands, Commercial Enterprises, etc., Foreign Bank guarantees towards Overseas employers/Immigration

**1. Type of Art** – Objects of art for personal purposes not connected with trade or commercial purpose

**5. Business trips**

- 1. Purpose** – Business, Attending conferences & training
- 2. Outside LRS** – If company pays for trip + permitted without any limit

**2. Gift to a foreigner**



**4. Purchase of Objects of Art**

**6. Medical treatment abroad**

**1. Limits** – AD may release **USD 2.5 lakhs** & above this as per estimate of doctor for abroad visit, person outside India & person as attendant to a patient going abroad.

**1. Limits** - AD may release **USD 2.5 lakhs**

**2. Foreign Bank guarantees** - Towards educational purposes in favor of Overseas Universities/entities are not permitted

**3. Students going abroad for studies = NRIs** – 1. Existing resident account = NRO a/c, **2. Can avail** remittance facilities for NRIs & remit up to **USD 1 Mn**

**7. Studies abroad**



### 2. Tax Collected at Source (TCS)



**1. Income Tax Act** – New insertion by Finance Act, 2020 on TCS at **5%** on LRS remittances & without PAN card = **10%**

**2. Threshold** – Applicable only on remittance above Rs. 7 lakhs/FY

**3. Applicable** – Only on LRS; Not on non-individuals & remittances for payment of import of goods or services, etc.. On transfer from domestic rupee account to the NRO account under LRS

**4. Education** – On studies abroad on educational loan, TCS = **0.5%** & Rs. 7 lakh threshold

Customer A	Makes a remittance of Rs 6,50,000 Date: Apr 04, 2020	No tax will be collected
	Makes a remittance of Rs 9,50,000 Date: May 05, 2020	5% tax will be collected on Rs 9,00,000 (Rs 6,50,000+9,50,000–7,00,000)
	Makes a remittance of Rs 40,000 Date: Dec 10, 2020	5% tax will be collected on incremental Rs 40,000 (as the remitter has crossed Rs 7 lakh earlier)



# Concept Check

Q.

The Haj pilgrims can exchange \_\_\_\_\_ amount of money for USD if they are visiting county other than Iran, Iraq, Libya and Russia. (Select the most appropriate answer from the option given below)

- a) USD 2000
- b) USD 7000
- c) USD 3000
- d) USD 5000

Answer: Option C

# Concept Check

## HWQ.

Which among the following are not eligible to send remittances as gift under the Liberalised Remittance Scheme (LRS)?

1. Step daughter
2. Father's father
3. Sister

**(Select the most appropriate answer from the option given below)**

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3

*Thank You*

**For More Info Contact us:**

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# Concept Check

## HW Q.

Which among the following are not eligible to send remittances as gift under the Liberalised Remittance Scheme (LRS)?

1. Step daughter
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**(Select the most appropriate answer from the option given below)**

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3

Answer: Option A