



Tax Clearance Certificate for Indian Residents Travelling Abroad

Recently there has been lot of social media propagation for obtain an Income Tax Clearance Certificate (TCC) by all Indian residents traveling abroad. This Publication is made to address the said issue and portray the clear position of Law.

Provision related to Obtaining Tax Clearance Certificate for Indian Domiciled Person

Section 230 (1A) of the Income-tax Act, 1961(the 'Act') relates to obtaining of a tax clearance certificate, in certain circumstances, by persons domiciled in India. The said provision has been in force since Finance Act, 2003 w.e.f. 1.6.2003.

The Finance Budget 2024-2025, presented on 23rd July 2024, has only made an amendment to the pre - existing Section 230(1A) of the Act. The amendment now includes liabilities under the Black Money Act, 2015 (amendment effective from 1st October 2024) in addition to other acts such as the Wealth-tax Act, 1957, the Gift-tax Act, 1958, the Expenditure-tax Act, 1987.

However, the Ministry of Finance clarified that the requirement for an TCC remains unchanged since 2003 and issued a press release on 20th August, 2024 clarifying the circumstances where TCC is required by Indian Domiciled Person.

<https://pib.gov.in/PressReleasePage.aspx?PRID=2047104>





Tax Clearance Certificate for Indian Residents Travelling Abroad

When is an Indian Domiciled Person required to obtain TCC?

Every Indian Domiciled Person doesn't need to obtain TCC for foreign travel. Only few classes of persons are required to get the TCC and such cases are-

- If the person has involvement in serious financial or tax irregularities of any manner wherein tax authorities require their presence for an investigation and it is likely that a tax demand will be raised against him

or

- If the person has outstanding tax arrears exceeding Rs. 10 lakhs and it has not been stayed by any authority.

Such persons need to file **Form 31** for getting a tax clearance certificate from the department.

It is further clarified by the Central Board of Direct Taxes (CBDT) under section 230 that it is not mandatory to secure a tax clearance certificate for the individual domiciled in India before leaving the country nor any Income Tax authority shall make it necessary for any Indian Resident to obtain a certificate unless he records the reasons therefor and obtains the prior approval of higher authority.

In all other cases other than above two scenarios a valid PAN card suffices in such a situation. However, they still need to file **Form 30C** stating that they are travelling outside the country along with purpose and estimated duration of their trip.

Form 30C is a fairly simple form wherein only details required are as follows:

1. Basic information – Name, PAN, and Address.
2. The purpose of Visit outside India
3. Estimated period of stay outside India
4. Passport No.





Tax Clearance Certificate for Indian Residents Travelling Abroad

Summarizing the above clause -TCC under Section 230(1A) of the Act is needed by residents domiciled in India only in rare cases, such as

- (a) where a person is involved in serious financial irregularities
- or
- (b) where a tax demand of more than Rs. 10 lakh is pending which is not stayed by any authority.

Earlier The Black Money Act was not covered under liabilities to be cleared off which has now been inserted via amendment. This amendment will be effective from October 1, 2024.

If you have feedback or questions on this topic, kindly scan the provided QR code.



For reading our various other publications, kindly scan the provided QR code.

