

# US Bill cuts remittance tax to 3.5% for non-US citizens

Govt sources say Bill will still hit remittances to India

**MONIKA YADAV &  
ASIT RANJAN MISHRA**  
New Delhi, 23 May

The Donald Trump administration has lowered the proposed remittance tax rate it plans to impose on funds sent abroad by non-US citizens, including to India, from 5 per cent to 3.5 per cent.

The change was introduced through an amendment to the 'One Big Beautiful Bill', which was passed by the US House of Representatives on Thursday. Non-US citizens include H-1B, L-1, and F-1 visa holders, as well as green card holders. US citizens and nationals are exempt from this tax. The Bill will now head to the Republican-majority Senate for final approval before it can be enacted into law.

The original version of the Bill — spanning major reforms in income tax, health care, corporate taxation, and federal debt — included a 5 per cent excise duty on outward remittances, to be paid by the sender.

It drew concern from immigrant communities and experts, especially given the volume of remittances flowing from the US to countries like India and Mexico.

A government official speaking on condition of anonymity said the Bill, if enacted, will have an impact on remittances into the country.

"The government has not made an assessment yet. No discussion has happened whether its removal can be a demand under the proposed India-US bilateral trade agreement," the official said.

India is the largest recipient of remittances from the US. It received \$32.9 billion in 2023-24, with a 27.7 per cent share in the country's

## Goyal discusses trade pact with US commerce secy



Commerce and Industry Minister Piyush Goyal (*right*) with US Commerce Secretary Howard Lutnick in Washington on Friday

PHOTO: X@PIYUSHGOYAL

Union Commerce Minister Piyush Goyal on Friday said he had a "constructive meeting" with his counterpart Howard Lutnick for a mutually beneficial trade agreement between the two countries.

Both sides remain "committed to enhancing opportunities for our businesses and people," he said in a post on X.

Indian officials, including chief negotiator Rajesh Agrawal, are meeting US officials in Washington this week to advance the first tranche of the trade pact. India expects to reach an interim agreement before July, when President Donald Trump's reciprocal tariffs are set to kick in.

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inward remittances, according to the Reserve Bank of India data.

Overall, such remittances have more than doubled from \$55.6 billion in 2010-11 to \$118.7 billion in 2023-24.

"In the short term, we expect

remittances to India to spike before the effective date of January 1, 2026. We may also see a shift of some remittances from formal to informal channels," said Lloyd Pinto, Partner - US Tax at Grant Thornton Bharat.