The Foreign Assets of Small Taxpayer

Disclosure Scheme, 2026

Direct Tax Committee, ICAI
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By, CA. Cotha S Srinivas,
Former Central Council Member, ICAI,
Pr. SSB & Associates

TOPICS FOR TODAY's DISCUSSION

- History & Evolution
- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015
- FAST – DS, 2026
- FAQs

History & Evolution

History & Evolution

TIMELINE

2012 — Schedule FA Introduced AY 2012-13

2015 — Black Money Act Enacted (Flat 120% Tax + Penalty)

2019 — Retroactive Scope expansion (Ex-Resident covered)

2024 — De minimis Relief Threshold (Rs. 20Lakh Exemption)

2026 — **FAST – DS 2026 Voluntary Amnesty**

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The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

Black Money Act , 2015

Sec 2 of Black Money Act , 2015 — Sec. 2(2) defines the "**assessee**" for the purpose of Black Money Act.

- **Resident & Ordinarily Resident (ROR) in Current Year** → **ELIGIBLE ASSESSEE**
- **Resident but not Ordinarily Resident (RNOR) In Current Year**
- **Non Resident (NR) In Current Year**

Check Historical Status:
Assessee was Resident in the year in which
1. the foreign income arose ?
OR
2. the foreign asset was acquired ?
AND
The same has been disclosed in the ROI

- **Yes** → **OUTSIDE SCOPE OF BM ACT, 2015**
- **No** → **ELIGIBLE ASSESSEE**

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Black Money Act , 2015

Sec 4 of Black Money Act , 2015 — Section 4 defines the "Tax Base" (or Scope) of the Black Money Act.

- It sets the precise boundaries of what constitutes **"Total Undisclosed Foreign Income and Asset"**.
- It lays down three operational pillars:

Section 4(1): The 3 Triggers

– Defines what gets taxed

(a) Unreported Foreign Income in a Filed Return

(b) Unreported Foreign Income when NO Return was Filed

(c) Undisclosed Foreign Asset

Section 4(2):

The Exclusion Rule -This is a **protection clause** for taxpayers.

It states that normal business adjustments or transfer pricing disputes **will NOT be treated as Black Money**.

Section 4(3): The Bar on Double Jeopardy

Ensures that once an item is taxed under the Black Money Act, it **cannot be taxed again** under the Income Tax Act.

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Black Money Act ,2015

Black Money Act , 2015

Section	Description	Exemption	Penalty Rate / Quantum
Section 41	Undisclosed Assets / Income acquired with untaxed or unaccounted funds.	No statutory lower limit exception.	**30%** - base tax on the Fair Market Value (FMV). + **90%** - penalty on the Fair Market Value (FMV) **Total Liability :** – **120% - on the Fair Market Value (FMV)**
Section 42	Non-Filing of Tax Return (ITR) while holding foreign assets or earning foreign income.	Exemption applies if **aggregate value** of all movable foreign financial assets is ≤ ₹ 20 Lakh. (excludes immovable property)	**₹ 10 Lakh per AY of default.**
Section 43	Procedural Omission in Schedule FA despite filing an Indian Income Tax Return.	Exemption applies if **aggregate value** of all movable foreign financial assets is ≤ ₹ 20 Lakh. (excludes immovable property)	**₹ 10 Lakh per AY of default.**

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Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026

(FAST – DS, 2026)

FAST – DS, 2026

What is

Foreign Assets ?

Who are

Small Taxpayers ?

How is

Disclosure Scheme ?

FAST – DS, 2026

What is Foreign Assets ?

Fixed Assets

Immovable Property

- Land
- Building
- Any Real Estate

Movable Property

- Gold / Silver Bullion
- Jewellery
- Gemstones
- Paintings
- Drawings
- Sculptures
- Archaeological Coll.
- Other work of art

Investments

- Listed Equity Shares or securities
- Unquoted Shares/ Securities
- ESOPs/ RSUs
- Foreign mutual funds/ ETFs
- Interest in Foreign Entities (Partnership Firm /LLP/ AOPs/ Trusts, Entities)
- Cryptocurrency/ Digital Assets

Current Assets

- Savings/ Current Account
- Term Deposits
- Retirement / Pension Accounts
- Overseas Brokerage Holdings
- Cash on Hand
- Foreign Insurance or Annuity Contracts
- Loans or adv. given o/s India

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FAST – DS, 2026

Who are Small Taxpayers ?

Assessee in Relevant Previous Year -

- **Resident(ROR)** → **All Situations**
- **Resident but Not Ordinary Resident (RNOR)**
- **Non-Resident (NR)**

But was resident in :

1) PY in which undisclosed foreign income was earned

or

2) PY in which undisclosed asset located outside India is Acquired

+

Criteria

Undisclosed Asset Outside India
or
Income
<= **Agg. 1Cr**

OR

Undeclared Asset Located Outside India
<= **Agg. 5Cr**

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FAST – DS, 2026

Who are Small Taxpayers ?

Undisclosed asset outside India :

- Means an asset (including financial interest in any entity) located Outside India
- Held by assessee in his name or in respect of which he is a beneficial owner

and

- He has no explanation about source of investment in such asset or
- the explanation given by him is in opinion of Assessing officer unsatisfactory.

Undisclosed foreign Income :

- Means the total amount of income of an assessee from source located outside India
- Which was chargeable to tax in India but has not been offered to tax under Income Tax Act, 1961.

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FAST – DS, 2026

How is Disclosure Scheme?

Act	**Finance Act, 2026-** Foreign Assets of Small Taxpayers Disclosure Scheme, 2026	**Chapter IV, Sec 130 to Sec 144**
Rules	Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026	**Rule No. 1 to Rule No. 9**
Forms	**Form 1, 2, 3, 4**	
Others	Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 **AND** FAQ's issued by Income Tax Department.	

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FAST – DS, 2026

How is Disclosure Scheme ?

It is a one-time voluntary disclosure scheme

Eligible tax payers can declare

- **Undisclosed Foreign Assets**
- **Undisclosed Foreign income**
- **Undeclared Foreign Assets**

On payment of Specified Tax or Fee

The Scheme comes into force on 16th August, 2026.

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FAST – DS, 2026

How is Disclosure Scheme ?

Sec 133 : Amount Payable by the declarant

Sl.no	Type of assets or income	Amount payable	Conditions
1	(a) Undisclosed asset located outside India; **OR** (b) Undisclosed foreign income	**Aggregate of,** (i) **30%** of value of the undisclosed asset located outside India as on the 31st March, 2026 (ii) **30%** of the undisclosed foreign income; **(+)** (iii) an amount equal to **one hundred per cent.** of tax determined	**Agg Value of :** • the undisclosed asset located outside India **and** • the undisclosed foreign income does not exceed **one crore rupees.**

Example : An undisclosed foreign bank account is valued at ₹ 60 lakh and undisclosed foreign income is ₹ 20 lakh.

Sl.no	Description	Value / Income	Tax Payable	Additional Tax (100%)	Total Payable
1	Foreign Bank Account	60 Lakh	18 Lakh	18 Lakh	**36 Lakh**
2	Foreign Income	20 Lakh	06 Lakh	06 Lakh	**12 Lakh**
	TOTAL	**80 Lakh**	**24 Lakh**	**24 Lakh**	**48 Lakh**

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FAST – DS, 2026

How is Disclosure Scheme ?

Sl.no	Type of assets or income	Amount payable	Conditions
2	a) Asset located outside India acquired from income accruing or arising outside India, by an assessee, being a non-resident, but such assets were not declared by him in the Schedule FA in the ROI on becoming a resident; b) Asset located outside India acquired from income which has been offered to tax in India but such assets were not declared by him in the Schedule FA in the ROI	**A Fee of One lakh rupees**	The value of the asset located outside India - does not exceed **five crore rupees**

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FAST – DS, 2026

How is Disclosure Scheme ?

Illustration 1:

S. No.	Nature of Undisclosed Item(s)	Year-wise Details (Illustrative)	Aggregate Value (Rs.)	Applicable Threshold	Eligibility to Declare
1	**Asset + Income**	Foreign bank account (Asset) in FY 2021-22: Value on 31.03.2026 - Rs. 55 lakh; Foreign income earned in FY 2019-20: Rs. 25 lakh	**Rs. 80 lakh**	Rs. 1 crore	**Eligible to declare**
2	**Asset + Income**	Foreign property (Asset) acquired in FY 2020-21: value on 31.03.2026 - Rs. 90 lakh; Foreign income earned in FY 2018-19: Rs. 30 lakh	**Rs. 1.20 crore**	Rs. 1 crore	**Not eligible to declare**
3	**Income + Income**	Foreign income earned in FY 2017-18: Rs. 40 lakh; Foreign income earned in FY 2020-21: Rs. 50 lakh	**Rs. 90 lakh**	Rs. 1 crore	**Eligible to declare**
4	**Income + Income**	Foreign income earned in FY 2016-17: Rs. 70 lakh; Foreign income earned in FY 2019-20: Rs. 80 lakh	**Rs. 1.50 crore**	Rs. 1 crore	**Not eligible to declare**

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FAST – DS, 2026

How is Disclosure Scheme

Illustration 2:

S. No.	Nature of Undisclosed Item(s)	Year-wise Details (Illustrative)	Aggregate Value (Rs.)	Applicable Threshold	Eligibility to Declare
1	**Asset + Asset**	Foreign mutual fund acquired in FY 2020-21 for **Rs. 1.0 crore** : Value on 31.03.2026 - **Rs. 2.0 crore**; Foreign shares acquired in FY 2022-23 for **Rs. 1.50 crore** : Value on 31.03.2026 - **Rs. 2.5 crore**	**Rs. 4.5 crore**	Rs. 5 crore	**Eligible to declare**
2	**Asset + Asset**	Foreign immovable property acquired in FY 2018-19 for **Rs. 2.0 crore** : Value on 31.03.2026 - **Rs. 3.0 crore**; Foreign securities acquired in FY 2021-22 for **Rs. 4.0 crore**: Value on 31.03.2026 - **Rs. 3.5 crore**	**Rs. 6.5 crore**	Rs. 5 crore	**Not eligible to declare**

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FAST – DS, 2026

How is Disclosure Scheme ?

Sec 132: any person may make, on or after the date of commencement of this Scheme but on or before the last date, a declaration, for any previous year, where

- he **has failed to furnish a return** under section 139 of the Income-tax Act, 1961;
- he has **failed to disclose** such asset or income, in a return of income furnished by him under the Income-tax Act, 1961 **before the date of commencement** of this Scheme;
- such asset or income has **escaped assessment** within the meaning of section 147 of the Income-tax Act, 1961.

From **16th Aug 2026** — To **31st Dec 2026** — **Last Date**

⚠ The last date has been fixed as 31st December, 2026. No declaration can be filed after this date.

ⓘ A declaration can be made for any previous year in respect of income or assets covered by the Table in section 133.

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FAST – DS, 2026

How is Disclosure Scheme ?

Rule - 3 Fair Market Value

Valuation :
Important Definitions:
"value of the asset" means the fair market value of the asset determined in such manner as may be prescribed.
"valuation date" means the **31st day of March, 2026**
"Indexed cost of acquisition" shall have the same meaning as assigned to it in section 48 of the Income-tax Act, 1961

Type of Asset	Valuation Rule
1. Tangible & Physical Asset • Bullion, Jewellery, Precious Stones • Artistic Works (Drawings, Paintings, Sculptures, etc.) • Immovable Property • Unquoted Non-Equity Shares/Securities • Any Other Asset	**Higher of:** 1. **Cost of Acquisition** / Amount Invested 2. **Open Market Price** on valuation date (supported by a report from a recognized foreign valuer or determined in an arm's-length transaction) *(Note: If the valuer report/market valuation is not obtained, the **Indexed Cost of Acquisition** is used instead of the market price.)*

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FAST – DS, 2026

How is Disclosure Scheme ?

Rule - 3 Fair Market Value

Type of Asset	Valuation Rule
2. Quoted Shares & Securities	**Higher of:**1. **Cost of Acquisition** / Amount Invested 2. **Average Price** (average of highest and lowest quoted price on an established securities market on the valuation date or immediate preceding trading date.
3. Unquoted Equity Shares	**Higher of:** 1. **Cost of Acquisition** 2. **Formula Value:** $(A + B - L) * \frac{PV}{PE}$ A = Book value of general assets (less tax paid/refunds and non-asset items) B = Market value of specified assets (bullion, art, shares, property, etc.) L = Book Value of Liabilities (excluding equity capital, dividend provisions, surplus/reserves, etc.) PV / PE = Paid-up value per share / Total paid-up equity capital *(Note: If formula valuation is not done, the **Indexed Cost of Acquisition** applies.)*
4. Bank Accounts	**Sum total of all deposits** made since account opening. **Exclude :** 1.re-deposited withdrawals to avoid double-counting. 2. If declared under the Black Money Act, 2015, sum deposits **since declaration date**.

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FAST – DS, 2026

How is Disclosure Scheme ?

Rule - 3 Fair Market Value

Ex : An assessee had opened a foreign bank account (BA) in 2010. The following deposits and withdrawals were made in BA since then. Assuming that the withdrawals made were late re-deposited into the BA, the value of the asset shall be calculated as follows

Date	Deposits	Withdrawals	Value of Asset Calculation
01.04.2010	$1,000	—	$1,000
01.06.2011	$500	—	$500
01.08.2011	—	$700	—
01.04.2012	$500	—	—
01.08.2013	$500	—	$300
01.04.2019	$2,500	—	$2,500
01.06.2020	—	$400	—
01.09.2021	$1,000	—	$600
01.05.2024	—	$500	—
TOTAL	—	—	$4,900

The value of this asset, that is, $ 4,900 will be converted into Rupees as on 31st March, 2026 for the purpose of valuation under these rules.

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FAST – DS, 2026

How is Disclosure Scheme ?

Rule - 3 Fair Market Value

Type of Asset	Valuation Rule
5. Partnership / AOP / LLP Interest	**Allocated share of Net Assets** (A + B - L) (as Calculated in Prior Slides - Point 3) Net Assets Equal to Capital Contribution : to be divided in Capital Contribution Ratio Residual Assets : to be Divided per dissolution agreement or profit-sharing ratio.

Other Points to Note:

All values to be reported in Indian Currency.

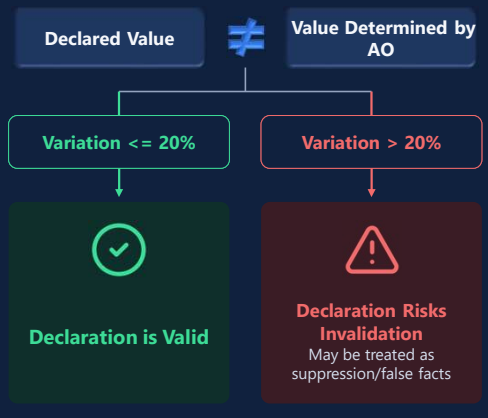
- If Currency is Designated by RBI – Foreign Currency is converted into Indian Rupees at the RBI's reference rate on the valuation date.
- If Currency is not Designated by RBI – Local Currency -> USD -> INR

(Step 1: Foreign Central Bank Rate)——> [US Dollars (USD)]

(Step 2: (RBI Reference Rate)——> [Indian Rupees (INR)]

VALUATION VARIANCE THRESHOLD – Rule 5(2)

For Assets (Other than Bank Account)



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FAST – DS, 2026

How is Disclosure Scheme ?

Indexed Cost of Acquisition – Cost Inflation Index

PY	CII
2001–02	100
2002–03	105
2003–04	109
2004–05	113
2005–06	117
2006–07	122
2007–08	129
2008–09	137

PY	CII
2009–10	148
2010–11	167
2011–12	184
2012–13	200
2013–14	220
2014–15	240
2015–16	254
2016–17	264

PY	CII
2017–18	272
2018–19	280
2019–20	289
2020–21	301
2021–22	317
2022–23	331
2023–24	348
2024–25	363
2025–26	**376**

ⓘ Indexed Cost Treated as Deemed FMV, when a formal valuation report from a registered/recognized valuer is **not available** for an undisclosed foreign asset as of March 31, 2026,

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FAST – DS, 2026

How is Disclosure Scheme ?

Declaration Filing Process

Form 1

Rule 5

Declaration of asset or income located outside India.

Filing of **FORM 1** shall be made electronically To PDGIT, Systems or DGIT, Systems

Form 2

Rule 6

Order by income-tax authority.

FORM 2 – Order of Amount payable is generated

Form 3

Rule 7

Intimation of payment.

Payment (ITNS 289)+ **FORM 3** - Intimation of payment has to be filed

Form 4

Rule 8

Order certifying payment

FORM 4 Order Will be Generated

Within 1 month | **Within 2 months** | **Within 15 Days**

End of Month | End of Month | End of Month

To be Filed by **31st Dec 2026**

Max, 2 additional Months Extended with S.I @ 1% pm

Beyond this , Benefit of the scheme is lost for the Declaration

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FAST – DS, 2026

How is Disclosure Scheme ?

Declaration Filing Process

FORM 1 :DECLARATION UNDER RULE 5 OF THE FOREIGN ASSETS OF SMALL TAXPAYERS- DISCLOSURE SCHEME RULES, 2026

Income Tax Login → **E-file** → **Income Tax Forms** → **File – FORM FAST-DS**

Parts	Description/ Content
Part - A (Basic Information) 1. Details of the declarant	Name, Address, PAN, Passport No and Details (only if NR)
Part – B (Details of asset or income)	
2. A: Type of asset or income	1. undisclosed asset located outside India 2. undisclosed foreign income 3. asset located outside India acquired from income accruing or arising outside India, by an assessee, during the period in which such assessee was a non resident, but such assets were not declared by him in the relevant schedule in the return of income on becoming a resident 4. asset located outside India acquired from income which has been offered to tax under the Income-tax Act, 1961 by the assessee, but such assets were not declared by him in the relevant schedule in the return of income

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FAST – DS, 2026

How is Disclosure Scheme ?

Declaration Filing Process

FORM 1 :DECLARATION UNDER RULE 5 OF THE FOREIGN ASSETS OF SMALL TAXPAYERS- DISCLOSURE SCHEME RULES, 2026

Parts	Description/ Content
Part – B (Details of asset or income)	
A(ii). Relevant previous year of acquisition of asset or earning of income	*yyyy-yy*
A(iii) Residential status during year of acquisition of asset or earning of income	1. Resident 2. Non-resident 3. Resident but Not Ordinarily Resident (RNOR)
A(iv) Any relevant documents showing proof of acquisition of asset or earning of income, as applicable	**UPLOAD**
A(v) Nature of assets or income declared	A1. Bank account A2. Immovable property A3. Jewellery A4. Artistic work A5. Shares and securities A6. Any other asset I1. Any income
A(vi) Description of assets or income declared	
B. Repeat, if required.	
3. Consolidated Statement of asset or income (as per annexure)	**UPLOAD**

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FAST – DS, 2026

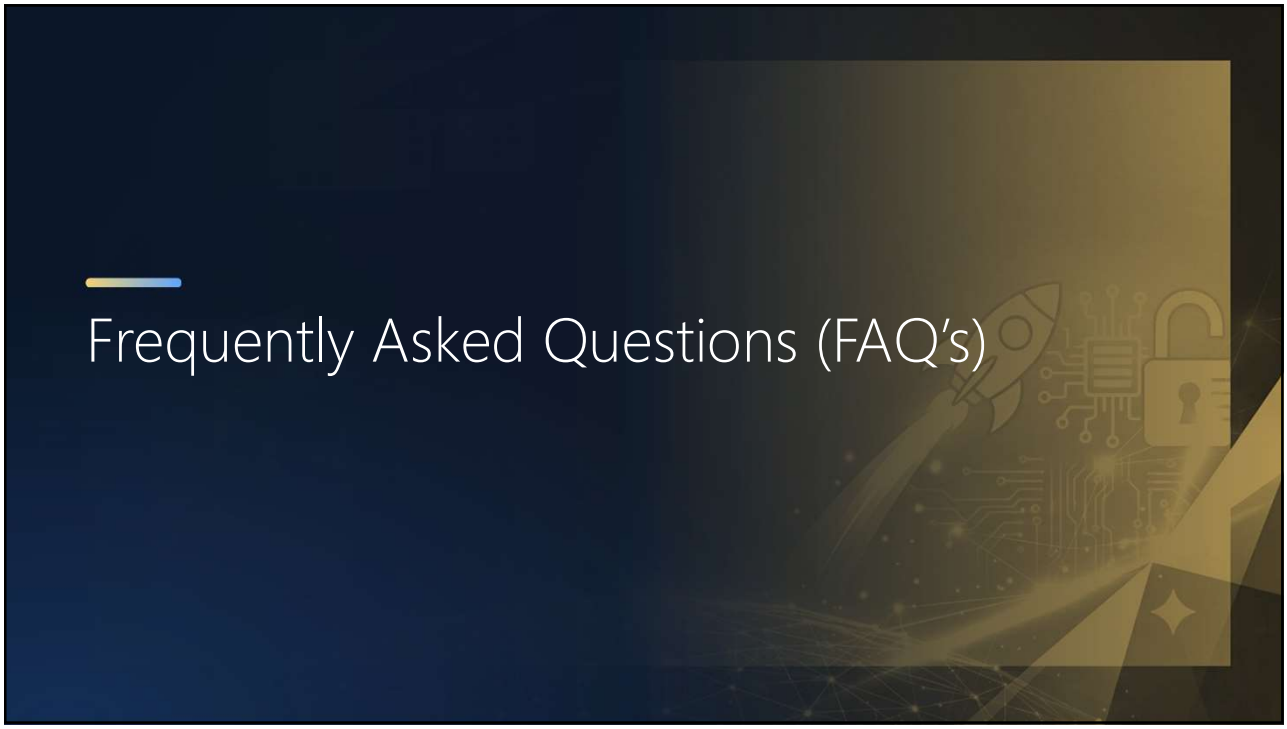
How is Disclosure Scheme ?

FORM 1 :DECLARATION UNDER RULE 5 OF THE FOREIGN ASSETS OF SMALL TAXPAYERS- DISCLOSURE SCHEME RULES, 2026

Parts	Description/ Content
Part- C (Categorized Summary of Foreign Assets and Income for Valuation)	4(i) Aggregate fair market value of undisclosed asset located outside India [as per section 133, Table: Sl. No. 1(a)}
	4(ii) Aggregate fair market value of undisclosed foreign income [as per section 133, Table: Sl. No. 1(b)]
	4(iii) Combined fair market value of 4(i) and 4(ii) **(not exceeding ₹1 crore)**
	4(iv) Aggregate fair market value of asset located outside India as per section 133, [Table: Sl. No. 2(a)]
	4(v) Aggregate fair market value of asset located outside as per Section 133, [Table: Sl. No. 2(b)]
	4(vi) Combined fair market value of 4(iv) and 4(v) **(not exceeding ₹5 crore)**
Part-D (Amount payable)	5. Aggregate amount payable on asset or income given in Row No. 4(i) and 4(ii)
	6. Total fee payable on asset given in Row No. 4(iv) and 4(v) [enter Nil or ₹ 1 lakh]
	7. Aggregate amount payable [5+6]
Verification	**Electronically Verify**

⚠ **FORM 1** cannot be **RECTIFIED OR REVISED**

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Frequently Asked Questions (FAQs)

Question	Solution
What benefits and immunities are provided for income or assets declared under the scheme?	▪ No further tax or penalty on the declared income or asset. ▪ No prosecution under the Black Money Act, 2015. ▪ Declared income or asset value will not be included in total taxable income. ▪ Immunity applies under both the Income-tax Act, 1961, and the Black Money Act, 2015.
Under What Situations Does the Scheme is not available?	▪ Income or assets linked to proceeds of crime where proceedings have been initiated or are pending under the Prevention of Money-laundering Act, 2002. ▪ Income or assets relating to an assessment year for which assessment proceedings have already been completed under the Black Money Act, 2015
Will Surcharge and Cess apply on Tax Payable under FAST – DS Scheme?	▪ **Surcharge and cess are not separately applicable under the FAST-DS, 2026 Scheme**, based on the prescribed payment structure under Section 133 of the Finance Act, 2026

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Frequently Asked Questions (FAQs)

Question	Solution
What is the Time limit for declaration for "any PY" ?	▪ Under the **Foreign Assets of Small Taxpayers – Disclosure Scheme (FAST-DS 2026)**, there is **no statutory limit on the number of previous years** you can declare. ▪ Can declare undisclosed foreign assets or foreign income acquired across **any and all past assessment years** prior to the scheme's valuation cutoff date of **March 31, 2026**.
Whether Cash in Foreign currency also has to be reported ?	▪ **YES**, The value of foreign cash as on **March 31, 2026**, converted into INR using the **RBI Reference Rate** on that date has to be reported.
Treatment of Foreign Liabilities Under FAST-DS 2026 ?	▪ Overseas Loan / Credit Card Debt (not in relation to foreign asset) - Out of scope for BMA/FAST-DS. ▪ Loans borrowed against Foreign Assets –**Yes, it has to be setoff against the FMV of Foreign Asset**

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