

THE POWER OF BEING UNDERSTOOD



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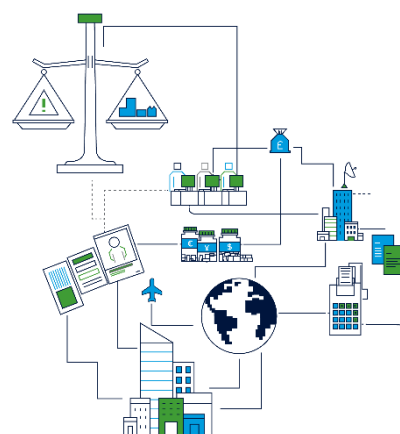
**RSM India Newsflash – New Scheme for
Small Taxpayers to Declare Foreign
Assets / Income by December 2026**

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1. Background

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (hereinafter referred to as 'the Black Money Act, 2015') was enacted to address undisclosed foreign income and assets and included a onetime compliance window. However, legacy or inadvertent non-disclosures continued among small taxpayers, including Foreign Employee Stock Ownership or Option Plan (ESOPs) / Restricted Stock Unit (RSUs), dormant or low-value foreign bank accounts, savings / insurance policies and assets arising from overseas assignments. Information received under the Automatic Exchange of Information (AEOI) framework also indicated non-disclosure of foreign financial assets by a significant number of PAN holders.



In order to provide compliance window for such non-compliances, the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 ('FAST-DS 2026' / 'Scheme') has been introduced under Chapter IV of the Finance Act, 2026. The objective is to provide a time-bound voluntary disclosure mechanism for eligible foreign assets / income pertaining to any financial year, subject to prescribed conditions and monetary thresholds.

To give effect to the said Scheme, the Central Government has notified the FAST-DS Rules, 2026¹ dated 14 August 2026 (hereinafter referred to as the 'Rules') and released FAQs² setting out the prescribed forms, procedures and clarifications for implementation of the Scheme.

This Newsflash discusses the key aspects of FAST-DS 2026, the Rules and the FAQs, including eligibility, prescribed forms, filing requirements and key timelines.

2. Key Highlights of the Scheme

2.1 Who can make a declaration?

- An assessee eligible to make a declaration under FAST-DS 2026 includes:

¹ [Notification-no-114-2026-pdf](#)

² [FAST-DS 2026 FAQ - 13.08.2026](#)

- ✓ a person who is resident in India under section 6 of the Income-tax Act (ITA), 1961 in the relevant previous year, or
- ✓ a person who is Non-Resident (NR) or Resident but Not Ordinarily Resident (RNOR) under section 6 of the Income-tax Act (ITA), 1961 in the previous year but was resident in India:
 - either in the previous year to which the undisclosed foreign income relates, or
 - in the previous year in which the undisclosed foreign asset was acquired.

Accordingly, a person who is presently an NR or RNOR may also be eligible, subject to satisfaction of these residency conditions.

2.2 Cases where the Scheme is not available

The Scheme does not apply in respect of:

- The income or asset represents proceeds of crime in respect of which proceedings have been initiated or are pending under the Prevention of Money-laundering Act, 2002.
- Assessment proceedings for the relevant assessment year have already been completed under the Black Money Act, 2015.

2.3 Circumstances in which Declaration can be made

A declaration may be made in respect of eligible foreign income or assets for any previous year where:

- **Return not filed:** The assessee failed to furnish a return of income under section 139 of the ITA 1961.
- **Asset / income not disclosed:** The relevant foreign asset or income was not disclosed in a return furnished before commencement of the Scheme.
- **Escaped assessment:** The relevant foreign asset or income has escaped assessment within the meaning of section 147 of the ITA 1961.

The declaration must satisfy the applicable monetary thresholds and other conditions prescribed under the Scheme.

The declaration must be filed between 16 August 2026 to 31 December 2026.

2.4 Valuation of Foreign Assets

- **For the purposes of the Scheme, foreign assets are required to be valued at their fair market value³ (hereinafter referred to as the 'FMV') as on 31 March 2026, in accordance with the asset-specific valuation rules.**

³ 'Value of the Asset' means the fair market value of the asset determined in such manner as prescribed.

- Broadly, for several categories of assets, the FMV is determined with reference to the higher of the cost of acquisition and the prescribed market value. Where the prescribed market valuation is not carried out in specified cases, the indexed cost of acquisition is deemed to be the FMV.
- Specific valuation methodologies have been prescribed for various classes of foreign assets, including bullion, jewellery and precious stones, quoted and unquoted securities, immovable property and foreign bank accounts.
- **Special Valuation Provisions**
 - ✓ **Foreign bank accounts:** The value is based on the aggregate deposits made from the date of opening up to 31 March 2026, excluding deposits attributable to withdrawals from the same account to avoid double counting.
 - ✓ **Foreign currency conversion:** FMV determined in foreign currency is converted into Indian Rupees using the prescribed RBI reference rate as on 31 March 2026, with separate rules for non-permitted currencies.
 - ✓ **20% valuation tolerance:** For assets other than bank accounts, a valuation difference of up to 20% of the FMV declared will not, by itself, invalidate the declaration on grounds of misrepresentation, suppression or false particulars.

2.5 Categories of Declaration and Amount Payable

FAST-DS 2026 provides for 2 categories of declarations, depending on the nature and source of the foreign asset / income. Each category is subject to a prescribed **aggregate monetary threshold** and a corresponding tax / fee payable, as summarised below:

Category	Coverage	Aggregate threshold	Amount payable
Category 1	• Undisclosed asset⁴ located outside India • Undisclosed foreign income⁵	Rs. 1 Crore (i.e. INR 10 million)	60% ⁶ of the aggregate FMV of the undisclosed foreign asset / undisclosed foreign income
Category 2	Foreign assets -	Rs. 5 Crores (i.e.	Rs. 1 lakh fee

⁴ **'Undisclosed asset located outside India'** means an asset (including financial interest in any entity) located outside India, held by the assessee in his name or in respect of which he is a beneficial owner, and he has no explanation about the source of investment in such asset or the explanation given by him, is in the opinion of the Assessing Officer, unsatisfactory.

⁵ **'Undisclosed foreign income'** means the total amount of income of an assessee from a source located outside India which was chargeable to tax in India but has not been offered to tax under the ITA 1961.

⁶ Tax at 30% of the value of the undisclosed foreign asset or 30% of the undisclosed foreign income, together with an additional amount equal to 100% of such tax (resulting in an effective payment of 60% of the aggregate value / income declared).

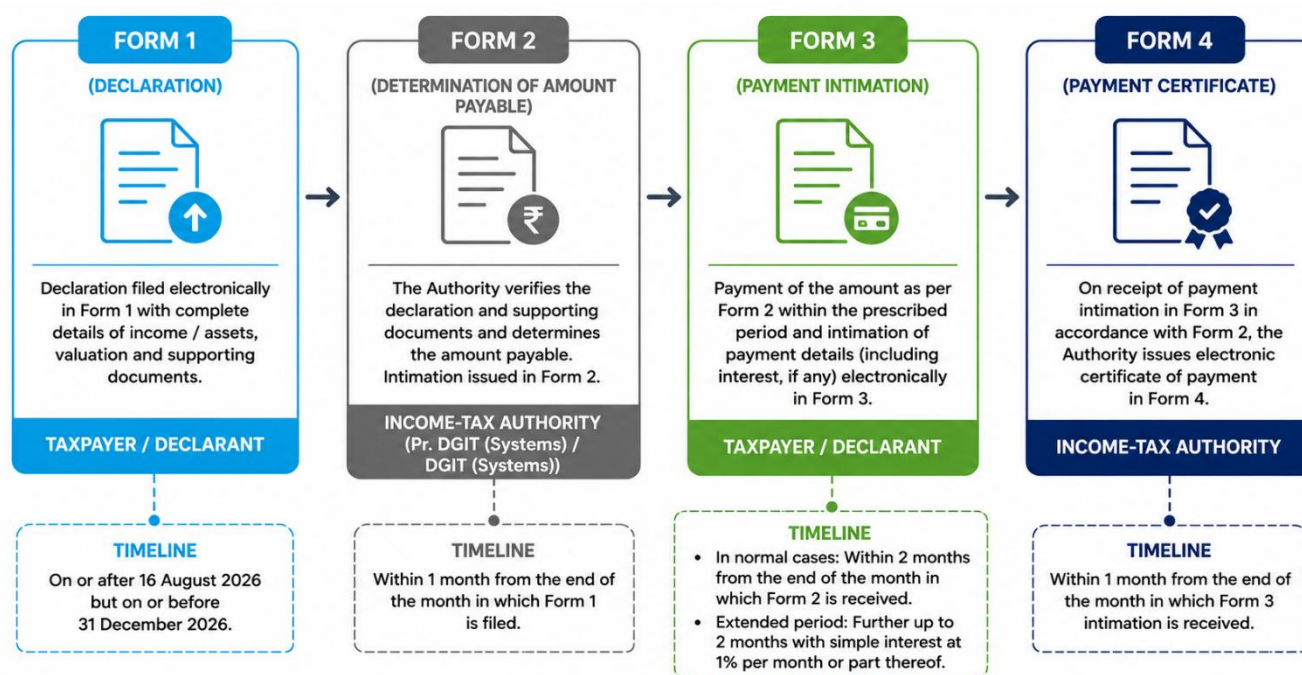
Category	Coverage	Aggregate threshold	Amount payable
	(i) acquired from foreign income while the assessee was a non-resident but not disclosed in the relevant Schedule of the return on becoming resident or (ii) acquired from income offered to tax under the ITA 1961 but not disclosed in the relevant Schedule of the return	INR 50 million)	

Note:

- Any amount paid under the Scheme is non-refundable.
- The monetary threshold under the Scheme applies on an aggregate basis across all relevant previous years. Accordingly, the Rs. 1 Crore limit for Category 1 is to be tested by aggregating all undisclosed foreign income and foreign assets proposed to be declared and is not available separately for each previous year.

Similarly, the Rs. 5 Crores limit for Category 2 applies to the aggregate value of eligible foreign assets covered under that category.

2.6 Filing and payment procedure



2.7 Consequences and immunity upon a valid declaration

Where a valid declaration is made and the prescribed amount is paid within the permitted period:

- the declared income or amount of investment in the asset will not be included in the total income of the declarant under the ITA, 1961 or the Black Money Act, 2015
- the declarant will be granted immunity from any further tax or penalty and from prosecution under the Black Money Act, 2015, in respect of the income or asset validly declared, for the previous year ending 31 March 2026 or any earlier previous year
- where assessment proceedings under the ITA, 1961 or the Black Money Act, 2015 are pending in respect of the declared income or asset, the Assessing Officer is required to take the declaration into account while finalising the assessment

The immunity is therefore linked to a valid declaration and timely payment and is confined to the income and assets covered by such declaration.

2.8 No reopening of completed assessments or refund

A declaration under FAST-DS 2026 does not provide a basis for reopening matters otherwise concluded in the taxpayer's favour. In respect of income or assets declared under the Scheme, or amounts paid thereon, the declarant cannot:

- seek rectification or revision of an assessment under the ITA, 1961 or the Black Money Act, 2015
- claim any set-off or relief in any appeal, reference or other proceeding relating to such assessment

3. Key Action Points for Taxpayers

Considering the consequences of non-disclosure of foreign income and assets under the Black Money Act, 2015, taxpayers with historical foreign assets or foreign-sourced income should review their past tax filings and foreign asset disclosures to assess their eligibility and the applicability of FAST-DS 2026. In particular, taxpayers should consider the following:

- Check the applicable Rs. 1 crore or Rs. 5 crore aggregate threshold rather than testing assets individually.
- Identify the residential status and relevant previous year for every asset/income item.
- Determine FMV as on 31 March 2026 using the prescribed asset-specific valuation rules.
- Compile documentary evidence for acquisition of assets or earning of foreign income.
- Consider valuation reports where relevant, particularly for property, jewellery, artistic work and unquoted securities.



- Ensure that the declaration is complete and accurate; misrepresentation or suppression can invalidate it.
- Make application in Form 1 → Intimation by tax authorities of amount payable in Form 2 → Make payment and provide intimation in Form 3 → Tax authorities to issue Certificate in Form 4
- Obtain and retain Form 4 as evidence of validity and the resulting statutory immunity.

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This Newsflash highlights the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026, enabling eligible taxpayers to disclose specified foreign income and assets and avail immunity under the Black Money Act, 2015. It may be noted that nothing contained in this Newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain thereof and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this Newsflash.

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