Foreign Assets of Small Taxpayers Disclosure Scheme 2026 - (FAST DS 2026)

Pune Branch of WIRC of ICAI

18th November 2026

By

CA Sarang Gudhate

Foreign Assets of Small Taxpayers Disclosure Scheme 2026 - (FAST DS 2026)

- Statutory Provisions / References
- Basic aspects and risks of The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (BMA)
- Initial Amnesty Scheme
- Correlation of BMA and Income Tax Act 1961 (ITA)
- Who Should make an application under FAST DS 2026 and Exclusions under FAST DS 2026
- Definition of Undisclosed foreign income and Undisclosed asset located outside India
- Calculations of value of Undisclosed Foreign Income and Undisclosed Foreign Asset
- Amount Payable
- Procedures and Forms
- Effects of FAST DS 2026

Relevant Statutory Provisions / References

- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015
- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Rules, 2015
- Budget 2026 - Clauses 114 to 128
- Finance Act 2026 - Section 130 to 144
- FAST DS Rules
- Form 1 E-filing User Manual
- FAQ – 50 Questions

Basic aspects and risks associated with implementation of BMA

- Tax u/s 3(1) @ 30 % of BMA on undisclosed foreign Assets and Income
- Interest u/s 40 – as per Section 234A, 234B and 234C of Income Tax Act
- Penalty u/s 41 - 3 time of Tax on undisclosed foreign Assets and Income
- Penalty u/s 42 of Rs 10 Lakhs for failure to furnish return u/s 139(1)

  (Not applicable if value of such assets (other than immovable property) is less than 20 lakhs.)
- Penalty of Rs 10 Lakhs u/s 43 for incorrect furnishing of return u/s 139.

  (Not applicable if value of such assets (other than immovable property) is less than 20 lakhs.)
- Penalty u/s 44 - Assessee in default for tax payment – Equal to Tax arrear
- Residual penalty u/s 45 from Rs 50,000/- to Rs 2,00,000/-
- Prosecution - Rigorous Imprisonment up to 10 Years

Initial Amnesty in BMA

- Chapter VI - Section 59 to 72 as one time measures
- Amount payable is the same at 30% of Tax and Equal Penalty
- No monetary restriction which is there in current scheme
- Restrictions were with respect to certain offences for
  - FEMA
  - IPC
  - Unlawful Activities
  - Narcotics / Drugs
  - Corruption
  - Securities Act

Correlation of BMA and ITA - Common Aspects

- Residential Status - Sec 2(2) of BMA
- Tax authorities under ITA will be under BMA - Sec 6 of BMA
- If income is included in ITA then it will not be included under BMA - Sec 4(2) of BMA
- If income is included in BMA, then it will not be included under ITA - Sec 4(3) of BMA
- Interest under BMA will be as per Sec 234A, 234B and 234C of ITA - Sec 40 of BMA
- For mistakes apparent on records section is 12 under BMA which is identical to Sec 154 of ITA

Correlation of BMA and ITA - Categorical differences

- No specific year of taxation. As per sec 3(1) of BMA asset will be taxed in in the year in which it comes in notice of assessing officer.
- Focus under ITA is on Income and limited to Assets such as Sec 69, 69A, 69B. BMA focus on Income as well as on Assets.
- In ITA the CIT(A) and ITAT can condone any delay however under BMA such delay condonation power is restricted to 1 year only

Who Should make an application under FAST DS 2026

- Income tax return u/s 139 is not filed despite Undisclosed assets located outside India or undisclosed foreign income. Or

- Undisclosed assets located outside India or undisclosed foreign income not disclosed in Income tax return u/s 139 before the date of commencement of FAST DS i.e. 16th August 2026. Or

- Undisclosed assets located outside India or undisclosed foreign income is escaped assessment u/s 147 of Income Tax Act 1961.

Exclusion under FAST DS 2026

- Any income / assets directly or indirectly represents proceeds of crime in respect of which proceedings are initiated or pending under PMLA 2002. – Clause “a” of Section 140. Or

- Any income or asset relating to an assessment year for which assessment proceedings have been completed under the BMA - Clause “b” of Section 140.

- Monetary Limit – 5 Cr and 1 Cr

Important Definition

- "**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; - Clause "j" of Section 131(1) of Finance Act 2026

- "**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 Income-tax Act, 1961; - Clause "k" of Section 131(1) of Finance Act 2026

Value of Undisclosed Foreign Asset

- Section 131(1)(l) of Finance Act 2026 defines the value of assets will be Fair Market Value as prescribed under Rules.
- Rule 3 of FAST DS 2026 Rules defines the Fair Market Value by categories in following types
  - Bullion, Jewellery or Precious Stone
  - Artistic Work such as Archaeological collections, Drawings, Paintings, sculptures etc.
  - Shares and Securities
  - Immovable Property
  - Balance in Bank Account
  - Members Interest in Partnership Firm, LLP or Association of Person
  - Any Other Assets

Value of Bullion, Jewellery or Precious Stone Rule 3(1)(a)

It should be valued at higher of –

- Cost of acquisition or
- Price which ordinarily can be fetched on valuation date - supported by Local Governments Recognised Valuers Report.
- If valuation is not carried out the Indexed Cost of Acquisition as per ITA 1961 to consider.

Value of Artistic Work such as Archaeological collections, Drawings, Paintings, sculptures etc. Rule 3(1)(b)

It should be valued at higher of –

- Cost of acquisition or
- Price which ordinarily can be fetched on valuation date - supported by Local Governments Recognised Valuers Report.
- If valuation is not carried out the Indexed Cost of Acquisition as per ITA 1961 to consider.

Value of Shares and Securities - Rule 3(1)(c)

The shares and securities are further classified under different categories as under:

a. Quoted Shares and Securities - Rule 3(1)(c)(i)

b. Unquoted Equity Shares - Rule 3(1)(c)(ii)

c. Unquoted Shares and Securities (other than of an equity share of a company) - Rule 3(1)(c)(iii)

Valuation of Quoted Shares and Securities - Rule 3(1)(c)(i)

Quoted Shares and Securities should be valued at higher of :

a. Cost of acquisition

b. Average of the lowest or highest price on recognised stock exchange on valuation date.

   If no trading on the valuation date, then the immediately preceding date when shares / securities were traded on that exchange needs to consider.

Valuation of Un-quoted Equity Shares - Rule 3(1)(c)(ii)

Un-quoted Shares should be valued at higher of :

a. Cost of acquisition or

b. The value, on the valuation date, of such equity shares as

A	Book value of all the assets (other than bullion, jewellery, precious stone, artistic work, shares, securities and immovable property)		XXX	
	Less :			
	Income-Tax paid Net of Refund	XX		
	Unamortised amount of deferred expenditure etc which does not represent the value of any asset	XX	XX	XXX
B	Fair value of bullion, jewellery, precious stone, artistic work, shares, securities and immovable property - as prescribed			XXX
L	Book Value of Liabilities (All Liabilities)		XXX	
	Less :			
	The paid-up capital in respect of equity shares;	XX		
	The amount set apart for payment of dividends on preference shares and equity shares	XX		
	Reserves and Surplus - Excluding Depreciation Reserve	XX		
	Excess Tax Provision	XX		
	Provision for unascertainable Liabilites			
	Provision for Cotingent Liabilites	XX	XX	XXX
Y	Value of Entity (A +B - L)			XXX
PV	Paid-up value of such equity shares			XX
PE	Total amount of paid-up equity share capital as shown in the balance-sheet;			XX
	Fair Market Value (Y*PV / PE)			XXX

If valuation is not carried out, the Indexed Cost of Acquisition as per ITA 1961 to consider.

Valuation of Unquoted Shares and Securities (other than of an equity share of a company) - Rule 3(1)(c)(iii)

Un-Quoted Shares (Other than Equity Share in a Company) should be valued at higher of :

a. Cost of acquisition
b. The price that the share or security shall ordinarily fetch if sold in the open market on the valuation date for which the assessee may obtain a report from a local recognised valuer.

   If valuation is not carried out, the Indexed Cost of Acquisition as per ITA 1961 to consider.

Valuation of Immovable Property -Rule 3(1)(d)

Valuation of Immovable Property should be higher of –

- Cost of acquisition or
- Price which ordinarily can be fetched on valuation date - supported by Local Governments Recognised Valuers Report.

  If valuation is not carried out the Indexed Cost of Acquisition as per ITA 1961 to consider.

Valuation of Bank Account -Rule 3(1)(e)

The valuation of Bank account will be :

- The sum of all the deposits made from the date of opening till the valuation date; or
- If declaration under Chapter VI of BMA (Initial Amnesty with Act) is already made, then from the date of that declaration.
- Where any deposit is made from the proceeds of any withdrawal from the account, such deposit shall not be taken into consideration while computing the value of the account.

Valuation of Bank Account - Illustration 1:

Account Opened in 2010 having following transactions:

Date	Deposits	Withdrawals	Calculation of Value of Asset
01-Apr-10	$1,000		$1,000
01-Jun-11	$500		$500
01-Aug-11		$700	
01-Apr-12	$500		
01-Aug-13	$500		$300
01-Apr-19	$2,500		$2,500
01-Jun-20		$400	
01-Sep-21	$1,000		$600
01-May-24		$500	
Total	$6,000	$1,600	$4,900

The value of $ 4,900 will be converted into Rupees as on 31st March, 2026 for the purpose of valuation.

Assumption is amount withdrawn is redeposited.

Valuation of Bank Account - Illustration 2:

In previous illustration, If assessee has already declared same account in Chapter VI of BMA in 2015.

Date	Deposits	Withdrawals	Calculation of Value of Asset
01-Apr-19	$ 2,500		$ 2,500
01-Jun-20		$ 400	
01-Sep-21	$ 1,000		$ 600
01-May-24		$ 500	
Total	$ 3,500	$ 900	$ 3,100

The value of $ 3,100 will be converted into Rupees as on 31st March, 2026 for the purpose of valuation.

As $1800 will come under previous Chapter VI of BMA.

Valuation of Members Interest in Partnership Firm, LLP or AOP - Rule 3(1)(f)

The Value of an interest of a person in a Partnership Firm /AOP /LLP shall be the amount allocated to a partner / member determined in the following manner:

- **Step- I-** Determine the net asset of the Firm / AOP / LLP on the valuation date as per formula prescribed for unquoted Shares
- **Step II-** The Net assets to be allocated to the partners in the to extend of their Capital Contribution
- **Step III-** The residual amount to be allocated to the partners as per their agreement and in the absence of any such agreement, in the profit-sharing ratio.

Valuation of any Other Assets - Rule 3(1)(g)

The Valuation of any other asset shall be the higher of:

- Cost of acquisition or the amount invested; or
- The price that the asset would fetch if sold in the open market on the valuation date in an arm's-length transaction

If valuation is not carried out, the Indexed Cost of Acquisition as per ITA 1961 to consider.

Valuation Other Aspects – Transfer before valuation date – Rule 3(2)

- Where an asset (other than a bank account) was transferred before the valuation date, the fair market value of such asset shall be higher of:
  - Cost of acquisition or
  - the **sale price**;
- Where an asset (other than a bank account) was transferred without consideration or inadequate consideration before the valuation date, the fair market value of the asset shall be higher of:
  - Cost of acquisition or
  - The **fair market value** on the date of transfer;
- Where a new asset has been acquired or made out of consideration received on account of transfer of an old asset or withdrawal from a bank account, then the fair market value of the old asset or the bank account, shall be reduced by the amount of the consideration invested in the new asset. **Reinvested Amount - Rule 3(3)**

Valuation Other Aspects – Illustration 1

- In 2014 Property H1 Purchased for INR 20 Lakhs
- In 2017 Property H1 sold for INR 25 Lakhs and deposited in Foreign Bank Account
- In 2018 Property H2 Purchased for INR 30 Lakhs. Source was amount deposited in Foreign Bank Account.
- Till date Property H2 is not transferred and valuation as on 31st March 2026 is Rs 50 Lakhs.
- Total credits in Foreign Bank Account are INR 70 Lakhs

Fair Market Value as on 31st March 2026 for FAST DS

Property H1	
Deposits	**Rupees in Lakhs**
Cost of Acquisition	20
Sales Consideration	25
Higher of Above	**25**
Less- Amount invested in Foreign Bank Account	-25
Value for FAST DS 2026	Nil

Valuation Other Aspects

Fair Market Value as on 31st March 2026 for FAST DS

Property H2	
Deposits	**Rupees in Lakhs**
Cost of Acquisition	30
Fair Value as on 31st March 2026	50
Value for FAST DS 2026	50

Foreign Bank Account	
Deposits.	**Rupees in Lakhs**
Total Credits	70
Less -Invested in Property H2	-30
Value for FAST DS 2026	40

Valuation Other Aspects – Reinvestment - Rule 3(3)

Illustration 2

- Undisclosed Foreign Income of Rs 70 Lakhs in 2022
- Immovable Property of Rs 60 Lakhs in 2023 out of Undisclosed Foreign Income.
- On 31st March 2026 asset was not transferred and its valuation is Rs 80 Lakhs.
- Valuation for FAST DS 2026

Particulars	Rupees in Lakhs	Rupees in Lakhs
Value of Undisclosed Foreign Income		
Total Undisclosed Foreign Income	70	
Less -Invested in Undisclosed Immovable Property	-60	**10**
Value of Undisclosed Foreign Assets		
Cost of Acquisition	60	
Fair Value as on 31st March 2026	80	**80**
Total Value for FAST DS 2026		**90**

Valuation Other Aspects – Foreign Exchange Conversion – Rule 3 (5)

- **If Currency is Freely Convertible** – Reserve Bank of India reference rate on the valuation date

- **If Currency is not Freely Convertible - ** First convert the value in USD on valuation date as per as per the rate specified by the Central bank of that country and then USD to convert in INR as per RBI Reference Rate.

  If the Central Bank of that country is not specifying the conversion rate then reference rate of any regulated bank of that county.

Valuation Other Aspects –

Tolerance Limit for Valuation - Rule 5(2)

- Where the fair market value of any asset (other than a bank account) declared is at variance with the value determined by the income tax authority. The declaration shall not to be invalid or void on the ground of such variance, if such variance does not exceed twenty per cent of the fair market value so declared.

Amount Payable under FAST DS 2026 – Sec 133 of Finance Act 2026

If relates to Undisclosed Foreign Assets and Undisclosed Foreign Income (Tax Evasion) (It should not exceed Rs 1 Crore)

- Tax @ 30% of Undisclosed Foreign Assets and Undisclosed Foreign Income and
- Penalty 100% of Tax

If relates to pure Non-disclosure (Non Tax Evasion) (It should not exceed Rs 5 Crore)

- Fees of Rs 1 Lakhs

Chart referred in Section 133 along with monetary limits:

Sl. No	Type of assets or income	Amount payable	Conditions
(1)	(2)	(3)	(4)
1	(a) Undisclosed asset located outside India; or	Aggregate of,— (i) tax at the rate of thirty per cent. of the value of the undisclosed asset located outside India as on the 31st March, 2026;	The aggregate value of the undisclosed asset located outside India and the undisclosed foreign income does not exceed one crore rupees.
	(b) undisclosed foreign income.	(ii)tax at the rate of thirty per cent. of the undisclosed foreign income; and	
		(iii) an amount equal to one hundred per cent. of tax determined in clauses (i) and (ii).	
2	(a) 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; or	A fee of one lakh rupees.	The value of the asset located outside India does not exceed five crore rupees.
	(b) asset located outside India acquired from income which has been offered to tax under the Income-tax Act, 1961 (43 of 1961) by the assessee, but such assets were not declared by him in the relevant Schedule in the return of income.		

Rule 4 of FAST DS Rules 2026 deals with the amount payable with various examples:

Illustration 1	
Particulars	**Rupees in Lakhs**
An undisclosed Foreign Bank Account (BA) exists as on 31st March, 2026. The value of BA on that date	60
Undisclosed Foreign Income (FI)	20
Total Undisclosed Foreign Assets and Undisclosed Foreign Income	80
Tax Payable @ 30%	24
Penalty Payable @ 30%	24
Total Tax and Penalty Payable	48

Illustration 2

- A plot of land located outside India (FA) was acquired in 2015 from income earned abroad when the assessee was a non-resident.
- The value of FA on the valuation date is ₹3 crore.
- After becoming resident in India, the assessee failed to disclose FA in the relevant Schedule of the return of income.
- Amount payable = fee of ₹1 lakh.

Rule 4 of FAST DS Rules 2026 deals with the amount payable with various examples:

Illustration 3

- Mutual Fund (MF) and Shares and Securities abroad were purchased in 2020 from income offered to tax in India when the assessee was a resident.
- Assessee failed to disclose MF and Shares / Securities in the ITR.
- The value of MF on the valuation date is ₹2.5 crore.
- The value of quoted shares and securities on the valuation date is ₹4 crore
- Assessee is not eligible as amount exceeds ₹ 5 Crore.

Procedure for Payment and Forms under FAST DS 2026

Form 1 – Declaration and Undertaking for opting under FAST DS 2026 to be filed by Assessee before 31st December 2026. – Rule 2(4) r.w.s. 134 and r.w.r. 5(1).

Form 2 – Order to be issued by Department, confirming the amount payable. It needs to be issued within 1 Month from the end of the month in which Declaration in Form 1 is filed – Sec 135(1) r.w.r. 6.

Form 3 - Intimation by Assessee for amount paid under FAST DS 2026.

Amount needs to Pay within 2 Months from the end of the month receipt of Order in Form 2. Sec 135(2) r.w.r. 7.

If Delay, the amount can be further paid in additional two months along with interest @ 1% Per Month.

Form 4 – Order to be issued by Department certifying the validity of the declaration within one month from the end of the month of the submission of Form 3. Sec 135(5) r.w.r. 8.

Other Procedural Aspects

1. All forms need to be filled electronically on Income Tax Portal through Digital Signature or through Electronic Verification Code (EVC).
2. Consolidated Form 1 for multiple years.
3. Amount paid under FAST DS 2026 will not be refunded. Sec 138 of Finance Act 2026
4. The person who is currently Non Resident if he was resident in default period can also file Application under FAST DS 2026.
5. Application under FAST DS 2026 can be filed even for pending assessments under ITA as well as BMA.

Effects of FAST DS 2026

- Once the Forms are filed and Payment is made according to FAST DS 2026 such Income or Assets will not be included in any assessment under BMA or ITA. – Sec 136 of Finance Act 2026.

- Once the Forms are filed and Payment is made according to FAST DS 2026 assessee is not eligible to claim any relief, refund, rectification, revision etc. under any other proceedings under BMA or ITA. – Sec 137 of Finance Act 2026.

- Once the Forms are filed and Payment is made according to FAST DS 2026 assessee shall be granted immunity from the levy of any further Tax or Penalty and also from prosecution in respect of income or asset so declared, for the previous year ending on the 31st March, 2026 or any earlier previous year. – Sec 139 of Finance Act 2026.

Thank You

CA Sarang Gudhate

Mob- 9890787997

Email – sgudhate@gmail.com