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Tax Flash News

17 August 2026

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Government of India notifies the Foreign Assets of Small Taxpayers - Disclosure Scheme Rules, 2026

Executive summary

The Government of India ('GOI') had introduced *'The Foreign Assets of Small Taxpayers - Disclosure Scheme, 2026'* ('FAST-DS, 2026'/ 'the Scheme') through the Finance Act, 2026.

The Scheme provided small taxpayers a time-bound opportunity to declare undisclosed foreign assets or foreign-sourced income with payment of specified tax or fee.

On 15 August 2026, the GOI has notified '*The Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026'* ('FAST-DS Rules 2026'/ 'the Scheme Rules') to operationalise the Scheme.[1]

Along with the FAST-DS Rules 2026, the GOI has also issued FAQs[2] in relation to the same.

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[1] *G.S.R. 732E dated 14 August 2026*

[2] *Link to FAQs as accessed on 17 August 2026*

Background of the Scheme

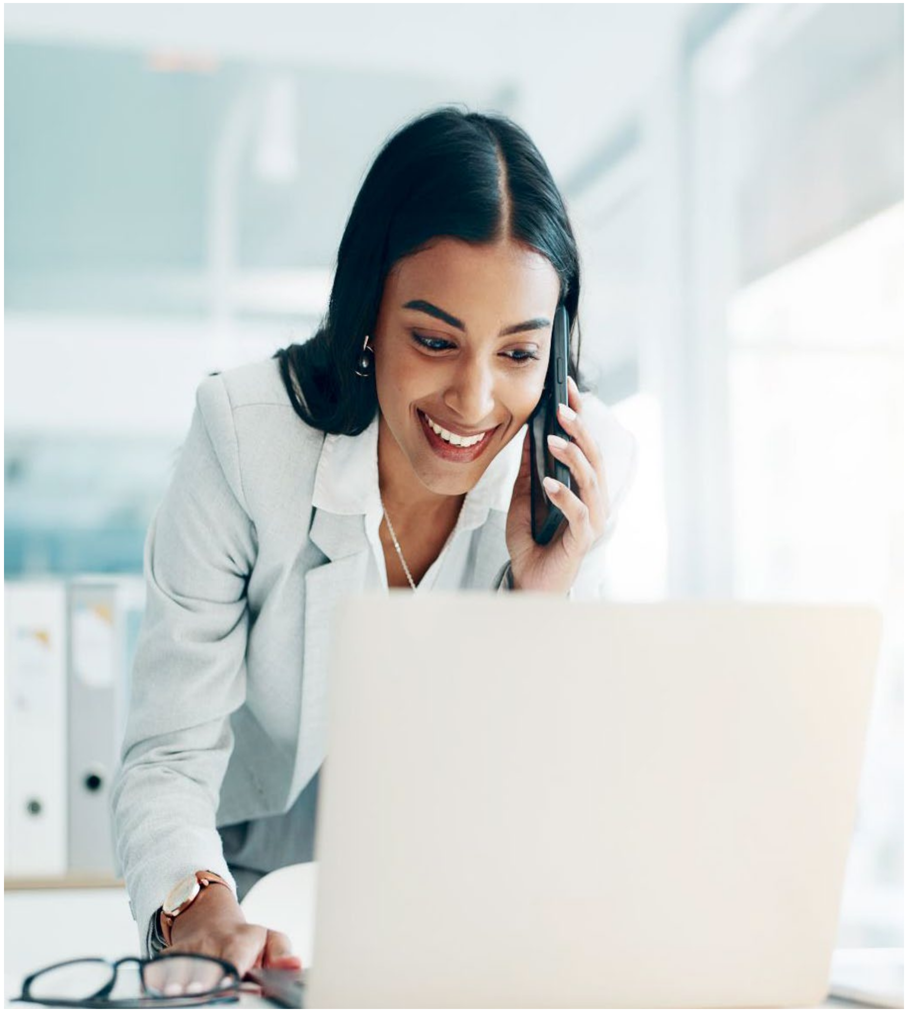
The Scheme is applicable to individual taxpayers who qualified as Resident and Ordinarily Resident ('ROR') in India during the relevant Tax Year irrespective of their current residential status.

Under the Scheme, small taxpayers have a time-bound opportunity to declare 'undisclosed asset located outside India' and 'undisclosed foreign income' with payment of specified tax or fee.

'Undisclosed asset located outside India' means an asset (including financial interest in any entity) located outside India, held by the taxpayer in his name or in respect of which he is a beneficial owner, and 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.

'Undisclosed foreign income' means the total amount of income of the taxpayer from a source located outside India which was chargeable to tax in India but has not been offered to tax.

Taxpayers making a valid declaration and payment under the Scheme are eligible for immunity from further tax, penalty and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ('the Black Money Act'), subject to the prescribed conditions.



The categories of declaration and the amount payable by such small taxpayers shall be as under:

Ctg.	Type of undisclosed Assets or Income	Amount payable
1	• Undisclosed asset located outside India or undisclosed Foreign income • Where the aggregate value of the above does not exceed INR1 crore	Aggregate of: I. Tax at 30 per cent of value of asset located outside India as on 31 March 2026; II. Tax at 30 per cent of the undisclosed foreign income; III. 100 per cent of the amount calculated in (i) and (ii) above.
2	• Asset located outside India acquired from income accruing or arising outside India, while being non-resident and not declared on becoming a resident; or • Asset located outside India acquired from income offered to tax in India, but such assets were not declared. • Where the aggregate value of such assets does not exceed INR5 crores.	A fee of INR1 lakh

The Scheme Rules – Key points

Declaration Timeline

The Scheme is effective from 16 August 2026 to 31 December 2026.

Valuation Date

The valuation date as prescribed under the Scheme is 31 March 2026.

Valuation Framework for Income / Asset reporting

- The Scheme prescribes detailed Fair Market Value ('FMV') determination rules for bullion, jewellery quoted/unquoted shares and securities, immovable property, artistic works, and valuation mechanism for bank account, interest in partnership firm and any other foreign assets.
- As a general rule, the FMV of an asset is the higher of (a) its cost of acquisition; and (b) the price it would ordinarily fetch if sold in the open market on the valuation date, which may be supported by a valuation report from a Government-recognized valuer in the country where the asset is located. Where such a market valuation is not carried out, the indexed cost of acquisition is deemed to be the FMV.

Valuation of foreign bank accounts

- Value is determined based on aggregate deposits from account opening up to the valuation date.
- Redeposits of earlier withdrawals and deposits already disclosed under the Black Money Act are excluded to avoid double counting.

Investment tracing mechanism

Where proceeds of one foreign asset or withdrawals from a foreign bank account are reinvested into another foreign asset, corresponding reductions are permitted to avoid duplication in valuation.

Foreign currency conversion

- Foreign asset values are required to be reported in Indian Rupees.
- The Scheme prescribes conversion methodology based on RBI reference rate on the valuation date.

Electronic filing framework

Declaration is required to be filed electronically in Form 1 along with valuation reports, if applicable, and supporting documents evidencing acquisition of assets or earning of income.

Prescribed forms

- **Form 1**: Declaration of foreign assets/income
- **Form 2:** Order by Tax Authorities determining amount payable
- **Form 3:** Intimation of payment by taxpayer
- **Form 4:** Order by Tax Authorities certifying validity of declaration and payment

Timeline

Forms	Timeline	Action By
Form 1	16 August 2026 to 31 December 2026	Taxpayer
Form 2	Within one month from the end of the month in which Form 1 is submitted	Tax Authority
Form 3	• Within two months from the end of the month of receipt of order in Form 2 • Additional payment period of up to two months is available with simple interest at 1 per cent per month or part thereof	Taxpayer
Form 4	Within one month from end of the month in which Form 3 is submitted.	Tax Authority

Key clarifications provided in FAQs

Clarification on eligibility and declaration

- A Non-Resident (‘NR’) or Resident but Not Ordinarily Resident (‘RNOR’) can make a declaration if he was resident in India in the year to which the undisclosed income relates or in the year in which the undisclosed asset was acquired.

  Declaration may be made where the taxpayer has failed to furnish a return, failed to disclose the asset or income in a return furnished before commencement of the Scheme, or where such asset or income has escaped assessment.

- Declaration can be made for any previous year in respect of income or assets, subject to the monetary thresholds and other conditions of the Scheme.

Clarification on valuation

- Where sale proceeds of one asset or withdrawal from a bank account are used to acquire another asset, the FMV of the earlier asset/ bank account is reduced by the amount reinvested in the new asset.
- For assets other than bank accounts, a variance not exceeding 20 per cent of the FMV declared will not by itself render the declaration invalid.

Procedural aspects

- Multiple assets or multiple types of assets/income may be declared in a single Form 1.

Payment-related clarifications

- If payment is not made within four months from the end of the month in which the original payment order in Form 2 was passed, the benefit of the Scheme ceases to be available for that declaration.

Benefits

- Immunity is provided from the levy of any further tax or penalty, and from prosecution, under the Black Money Act, in respect of the income or asset so declared.
- The declarant cannot revise or rectify any completed assessment under the Income-tax Act, 1961 or the Black Money Act under the Scheme. Further, no set-off, relief, or other tax benefit can be claimed in any appeal, reference, or proceeding relating to such assessments.
- Where assessment proceedings are pending, the Assessing Officer is required to take the declaration into account while finalising the assessment order.

Limitations

The Scheme does not apply to income or assets representing proceeds of crime where proceedings have been initiated or are pending under the Prevention of Money-laundering Act, 2002, or to cases where assessment proceedings have already been completed under the Black Money Act.

Our comments

The introduction of the FAST-DS Rules, 2026 and the accompanying FAQs provides clarity on the implementation of the Scheme by outlining valuation methodologies for foreign assets, reporting requirements, timelines, procedural aspects and practical illustrations. The FAQs further address key issues such as eligibility of non-residents and RNORs, treatment of reinvestments, valuation principles, payment timelines and the implications of non-compliance.

Taxpayers with undisclosed foreign income or assets may consider reviewing their historical compliance position and supporting documentation before the Scheme closes on 31 December 2026. The Scheme provides an opportunity to regularise past non-disclosures and obtain immunity from tax, penalty and prosecution under the Black Money Act, subject to the prescribed conditions.

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