Legacy Growth Insights

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

August 2026

I. Background

- The Central Government has notified the FAST-DS Rules, 2026[1], based on the introduction of the FAST-DS announced under the Finance Act, 2026[2].
- The Scheme is effective from 16th August 2026, and the last date to file a declaration under FAST-DS is 31st December 2026.
- It is a one-time, voluntary and time-bound disclosure scheme for the Eligible Taxpayers.

II. Eligible Taxpayers, Thresholds and Amount Payable

A Taxpayer shall be eligible to submit a declaration under the Scheme only where all the following Eligibility Criteria are satisfied **cumulatively**:

a. Taxpayer should be a resident for the relevant year to which the disclosure relates

b. Non-disclosure can be either because of:

- No return has been filed,
- foreign income/assets remain undisclosed in the return, or
- such income/assets have escaped assessment.

c. The Taxpayer should fall within the eligibility Threshold, as provided below.

Type of Asset or Income	Threshold	Amount Payable
Where the source is not disclosed or unexplainable: ● Undisclosed asset located outside India ● Undisclosed foreign income	Aggregate Fair Market Value ('FMV') of foreign assets and foreign income ≤ INR 1 Crore *Note: Refer **Annexure-A** for the valuation mechanism to compute FMV and currency conversion rates to determine FMV as per FAST-DS Rules, 2026*	**30% tax on:** ● Value of undisclosed foreign assets as on 31st March 2026 **and** ● Undisclosed foreign income + Penalty at 100% of the above taxes (i.e. 60% tax in total)
Where the source is disclosed or explainable: Only foreign assets are not reported in the ITR	Aggregate FMV of undisclosed foreign assets as on 31st March 2026 ≤ INR 5 Crore	Flat fee of INR 1 Lakh

Undisclosed Asset Located Outside India means:

An asset, including a financial interest in any entity, located outside India and held by the Taxpayer or beneficially owned by him, where the source of investment is not explained, or the explanation given is considered unsatisfactory in the opinion of the Assessing Officer.

Undisclosed Foreign Income means:

The total income of a Taxpayer from a source located outside India which is chargeable to tax in India but has not been offered to tax.

1. Notification No. 114/2026/F. No. 370142/18/2026-TPL dated 14 August 2026

2. Sections 130-144 of the Finance Act, 2026

III. Where the Scheme Does Not Apply

The Scheme does not apply where the Taxpayer has:

a. Income or assets that represent proceeds of crime where proceedings are pending under the Prevention of Money Laundering Act, 2002.

b. Income or assets relating to an assessment year for which assessment has already been completed under the BMA.

Or where the Taxpayer does not qualify as an 'Eligible Taxpayer' as per the criteria mentioned above.

IV. FAST-DS Benefits

The FAST-DS provides the following benefits to a declarant in respect of the income or assets covered by a valid declaration:

a. Immunity from further tax, penalty and prosecution under the Black Money Act, 2015, for the declared income or asset.

b. The Assessing Officer shall factor in the declaration into the final assessment order while concluding the pending assessment proceedings.

V. Relevant Forms, Timelines and Actions

The relevant forms and procedural steps involved in making a declaration under the FAST-DS Scheme, along with timelines, are summarised below:

Form No.	Purpose	Compliance Timeline	Additional Points	Action By
1	Declaration of foreign assets or income	16th August 2026 to 31st December 2026	Upload documents evidencing the acquisition of an asset or the earning of income, along with the Valuation Report	Taxpayer
2	Communication of the amount payable by way of an order	Within 1 month from the end of the month in which Form 1 is submitted	-	Income Tax Authority
3	Intimation of the payment by the Taxpayer, along with the proof of payment	The amount must be paid within 2 months from the end of the month in which the order is received	Delayed Payment to be made within a further period of up to 2 months, along with interest at 1% per month or part thereof. Non-payment within the extended period will result in lapse of the FAST-DS benefits.	Taxpayer
4	Order certifying validity of declaration and payment.	Within 1 month from the end of the month in which Form 3 is submitted	-	Income Tax Authority

VI. Way forward

Steps	Action Required
1	Review foreign assets and foreign income to identify historic non-disclosure or missed disclosures
2	Evaluate whether the Taxpayer meets the eligibility criteria to avail the benefit available under the FAST-DS
3	Evaluate the feasibility of filing the Updated Return (ITR-U) if the undisclosed foreign income exceeds the eligibility threshold
4	Determine the value and characterisation of undisclosed foreign assets/income as per FAST-DS valuation rules
5	Assess the need and timeline to obtain the valuation report from an overseas recognised valuer, if required
6	Pay the prescribed tax/fee and electronically submit the payment intimation with proof of payment.
7	File the correct declaration electronically on or before 31st December, 2026.
8	Treat the process as complete when the Income Tax Authority concludes the Fast-DS process through issue of Form 4

Note: Compliance under FAST-DS does not provide any relaxation for non-compliance under the Foreign Exchange Management Act, 1999. The Taxpayer should evaluate alternatives to streamline FEMA compliance separately.

Annexure-A

Valuation Rules & Currency conversion rate

The valuation mechanism to compute FMV and currency conversion rates to determine FMV as per FAST-DS Rules, 2026 is provided below:

Category	Asset / Situation	FMV Rule[3]
Higher of Cost or Open-Market Value	Bullion, jewellery, precious stones, artwork, immovable property, unquoted securities (other than equity shares) and other assets	Higher of cost of acquisition or open-market value; valuation must be supported by a report from a recognised valuer in the country where the asset is located. If the required valuation is not obtained, indexed cost of acquisition is deemed to be FMV, wherever applicable.
Prescribed Valuation Method	Quoted shares & securities	Higher of cost or the average of the highest and lowest quoted prices on the valuation date.
	Unquoted equity shares	Higher of cost or prescribed net asset-based value.
	Interest in foreign firm / AOP / LLP (foreign entity needs correct characterisation as per Income Tax Act)	a. Determine the entity's net assets as on the valuation date and allocate them based on the applicable capital contribution and profit-sharing ratio/agreement terms. b. The taxpayer's attributable share shall constitute the value of their interest.
	Foreign bank accounts	Total deposits up to the valuation date, excluding amounts withdrawn and subsequently redeposited.
Special Situations	FMV of assets other than bank accounts transferred before valuation date	Generally, the higher of cost or sale consideration. If transferred without or for inadequate consideration, the higher of cost or FMV on the date of transfer.
	Reinvestment deduction	Where proceeds from the sale of one asset or withdrawal from a foreign bank account are used to acquire another asset, the FMV of the original asset is reduced by the amount reinvested to avoid double counting.

Note 1: The valuation date shall be 31st March 2026

Note 2: A variance of up to 20% in the declared FMV shall not, by itself, invalidate the declaration except in the case of the bank accounts.

Currency conversion rate for determining FMV:

The conversion of the FMV of foreign assets into Indian Rupees shall be undertaken in accordance with the applicable currency conversion mechanism, as set out below:

Currency Conversion for FMV	Treatment
RBI-permitted currency	FMV is directly converted into INR using the RBI reference rate on the valuation date
Other foreign currency	FMV is first converted into USD using the rate specified by the Central Bank of the country where the asset is located, and then converted into INR using the RBI reference rate.
Central Bank rate not available	The exchange rate specified by any other regulated bank in that country/jurisdiction is used for conversion into USD.

3. As per Rule 3 of Notification No. 114/2026/F. No. 370142/18/2026-TPL dated 14 August 2026 .Source :Notification No. 114/2026 / G.S.R. 732(E), FAQS on FAST-DS Scheme 2026

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