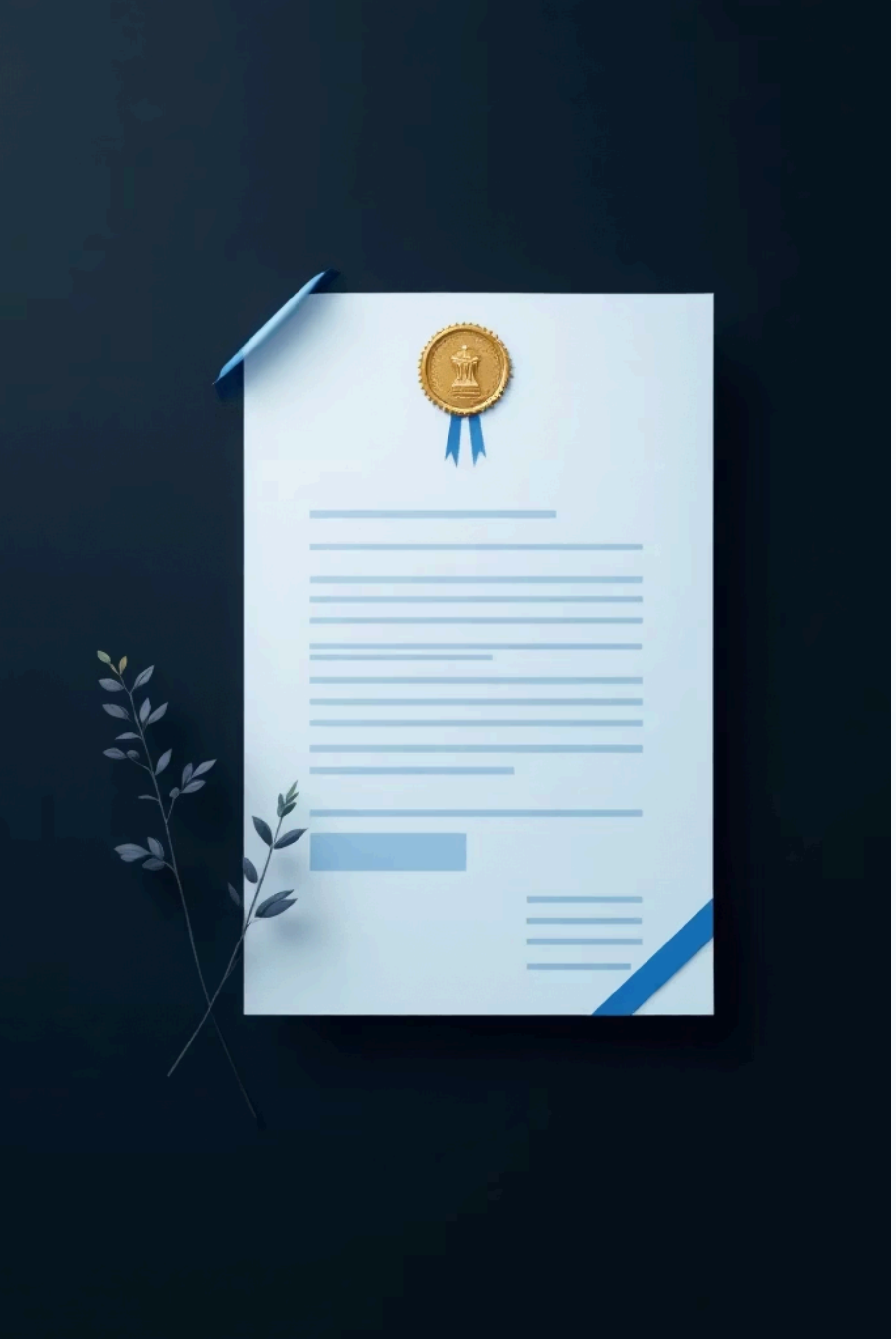


FAST-DS 2026: The One-Time Foreign Asset Disclosure Window

Declare undisclosed foreign assets and income before 31 December 2026. CBDT Notification 114/2026, in force 16 August 2026. A founder-and-adviser field guide from A S Banka Advisors.

FOREIGN ASSETS | BLACK MONEY ACT 2015 | SCHEDULE FA | FINANCE ACT 2026 | CROSS-BORDER

What Changed on 16 August 2026

The Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS) came into force on 16 August 2026 and closes on 31 December 2026. No declaration can be filed after that date.

CBDT Notification 114/2026, G.S.R. 732(E), dated 14 August 2026, notifies the Rules and Forms 1 to 4 under section 143 of the Finance Act, 2026. The parent scheme sits in Chapter IV, sections 130 to 144 of that Act.

Valuation Date

31 March 2026 for every asset, without exception.

Fully Electronic

The entire process is electronic, administered by the Director General of Income-tax (Systems), NOT your jurisdictional Assessing Officer.

Why Now

With AEOI and CRS data flowing into the AIS, the department already knows about much of this. FAST-DS is the amnesty side of the same coin.

Two Baskets, and Rs 47 Lakh Between Them

Section 133 of the Finance Act, 2026 sets a Table with two serial numbers. The whole economics of the scheme sits in the gap.

Serial No.	Category	Aggregate Ceiling	Cost
1	**Undisclosed:** A foreign asset or foreign income never offered to tax.	Rs 1 crore	30 percent tax PLUS a penalty equal to the tax. **Effective 60 percent.**
2	**Undeclared:** A foreign asset already offered to tax, OR acquired while you were a non-resident, but never reported in the relevant Schedule of the return.	Rs 5 crore	A flat fee of **Rs 1 lakh.**

The line that decides everything: The question is not what the asset is worth. It is whether the money that bought it was already taxed in India, or was earned while you were a non-resident. That single question is the difference between 60 percent and Rs 1 lakh.

Who Is Eligible to Declare

The scheme defines an eligible assessee in two limbs, and the second limb is the one most advisers miss.

1	2
Limb One: Resident in India A person resident in India under section 6 of the Income-tax Act, 1961 in the relevant previous year.	**Limb Two: Now Non-Resident or RNOR** A person who is presently a non-resident or RNOR under section 6(6), but who was resident in India either in the year to which the undisclosed foreign income relates, or in the year the foreign asset was acquired.

Residential status is tested in the year of the default, NOT in 2026. A founder who has since moved abroad can still file for an asset acquired while they were resident here.

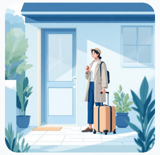
Grounds for a declaration: failure to file a return under section 139; failure to disclose the asset in a return filed before the scheme began; or income that escaped assessment within section 147.

Who Is Really in the Cheap Basket

Serial number 2 does the real work, and the population is far larger than "undisclosed foreign assets" suggests. None of these involve unaccounted money.

The Foreign-Parent Employee

RSUs or ESOPs in a foreign parent, perquisite tax paid on vesting and capital gains tax paid on sale, but Schedule FA never filled.



The Returning NRI

Worked in Dubai, London or Singapore as a non-resident, opened a bank account there, moved back to India, never reported it.

The LRS Investor

Foreign mutual funds or listed shares bought through an LRS remittance out of taxed Indian income, remittance reported but the resulting asset not.

⚠ The exposure they carry: Under the Black Money Act, 2015, each is a Rs 10 lakh per year penalty plus prosecution. FAST-DS prices the same exposure at Rs 1 lakh once, for aggregate value up to Rs 5 crore.

Valuing the Asset, and the Trap in Bank Accounts

Rule 3: Valuation Machinery

General rule: fair market value on 31 March 2026 is the higher of cost and open-market price, ideally with a recognised valuer's report. Fallback: where no open-market valuation is done, the indexed cost of acquisition (section 48 meaning) is deemed the FMV. For an old asset in a rising market, model both routes before choosing.

Asset Specifics

Quoted shares use the average of the day's high and low. Immovable property abroad needs a valuer recognised in that country. Currency converts to Rupees at the RBI reference rate on 31 March 2026.

The Bank-Account Trap

A foreign bank account is NOT valued at its closing balance. It is the SUM OF ALL DEPOSITS from the day it opened to the valuation date (net of same-account re-deposits).

A modest salary account run for fifteen years can carry a deposit figure many times its balance. At 60 percent, a serial-1 declaration can exceed the money in the account.

Compute this first.

The 20 Percent Safe Harbour Nobody Mentions

Rule 5(2) is quietly one of the most important provisions in the notification.

The Protection

For an asset OTHER than a bank account, if the fair market value declared in Form 1 later differs from the value an Assessing Officer determines, the declaration is not void for misrepresentation or false particulars merely because of that variance, provided the variance does not exceed **20 percent** of the declared FMV.

Why It Matters

Without it, every declaration involving a valuation judgement, a property or an unquoted share, would carry a live risk of being voided years later on a difference of opinion. Rule 5(2) gives a defined tolerance band.

The Carve-Out

It does NOT apply to bank accounts, where the value is arithmetic and there is no room for an honest difference.

20%

Safe Harbour Band

Variance tolerance on declared FMV for non-bank assets under Rule 5(2).

The Four Forms and the Payment Clock

The scheme runs on four forms and a chain of deadlines. Work backwards from the payment clock, not the filing date.

If you cannot pay in two months: up to two further months at 1 percent simple interest per month, with a HARD outer limit of four months from the end of the month of the Form 2 order. Miss it and the scheme lapses for that declaration. Filing in September rather than December buys three clear months of funding runway.

Immunity, Exclusions, and the Hard Ceilings

What You Get

Immunity from further tax, penalty and prosecution under the Black Money Act, 2015 on what you validly declare and pay. The declared income or investment is not added to total income under the 1961 Act or the Black Money Act.

What You Give Up

No rectification, revision, set-off or appeal relief on the declared item. A declaration is a closing entry, not a bargaining position.

When It Does NOT Apply

Assets representing proceeds of crime with pending PMLA proceedings; and any year where a Black Money Act assessment is already COMPLETED. Note: pending Black Money Act proceedings do NOT disqualify you, only completed assessments do.

The Ceilings Are Absolute

Rs 1 crore and Rs 5 crore are aggregate and hard. The gazette's Illustration 3, assets aggregating Rs 6.5 crore, is out of the scheme entirely. There is no partial declaration and no proportionate relief at Rs 5.1 crore.

Your Move Before 31 December 2026

1 Run a Schedule FA Gap Analysis

For every client with a foreign connection: reconcile AIS foreign-asset data, LRS history and foreign stock-award perquisites against the Schedule FA actually filed.

2 Classify Each Item First

Classify each item into serial 1 or serial 2 before you compute. The taxed-in-India or non-resident question decides 60 percent versus Rs 1 lakh.

3 Value Each Asset as on 31 March 2026

Model both open-market and indexed-cost routes; compute foreign bank accounts as lifetime deposits first.

4 Test the Aggregate Against the Ceiling

Test the aggregate against the ceiling before promising anything.

5 Collect Evidence Now, Not in December

Collect acquisition evidence and foreign valuer reports now, not in December.

> The window is four and a half months. The funding clock runs past it. Most affected people are salaried professionals with foreign stock awards who never thought they had a black-money problem. They have a Schedule FA problem, and until 31 December 2026 it costs Rs 1 lakh to fix.