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Supplementary FAQs

The Foreign Assets of Small Taxpayers - Disclosure Scheme, 2026 (FAST-DS) FAQs — continuation of the Taxpayer FAQ (Q51 onwards)

*For the purposes of these FAQs, the declaration/provisions under section 133 [Table: Sl.No 1] shall be described as **Category A** and those under section 133 [Table: Sl.No 2] shall be described as **Category B**.*

Category	Particulars	Amount payable	Upper limit
Category A	Undisclosed foreign asset or undisclosed foreign income.	Tax @ 30% and additional amount @ 30% - Total 60%.	₹ 1 Cr
Category B	Assets offered to tax but not declared in Schedule FA of the ITR or ITR not filed	Flat fee of ₹1,00,000 for all assets	₹ 5 Cr

The mention of sections in these FAQs refer to sections of Finance Act,2026 (FA 2026) and the that of rules refer to Rules under the Foreign Assets of Small Taxpayers - Disclosure Scheme Rules, 2026 (FAST-DS Rules), unless otherwise specified.

J. Declarations

Q.51. A resident taxpayer has income from various overseas sources. Only few streams of income have been offered to tax in the ITR (Income-tax Return). What are the income/assets that have to be declared under FAST-DS in Category A?

Ans The declaration may be made only for the income or assets that have not been offered to tax in the ITR. This is illustrated in the following example.

Particulars of foreign income/assets	FMV as on 31.03.2026	Offered for tax in ITR	Declaration under FAST-DS
Rental income	₹ 2 Cr	Yes	Not needed
Interest income	₹ 30 Lakhs	No	May be made
Dividend income	₹ 40 Lakhs	No	May be made

Q.52. A taxpayer has 3 foreign assets (from post-tax income) out of which he has declared only 2 assets in Schedule FA of the ITR. What are all the assets that have to be declared under FAST-DS in Category B?

Ans The declaration may be made only for the asset that was not declared in Schedule FA of the ITR. This is illustrated in the following example.

Foreign Asset	FMV as on 31.03.2026	Declared in Schedule FA of ITR	Declaration under FAST-DS
ESOPs	₹ 20 Lakhs	Yes	Not needed
Land	₹ 3 Cr	Yes	Not needed
Mutual Funds	₹ 2.5 Cr	No	May be made

Q.53. A resident taxpayer has some undisclosed foreign income. He has declared this income under Category A of FAST-DS. Subsequently, he came to realise that there was other undisclosed income which he did not declare under the scheme. Will immunity under FAST-DS be available for that income that was declared under FAST-DS?

Ans: Yes, the declaration will be valid to the extent of the income or assets declared under the scheme and immunity will be available for such income/assets. This is illustrated as follows.

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Particulars of undisclosed foreign income/assets	FMV as on 31.03.2026	Offered for tax in ITR	Declared under FAST-DS	Immunity under FAST-DS
Dividend income	₹ 60 Lakhs	No	Yes	Yes
Rental income	₹ 2 Cr	No	No	No

In this example, as only Dividend income is declared under FAST-DS (in Category A), the declaration will be valid for the dividend income and immunity will be available for such income, subject to payment in time.

Q.54. A taxpayer has 2 foreign assets (from post-tax income) both of which have not been declared in Schedule FA of the ITR. He has declared both these assets under Category B of FAST-DS. Later, it came to his knowledge that there was another foreign asset which he did not declare either in Schedule FA of the ITR or under this scheme. Will immunity under FAST-DS be available for the 2 assets that were declared?

Ans: Yes, the declaration will be valid to the extent of the assets declared under the scheme and immunity will be available for such assets. This is illustrated as follows.

Undeclared Foreign Asset	FMV as on 31.03.2026	Declared in Schedule FA of ITR	Declared under FAST-DS	Immunity under FAST-DS
FA 1	₹ 50 Lakhs	No	Yes	Yes
FA 2	₹ 3 Cr	No	Yes	Yes
FA 3	₹ 2.5 Cr	No	No	No

In this example, as only 2 assets (FA1 and FA2) are declared under FAST-DS (in Category B), the declaration will be valid for these 2 assets only and immunity will be available for them, subject to payment in time.

Q.55. The FMV of the asset/income has been determined in USD for the purposes of this scheme. What is the conversion rate of USD to INR that has to be applied?

Ans: The provisions of Rule 3(4) provide that the FMV shall be converted into Indian currency as per the reference rate of the Reserve Bank of India on the valuation date i.e 31.03.2026. As no reference rate was published by the RBI on 31 March 2026, the last available USD/INR reference rate of **₹94.6543** per US Dollar as published on 30 March 2026 will be taken as the conversion rate for the purposes of this scheme.

K. Jointly Held Accounts

Q.56. In the case of a jointly held foreign bank account, who is required to report the account under the Black Money Act, 2015 (BMA)?

Ans: As each of the joint account holders has an interest in the bank account, they are required to report such interest separately under provisions of section 42 or section 43 of BMA, as the case may be. It may be mentioned that compliances are required to be met by a taxpayer in an individual capacity.

Q.57. A bank account overseas is held jointly by wife and husband, both of whom are residents. All the funds are transferred to the said account by the husband. The said account was disclosed in the return of income only by the husband and not the wife. Is the wife eligible to apply under the scheme?

Ans: For the purposes of the Scheme, as per section 131(1)(j) an "undisclosed asset located outside India" includes an asset held by the assessee in his name, or in respect of which he is the beneficial owner. A joint holder whose name appears on the account is therefore within the description irrespective of who funded the account. In this case, the wife has to declare the account under the BMA and can take benefit of the scheme.

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Q.58. How is the value of a jointly held account to be determined? Is it to be apportioned among the holders?

Ans: Rule 3(1)(e) prescribes the value of an account with a bank as the sum of all deposits made in the account from the date of opening till the valuation date (with the specified exclusions).

For the purposes of this scheme, where an asset is held by 2 or more people, irrespective of the contributions made towards the said asset:

- If it is held by a definite and ascertainable share for each holder, the value of the asset shall be distributed among the asset holders in accordance with their respective shares thus ascertained. Eg: If the asset is held by 3 persons in the ratio of 3:3:4 and the FMV of the asset is determined at ₹ 30 Lakh, the value for the account holders shall be ₹ 9 Lakh, ₹ 9 Lakh and ₹ 12 Lakh respectively
- If there is no definite and ascertainable share for the holders, the value of the asset will be equally distributed among them. Eg: If an asset with FMV of ₹ 30 Lakh is held by 3 persons without ascertainable shares, the value for each of the account holders shall be ₹ 10 Lakh.

Q.59. If both joint holders declare the same account, how does the ₹5 crore ceiling for Category B apply?

Ans: The ceilings in Rule 5(1) are tested on the aggregate of the values of assets declared by each declarant in his own Form 1. Therefore, the value of the account declared by each account holder counts towards each holder's ceiling.

Q.60. A person is a director, employee or authorised signatory in a company, and the company holds foreign assets, including bank accounts. Is the director, employee or authorised signatory, being a signing authority, required to declare such accounts under *Category B* of the scheme?

Ans: The assets to be declared in the IT return are governed by the provisions of sections 42 and 43 of BMA which mandate declaration of details of assets where the director, employee or authorised signatory fulfils the following conditions regarding the said asset, i.e the said person:-.

(i) held any asset (including financial interest in any entity) located outside India as a beneficial owner or otherwise; or

(ii) was a beneficiary of any asset (including financial interest in any entity) located outside India; or

(iii)had any income from a source located outside India

If the taxpayer being a signing authority, fulfils any of the above conditions, such a taxpayer is required to make necessary declarations in the ITR (Schedule FA). If the said asset was not declared in Schedule FA, the FAST-DS scheme (Category B) can be availed subject to eligibility.

Q.61. A person is a director in a company and is the authorised signatory for a certain overseas bank account. All the deposits and withdrawals in this account are made on behalf of the company. How is the value of such accounts determined for *Category B* of the scheme?

Ans: Rule 3(1)(e) prescribes the value of an account with a bank. If the taxpayer being a signing authority and fulfils any of the conditions in sections 42 and 43 of BMA (as mentioned in Q.60), the value as determined by this rule will be taken for the purposes of FAST-DS scheme.

L. Residential Status and Eligibility

Q.62. A person is a non-resident from FY 2023-24 till date. He was a resident from FY 2014-15 to 2022-23. The foreign bank account was opened on 01.04.2018 which was not declared in Schedule FA of the ITR till date. Does he need to make a declaration under the Scheme?

Ans: Under the provisions of BMA, the assessee was required to disclose this Bank account in the period from 2018-19 to 2022-23 as he was a resident. As this was not declared in the ITR, he can take benefit of the FAST-

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DS scheme and declare this asset. The definition of "assessee" under this scheme includes a non-resident or Resident but Not Ordinarily resident (RNOR) who was resident in India in the previous year in which the undisclosed asset was acquired. Such a person is therefore an eligible assessee.

Q.63. Assets located outside India were acquired during the period when the taxpayer was a Resident but Not Ordinarily Resident (RNOR) who subsequently became a Resident and Ordinarily Resident (ROR). These assets were not declared under Schedule FA. Can they be declared under FAST-DS and where?

Ans: As the assets have not been declared in schedule FA of the ITR on becoming a ROR, they may be declared under *Category B* even if they were acquired during the period the taxpayer was RNOR.

- Part B, clause 2(A)(i)(3) of **Form No. 1** may be filled in to provide the relevant details of the asset located outside India on becoming a ROR.
- Further, clause 2(A)(iii)(3) provides the option for cases where the taxpayer was a Resident but Not Ordinarily Resident (RNOR) during the relevant period.

Accordingly, the relevant details of such assets may be furnished by filling in clause 2(A)(i)(3) and selecting the applicable option under clause 2(A)(iii)(3).

Q.64. Can any asset or income relating to which assessment proceedings under the BMA have been concluded but appeal against the assessment order is pending, be included in the declaration under FAST-DS?

Ans: No. Any asset or income related to which assessment proceedings under the BMA are concluded by the Assessing Officer cannot be included in the declaration under the scheme according to section 140. However, where proceedings have been initiated by issue of notice and are yet to be concluded, the assessee can avail the benefit of FAST-DS, Scheme.

Q.65. Can any asset or income relating to which penalty proceedings under the BMA have been concluded, be included in the declaration under FAST-DS?

Ans: No. This Scheme doesn't revisit a proceeding that has already been closed under the BMA. Any asset or income related to which penalty proceedings under the BMA are concluded by the Assessing Officer cannot be included in the declaration under the scheme. In case a penalty has been levied under section 42 or 43 of BMA for a certain asset, the same asset cannot be disclosed under Category B. However, where proceedings have been initiated by issue of notice for assessment proceedings under section 10(1) of the BMA or penalty proceedings under sections 42 or 43 of the BMA, and are yet to be concluded, the assessee can avail the benefit of FAST-DS Scheme.

Q.66. How does the amount payable (tax, penalty, and fees) differ between assessment under the BMA and a voluntary declaration under FAST-DS, 2026 for both Category A and Category B?

Ans. The rates of Tax, Penalty, and Additional Amounts are compared as under.

Particulars	Proceedings under BMA	Declaration under FAST-DS, 2026
Category A: undisclosed foreign asset or undisclosed foreign income.	Tax @ 30% and Penalty @ 90% - Total 120%	Tax @ 30% and additional amount @ 30% - Total 60%. *(under the ₹ 1 Cr Limit)*
Category B: Assets offered to tax but not declared in ITR or ITR not filed	Penalty of ₹10,00,000 for each asset	Flat fee of ₹1,00,000 for all assets *(under the ₹ 5 Cr Limit)*

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M. Undisclosed Income, Source of Funds and Categories

Q.67. A person has a small-value foreign bank account whose value is below the ₹20 lakh threshold and no declaration has been made in Schedule FA of the ITR. Is a declaration necessary under FAST-DS?

Ans: The proviso to Sections 42 and 43 of the BMA provides that one or more foreign bank accounts with an aggregate balance not exceeding ₹20 lakhs at any time during the previous year are exempt from the ₹10 Lakh penalty for non-disclosure in Schedule FA of the ITR. They are also exempt from prosecution under sections 49 and 50 of the BMA.

- Accordingly, in cases where the deposits are from disclosed sources, a declaration under the scheme is not needed.
- A declaration will be required where the account contains undisclosed income or unaccounted deposits as they are subject to tax and penalty under the BMA.

Q.68. An assessee opened a foreign bank account in FY 2022-23 where post-tax deposits were made while he was a Non-Resident (NR). He returned to India and became an Indian Resident in F.Y. 2025-26. He maintained the foreign bank account but omitted to report it in Schedule FA of his Indian ITR for F.Y. 2025-26. In addition, the account earned interest income which was not disclosed in the ITR. What is the amount to be disclosed by him under FAST-DS if the details of income and assets and residency are as under?

FY	Deposits	Interest earned	Value of Account	Residency Status
2022-23	$ 10,000		$ 10,000	Non-resident
2022-23	$ 10,000	$ 200	$ 20,200	Non-resident
2022-23	$ 20,000	$ 200	$ 40,400	Non-resident
2023-24	$ 5,000	$ 50	$ 45,450	Non-resident
2024-25	$ 5,000	$ 50	$ 50,500	Non-resident
2025-26	$ 5,000	$ 50	$ 55,550	Resident
			USD 55,550 INR 52,57,807	

Ans. In the above case, the following provisions of BMA shall apply:

- As the deposits in the account are from post-tax income, the bank account will not be treated as undisclosed in his hands and is not liable for tax and penalty under the BMA.
- The interest earned in F.Y. 2022-23 to F.Y. 2024-25 is not chargeable to tax in India as he was a non-resident.
- The interest income for FY 2025-26 which was not offered for tax and the assets that were not declared in Schedule FA of the ITR will be liable under the provisions of the BMA if not declared.

However, in this case, the taxpayer can file the revised return for FY 2025-26 (AY 2026-27) on or before 31.03.2027 declaring the interest income in the ITR and the assets in Schedule FA which will be treated as sufficient compliance under the provisions of BMA.

Q.69. If an undisclosed foreign asset is declared under *Category A*, should it be declared again under *Category B* for non-disclosure in Schedule FA?

Ans: No. If an undisclosed foreign asset is declared under *Category A* by paying the combined 30% tax and 30% additional amount (total 60%) of its value, the asset stands disclosed for the purposes of the scheme. Therefore, it is not required to be declared again under *Category B*.

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Q.70. If a foreign asset was bought partly out of taxed income and partly out of undisclosed income, under which category of the FAST-DS scheme will it fall?

Ans: Since the foreign asset has undisclosed income embedded in it, the declaration cannot be made under *Category B*. But it can be declared under *Category A*, if eligible.

Q.71. Can an assessee file under both categories of the FAST-DS Scheme in a single Form 1?

Ans: Yes, the assessee can file in a single Form 1 under both categories of the FAST-DS Scheme.

For example, in the following situation:

- a foreign asset is acquired from undisclosed income and is not declared in Schedule FA: it can be declared under *Category A*; and
- a foreign asset from disclosed income and is not declared in Schedule FA: it can be declared under *Category B*.

Q.72. If undisclosed income was used to buy a foreign asset, will both (undisclosed income and Asset value) be treated separately for calculation of limit prescribed under each Category of the scheme?

Ans: No. There will not be double taxation of both source of funds and the application towards purchasing the asset. As per Rule 3(3), the income is reduced by the amount invested in the asset. This is further clarified by way of Illustration 2 under Rule 3(3).

Q.73. What is the treatment of fractional shares under the Scheme?

Ans: Fractional shares represent recognized foreign securities under Rule 3(1)(c)(i).

- Valuation Methodology: The Fair Market Value (FMV) is computed by multiplying the exact fractional quantity (e.g., 0.45) by the average of the lowest and highest quoted trading prices on an established securities market on the valuation date (March 31, 2026), converted into INR at the RBI reference rate.
- Reporting in Form 1: In Schedule A5 (Shares and Securities) of Form 1, the declarant may enter the exact decimal share quantity (e.g., 0.45) along with the computed FMV.

N. Confidentiality.

Q.74. How are the declarations made in FAST-DS considered for the purposes of scrutiny assessment?

Ans: The FAST-DS scheme is a voluntary disclosure scheme where the entire process is undertaken in an electronic manner without any human interface. The scrutiny assessment is an altogether different process where risk parameters are used for selection of a particular case. The investment in such assets declared in the scheme shall not be added to the total income for any assessment year under ITA 1961 or BMA, subject to other compliance like payment of amount. In case of pending proceedings, the Assessing officer shall take such declaration into account while finalising the assessment order.

Q.75. Will the declarations made under this Scheme be kept confidential?

Ans: The BMA incorporates the provisions of section 138 the ITA, 1961 relating to disclosure of information with respect to assessees. Therefore, the information in respect of declaration made is confidential as in the case of a return of income filed by an assessee.

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O. Rule 5(2) [20% Tolerance]

Q.76. Please explain the 20% safe harbour (tolerance) prescribed in Rule 5(2).

Ans: Under Rule 5(2), a tolerance of 20% is granted to protect declarants from subjective discrepancies in valuation between a registered/recognized valuer and the Assessing Officer (AO). If a declarant discloses an asset in Form 1 based on a valuation report (as on the valuation date i.e 31.03.2026) from a recognized valuer and the AO subsequently determines a higher Fair Market Value (FMV), the declaration will not be rendered invalid or void only on the basis of such variance, provided the variance does not exceed 20% of the FMV so declared.

Example: A taxpayer has an overseas property which was valued at ₹ 60 lakhs by a valuation report from a recognized valuer. This was declared in Form 1 with a FMV of ₹ 60 Lakhs.

- Safe Harbour Limit: 20% of ₹60 Lakhs = ₹ 12 Lakhs.
- Maximum permissible value for safe harbour: ₹ 72 Lakhs (₹ 60 Lakhs + ₹ 12 Lakhs).

Scenario A: Safe Harbour APPLIES

- The Assessing Officer, during inquiry, determines the value of the same property and estimates the FMV to be ₹ 70 Lakhs.
- The difference is ₹ 10 Lakhs, which is 16.67% above ₹ 60 Lakhs.
- As the variance (16.67%) is within the 20% safe harbour limit, the safe harbour applies.
- The Form 1 declaration remains valid, no additional tax/penalty is levied and the immunity provided by FAST-DS stands.

Scenario B: Safe Harbour DOES NOT APPLY

- The Assessing Officer, during inquiry, determines the value of same property and estimates the FMV to be ₹ 78 Lakhs.
- The difference is ₹ 18 Lakhs, which is 30% above ₹ 60 Lakhs—exceeding the 20% tolerance ceiling of ₹ 72 Lakhs.
- As the variance exceeds 20%, the declaration may be considered to be under-valued.
- The declaration will be appropriately considered by the AO while framing the assessment as per section 141.

Q.77. Is the 20% tolerance available for bank accounts?

Ans: As per Rule 5(2), the 20% tolerance is not available for bank accounts as the value is deterministic and not subjective.

Q.78. Is the 20% tolerance in Rule 5(2) available for immovable property?

Ans: Yes, the 20% tolerance in Rule 5(2) is available for immovable property when the said property is valued on the basis of a valuation report.

Q.79. If the AO determines at a later date that the FMV of the asset as valued by him is higher than indexed cost of acquisition as declared under the scheme, will the 20% tolerance limit apply here?

Ans: The scheme provides that the indexed cost will be adopted as the final FMV whenever no valuation is carried out [Rule 3(1)]. Thus, the indexed cost of acquisition cannot be substituted with a higher open-market value even where a valuation is carried out subsequently.

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Illustration:

Parameter	Method A: Recognized Valuer Report	Method B: Indexed Cost of Acquisition
Original Cost of Acquisition	$28,000 (Acquired in F.Y. 2018-19)	$28,000 (Acquired in F.Y. 2018-19)
CII (*Cost Inflation Index*) Calculation Formula	Not applicable *(valuation is carried out)*	$\text{Cost} \times \frac{\text{CII}_{\text{Valuation Year (2025-26)}}}{\text{CII}_{\text{Acquisition Year (2018-19)}}}$
CII Figures Applied	Not applicable	CII (F.Y. 2025-26) = 380 CII (F.Y. 2018-19) = 280
Indexed Cost	Not applicable	($28,000 *380/280) = $38,000
FMV for declaration in Form 1	Recognized Valuer Report = $35,000	Deemed FMV = $38,000
20% Safe Harbour	Yes, available	Not applicable
Safe Harbour Tolerance Margin	Up to $42,000 *(Declared* $35,000 + $ 7,000*)*	Not applicable
Assessing Officer (AO)	AO may determine open-market FMV. If AO valuation not more than $42,000 (₹ 39,75,431), declaration remains valid under safe harbour.	The FMV determined by Indexation will not be changed or substituted by another valuation. The value of $38,000 (₹ 35,96,863) will be accepted.

P. Valuation and Miscellaneous

Q.80. What is the cost of acquisition of a foreign asset received by way of gift or inheritance which is to be declared under this scheme?

Ans: If the foreign asset was given by way of gift or inheritance and the donee wishes to apply under this scheme, the cost of acquisition for the donee shall be the cost of acquisition to the donor.

Illustration:

- Mr. Ashok (Donor) purchased an apartment in Dubai in F.Y. 2017-18 for $ 40,000 through disclosed sources using LRS.
- In F.Y. 2021-22, Mr. Ashok gifted the apartment to his daughter, Ms. Ananya (Donee).
- Ms. Ananya (an Indian resident) held the foreign property but omitted to report it in Schedule FA of her Income-tax Returns for F.Y. 2021-22 onwards.
- FAST-DS Application: Because the original investment source (the donor's acquisition) was disclosed, there is no undisclosed income. Ms. Ananya is eligible to declare the property under Category B for a flat fee of ₹1 Lakh.
- The valuation of the asset will be as follows (if indexed cost of acquisition is taken).

Parameter	Details for FAST-DS
Original cost for Donor	$ 40,000 in FY 2017-18
Year of Acquisition for Donee	Received as Gift in F.Y. 2021-22
Cost of Acquisition (Base)	$ 40,000
CII for Year of acquisition	F.Y. 2017-18 (CII = 272) *(donor's year of acquisition)*
CII as on 31.03.2026. (FY 2025-26)	F.Y. 2025-26 (CII = 380)

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Indexed Cost Calculation	($ 40,000*380/272) = $ 55,882
FMV of the asset. (USD)	$ 55,882.
FMV of the asset (INR)	₹ 52,89,472 (@ rate of 94.6543)
FAST-DS Category & Fee	*Category B*: Flat Fee of ₹1 Lakh

Q.81: A resident taxpayer has given an unsecured loan to a non-resident. Is this treated as an asset located outside India, and can it be declared under FAST-DS?

Ans: An overseas debt receivable from a non-resident constitutes a financial asset located outside India under Section 131(1)(j) and the same may be declared under the FAST-DS Scheme if not disclosed in the ITR.

Q.82. If there are multiple assets that are less than ₹5 Crore, should ₹1 Lakh be paid for each asset?

Ans: No. Under the provisions of section 133 (Table Sl. No. 2), the amount payable is a single flat fee of ₹1 Lakh for all the assets located outside India acquired from disclosed/taxed sources (or acquired while non-resident). The provision requires that the *aggregate value* of all such assets declared in Form 1 does not exceed ₹5 Crore. The aggregate of ₹ 5 Cr and a single flat fee of ₹1 Lakh for Category B is applied in respect of multiple assets across multiple years.

Q.83. If there are assets that are valued at less than ₹5 Crore that have not been declared in Schedule FA of the ITR for 5 continuous years, should ₹1 Lakh be paid for each year of default?

Ans: No. Under the provisions of section 133 (Table Sl. No. 2), the amount payable is a single flat fee of ₹1 Lakh for all the assets and for all the years. The provision requires that the *aggregate value* of all such assets declared in Form 1 does not exceed ₹5 Crore. The aggregate of ₹ 5 Cr and a single flat fee of ₹1 Lakh for Category B is applied in respect of multiple assets across multiple years.

Q.84. Can multiple Form 1s be filed if the total value of the assets across Form 1s is less than the prescribed limit?

Ans: Please note that

- Only one consolidated Form 1 must be filed to declare all types of assets and income. Schedules A1 to A6 and I1 in the Annexure to Form 1 may be repeated as required to report multiple assets or income items in the same filing.
- Form 1 may be refiled before the issuance of Form 2 to rectify the defects, if any. Upon refiling, the previously submitted Form 1 will become invalid, and only the latest submission will be considered valid.
- Once Form 2 is issued accepting Form 1, no further Form 1 can be filed, even if any asset or income was inadvertently omitted from the original declaration.

Q.85. If my original Form 1 is rejected, can I file another?

Ans: Yes, if any Form 1 is rejected, the taxpayer is allowed to file fresh Form 1.

Q.86. Can I revise my Form 1?

Ans: Yes. if any Form 1 is wrongly filed, the taxpayer is allowed to file fresh Form 1. However, once Form 2 is issued accepting the Form 1, the taxpayer is not allowed to file another Form 1.

Q.87. Can I get DTAA tax credit for foreign income declared under Category A under FAST-DS?

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Ans: No, the benefits of DTAA or FTC are allowable against the relevant foreign income in the ITR of that year only. It is not allowed in this Scheme.

Q.88. If an asset is discovered during search/survey, can it still be disclosed under FAST-DS?

Ans: Yes, unless a BMA assessment is already completed or PMLA prosecution is initiated.

- Exclusions from the Scheme (Section 140): FAST-DS does not apply only if (a) the asset represents PMLA proceeds of crime; or (b) assessment proceedings under the BMA for that assessment year have already been completed.
- Income-tax Act Search/Survey: A pending or completed search or survey does not disqualify a taxpayer from filing Form 1, provided no assessment under the BMA has been completed prior to filing Form 1.

Q.89: A BMA assessment is pending u/s 10 with a time-barring date of 31.03.2027. If a taxpayer files Form 1 under FAST-DS on 31.12.2026 and Form 2 is issued on 31.01.2027, the taxpayer has time up to 31.05.2027 to pay (with interest) in some cases. If the AO passes an assessment order u/s 10(3) on 31.03.2027 before payment is made, what is the legal position?

Ans:

A. Section 140(b) debars a taxpayer from declaring an asset/income under FAST-DS *only* if the BMA assessment for the same was completed. Since proceedings were pending on 31.12.2026 when Form 1 was submitted, the declaration remains valid.

B. Consideration by Assessing Officer (AO): Under Section 141, where a declaration is filed during pending assessment proceedings under the BMA, *"the Assessing Officer shall take such declaration into account while finalising such assessment order"*.

C. Upon submitting Form 1 and receiving Form 2, the declarant should submit a copy to the AO requesting that the BMA assessment reflect the pending FAST-DS declaration. The taxpayer may also like to file the declaration and pay the amount under FAST-DS as early as possible so that any dispute regarding declaration in assessment is minimised as the AO has to complete the assessment before the statutory timeline of 31.03.2027.

D. If the assessee makes the payment before the assessment is completed, the declared income/asset will not be included in the income. Accordingly, the taxpayer may communicate the details of such payment in time to the AO.

E. In case where a valid Form 1 is submitted to the AO and the payment has not yet been made; the AO may make the addition with a reference to the Form 1 in the assessment order. Once the payment is done within the due date prescribed under the scheme, appropriate rectification may be done by the AO after Form 4 is submitted. Accordingly, the taxpayer may communicate the copies of such forms in time to the AO.

Q.90: Can HUFs, firms, companies, LLPs and trusts declare under this scheme? Can a legal heir declare the foreign asset or income of a deceased person?

Ans:

- Eligibility of Entities: Yes. Under Section 131(1)(a), an eligible "assessee" is any "person" who was a resident in India (or a former resident) during the relevant previous year. Under Section 2(31) of the ITA, 1961, the term "person" includes an Individual, Hindu Undivided Family (HUF), Company, Firm, Limited

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Liability Partnership (LLP), Association of Persons (AOP), or Trust. Therefore, non-individual entities meeting the residency and threshold conditions are eligible to file Form 1.

- Declaration by Legal Heir: Yes. Under Section 159 of the ITA, 1961, a legal representative shall be liable to pay any sum the deceased would have been liable to pay. Therefore, a legal heir can file a declaration in Form 1 under FAST-DS 2026 on behalf of a deceased person for undisclosed/unreported foreign assets or income held or earned by the deceased during their lifetime.

Q.91: What remedy is available where the order in Form 2 differs from the declaration or contains an apparent error, and does the filing of a grievance suspend the time allowed for payment?

Ans:

- Form 2 is a system-generated electronic order issued under Section 135(1) by the Principal Director General / Director General of Income-tax (Systems). If Form 2 contains an apparent arithmetical error or system calculation discrepancy, the declarant can submit an electronic representation/grievance on the e-Filing portal to the designated Income-tax Authority (Systems).
- Effect on Statutory Payment Timeline: Raising a grievance or representation DOES NOT stay or extend the payment deadline.

Q.92: For assets acquired before 01.04.2001, which index and base year are to be used, and in which currency is the indexation to be carried out (in foreign currency or in rupees)?

Ans: For assets acquired prior to 01.04.2001 and valuation as on 31.03.2026 is not carried out:

- The declarant has to adopt the higher of the actual cost of acquisition or the Fair Market Value (FMV) as on April 1, 2001 as the base cost (in foreign currency); and
- This base cost is then indexed from CII = 100 (F.Y. 2001-02) up to CII = 380 (F.Y. 2025-26) to establish the indexed cost of acquisitions under Rule 3.
- The value of the asset is determined in foreign currency and converted to INR according to the conversion rate as on 31.03.2026.

Q.93: If an assessee has held a foreign asset over multiple previous years (e.g., 5 years) without disclosing it in Schedule FA, is it required to enter the same asset multiple times for each year in Form 1 or file separate Form 1 declarations?

Ans: No. The declarant is required to report the asset only once in a single Form 1 submission. In the applicable schedules (A1 to A6) in Annexure to Form 1, the asset is entered in a single row by specifying, *inter alia*,:

- The earliest relevant previous year of acquisition of asset; and
- The Fair Market Value (FMV) determined as of valuation date.

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