FOREIGN ASSETS OF SMALL TAXPAYERS – DISCLOSURE SCHEME, 2026 (FAST-DS) SUPPLEMENTARY FAQS ISSUED BY CBDT

CBDT has issued 43 further FAQs (Q.51 to Q.93), in continuation of the 50 FAQs issued in August 2026. The Scheme is in Chapter IV (sections 130 to 144) of the Finance Act, 2026; the Rules and Forms were notified by Notification No. 114/2026 [G.S.R. 732(E)] dated 14 August 2026.

LAST DATE FOR FORM 1 **31 December 2026** No extension has been announced so far. About six weeks remain.	**CONVERSION RATE (Q.55)** **₹94.6543 per US Dollar** RBI reference rate of 30 March 2026, as no rate was published on 31 March 2026
CATEGORY A – UNDISCLOSED ASSET / INCOME **30% tax + 30% = 60% of value** Aggregate value up to ₹1 crore	**CATEGORY B – ASSET NOT IN SCHEDULE FA** **₹1,00,000 – one fee** For all assets and all years together (Q.82, Q.83); aggregate value up to ₹5 crore

In brief

The supplementary FAQs settle many practical questions raised since the Scheme opened on 16 August 2026: what exactly must be declared, how joint accounts and accounts held as a director or signatory are treated, how returned NRIs and RNORs are covered, how assets received as gifts or held from before 2001 are valued, and what happens where proceedings under the Black Money Act are pending.

They also make one point very clear: **only one Form 1 is accepted once the order in Form 2 is issued**, and immunity covers only what is declared in it. This alert explains the clarifications in simple terms.

Contents

1 The clarifications at a glance
2 What to declare, and in which category
3 Joint accounts, signatories, entities, heirs
4 Residential status situations
5 Valuation clarifications
6 Filing, payment and pending cases
7 Our observations
8 Action checklist and contacts

1 THE CLARIFICATIONS AT A GLANCE

Theme	What CBDT has clarified	FAQ
Declarations and categories	Declare only what was not offered to tax or not reported. Immunity covers only what is declared. An asset bought partly from undisclosed income goes to Category A. Both categories can be used in one Form 1.	51–54, 69–72
Joint holders and signatories	Each joint holder declares separately. The value is split by share, or equally. Directors, employees and authorised signatories of a company's foreign account are covered.	56–61
Residential status	Former residents, assets bought while RNOR, small bank accounts, and returned NRIs.	62–63, 67–68
Pending proceedings	A completed Black Money Act assessment or penalty cannot be reopened through the Scheme. Cases at the notice stage, and search or survey cases, can still declare.	64–65, 88–89
Valuation	Dollar rate, fractional shares, the 20% tolerance, indexed cost, gifts and inheritance, loans to non-residents, assets held from before 2001.	55, 73, 76–81, 92
Filing and payment	One consolidated Form 1. It can be refiled until Form 2 is issued. One fee of ₹1 lakh for Category B. No foreign tax credit. A grievance does not extend the time for payment.	82–87, 91, 93
Entities, heirs and confidentiality	HUFs, firms, companies, LLPs, AOPs and trusts are eligible. A legal heir may declare for a deceased person. Declarations are confidential.	74–75, 90

The FAQs call Sl. No. 1 and Sl. No. 2 of the Table in section 133 "Category A" and "Category B". Our alert of 23 October 2026 called them Category 1 and Category 2.

Amount payable – the Scheme compared with the regular Black Money Act (Q.66)

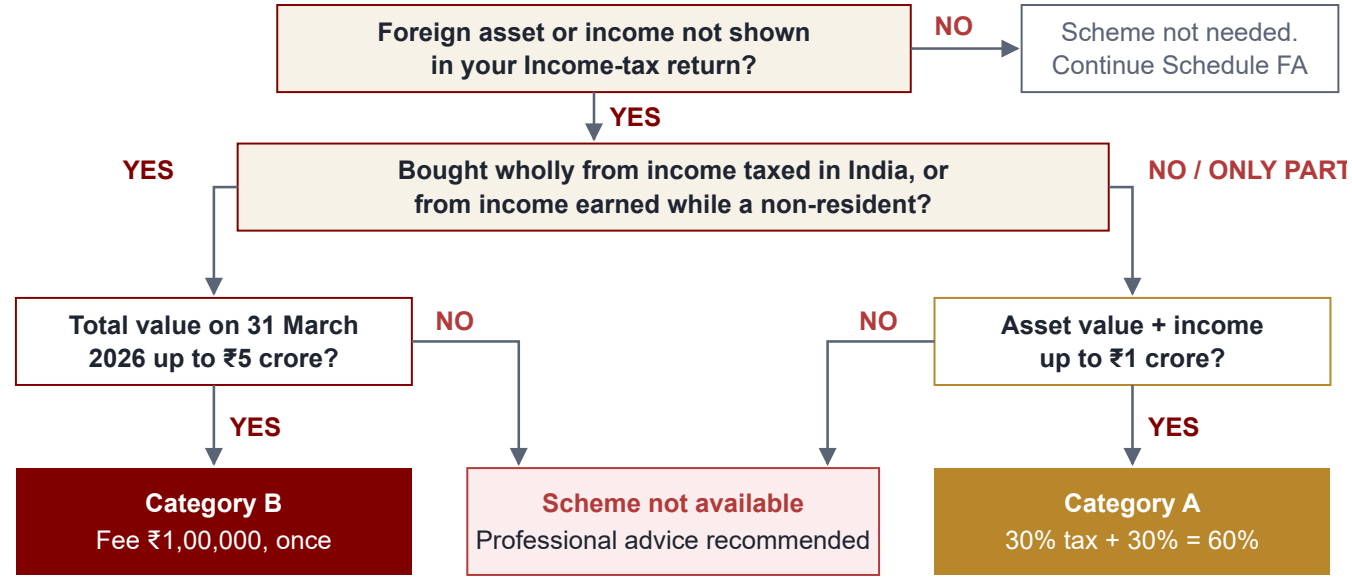


Regular provisions: 30% tax + 90% penalty; ₹10 lakh penalty for non-reporting (sections 42 and 43). As stated in Q.66.

2 WHAT TO DECLARE, AND IN WHICH CATEGORY

- **Only what is missing.** If some foreign income was offered to tax and some was not, only the part not offered is declared (Q.51). If two of three foreign assets were shown in Schedule FA, only the third is declared (Q.52).
- **Immunity only for what is declared.** If another asset or income is found later and was not in Form 1, it has no protection. The declaration remains valid for the items that were declared and paid for (Q.53, Q.54).
- **Mixed source goes to Category A.** An asset bought partly from taxed income and partly from undisclosed income cannot be declared under Category B. It can be declared under Category A, if within the ₹1 crore limit (Q.70).
- **No double counting.** An asset declared under Category A need not be declared again under Category B (Q.69). Where undisclosed income was used to buy an asset, the income is reduced by the amount invested (Rule 3(3); Q.72). Both categories can be used in the same Form 1 (Q.71).
- **One fee for Category B.** ₹1 lakh is paid once, for all assets and for all years of default, as long as their total value is within ₹5 crore (Q.82, Q.83). Each asset is entered once, with the earliest year of acquisition and its value on 31 March 2026 (Q.93).
- **Loans given abroad.** An unsecured loan given by a resident to a non-resident is an asset located outside India and can be declared if it was not disclosed (Q.81).

Which category applies – a quick guide



3 JOINT ACCOUNTS, SIGNATORIES, ENTITIES AND LEGAL HEIRS

- **Each joint holder declares separately.** Every joint holder has an interest in the account and must report it in his or her own return (Q.56). Where husband and wife hold a foreign account jointly, all the funds came from the husband and only he reported it, the wife also has to declare the account and can use the Scheme (Q.57).
- **How the value is split (Q.58).** The value of a bank account is the total of deposits since opening (Rule 3(1)(e)). Where the holders have definite shares, the value is split in that ratio; otherwise it is split equally, whoever contributed the money.

Shares 3 : 3 : 4	₹9 lakh	+	₹9 lakh	+	₹12 lakh	=	₹30 lakh
No definite shares	₹10 lakh	+	₹10 lakh	+	₹10 lakh	=	₹30 lakh

- **The limit is tested for each person.** The ₹1 crore and ₹5 crore limits apply to the total declared by each declarant in his or her own Form 1 (Q.59).
- **Directors, employees and authorised signatories (Q.60, Q.61).** A person who is a beneficial owner or beneficiary of a foreign asset, or who has signing authority over a company's foreign bank account, is required to report it in Schedule FA, under sections 42 and 43 of the Black Money Act. If it was not reported, Category B may be used, if eligible. The value of such an account is again the **total of deposits since opening**, even where all deposits and withdrawals were for the company.
- **Entities and legal heirs (Q.90).** HUFs, firms, companies, LLPs, AOPs and trusts that meet the residence and value conditions may file Form 1. A legal heir may file Form 1 for undisclosed or unreported foreign assets or income of a deceased person.

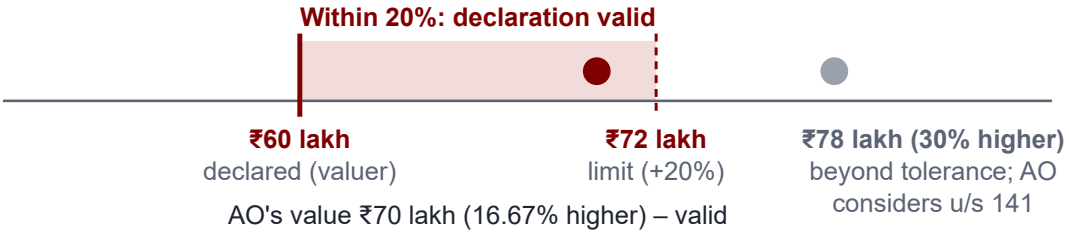
4 RESIDENTIAL STATUS SITUATIONS

Situation	Clarification
Non-resident now; resident when the foreign account was opened and in later years (Q.62)	Eligible. The account had to be reported in the years of residence. A person who was resident in the year the asset was acquired is an eligible assessee.
Asset bought while RNOR; not reported after becoming ordinarily resident (Q.63)	May be declared under Category B. Form 1, Part B, clause 2(A)(i) (3) is used, with the RNOR option in clause 2(A)(iii).
Foreign bank accounts with aggregate balance up to ₹20 lakh (Q.67)	If the deposits are from disclosed sources, a declaration is **not needed**. It is needed if the account holds undisclosed income or unexplained deposits.
Returned NRI, resident for the first time in FY 2025-26, missed Schedule FA and foreign interest (Q.68)	Deposits made from post-tax income while non-resident are not undisclosed, and interest of the non-resident years is not taxable. Filing a **revised return for FY 2025-26 on or before 31 March 2027**, offering the interest and reporting the asset in Schedule FA, is treated as sufficient compliance.

5 VALUATION CLARIFICATIONS

Point	Clarification
Dollar rate (Q.55)	₹94.6543 per US Dollar – the RBI reference rate of 30 March 2026, since no rate was published on 31 March 2026.
Fractional shares (Q.73)	Value = exact quantity (e.g. 0.45) × average of the highest and lowest price on 31 March 2026, converted at the RBI rate. The decimal quantity is entered in Schedule A5 of Form 1.
20% tolerance (Q.76 to Q.78)	If the value declared is based on a report of a recognised valuer and the Assessing Officer later finds a higher value, the declaration stays valid where the difference is within 20% of the value declared. Available for immovable property. **Not available for bank accounts**, whose value is arithmetical.
Indexed cost (Q.79)	Where no valuation is done, the indexed cost (cost adjusted for inflation) is the final value. The Assessing Officer cannot replace it with a higher market value later.
Gift or inheritance (Q.80)	The donor's cost, and the donor's year of acquisition, are taken. If the donor's investment was from disclosed sources, the donee may use Category B.
Assets held before 1 April 2001 (Q.92)	Where no valuation is done: take the higher of actual cost and value on 1 April 2001, in foreign currency; index it from 2001-02 (index 100); convert into rupees at the rate on 31 March 2026.

The 20% tolerance – example from Q.76



Gift received – worked example (based on Q.80)

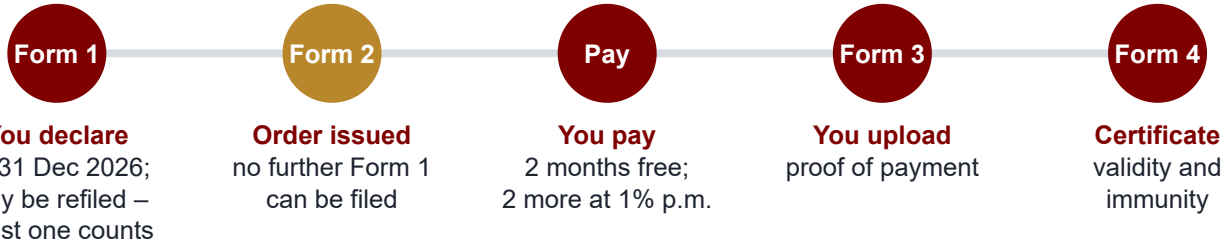
A father bought a flat in Dubai in FY 2017-18 for $40,000 from disclosed funds under LRS and gifted it to his daughter, a resident, in FY 2021-22. She did not report it in Schedule FA. Indexed cost is used as the value.

$40,000 donor's cost FY 2017-18	×	**376 / 272** cost inflation index	=	**$55,294** indexed cost	×	**₹94.6543** per US Dollar	=	**₹52,33,815** value; Category B fee ₹1 lakh

The CBDT illustration uses a cost inflation index of 380 for FY 2025-26 and arrives at $55,882 (₹52,89,472). The index notified for FY 2025-26 is 376 (Notification No. 70/2025 dated 1 July 2025), which we have used above. The fee is ₹1 lakh either way.

6 FILING, PAYMENT AND PENDING PROCEEDINGS

One Form 1 – it becomes final once Form 2 is issued (Q.84 to Q.86)



- Only one consolidated Form 1 is filed; Schedules A1 to A6 and I1 are repeated for more items. A rejected Form 1 may be filed afresh. Once Form 2 accepts a Form 1, **no further Form 1 can be filed, even for an item left out by oversight**.
- If Form 2 has an arithmetical or system error, a grievance may be raised on the e-filing portal, but this **does not stop or extend** the time for payment (Q.91).
- Foreign tax credit under a tax treaty is not available against the amount paid under Category A (Q.87).

Example: Form 1 filed on the last date (based on Q.89)	Date
Form 1 filed	31 December 2026
Form 2 issued (within one month from the end of the month)	By 31 January 2027
Payment without interest	By 31 March 2027
Payment with interest at 1% per month	By 31 May 2027 – after this the declaration is void

Where proceedings are pending or completed

- **Completed under the Black Money Act:** an asset or income for which the assessment is completed, or for which penalty under section 42 or 43 has been levied, cannot be declared, **even if an appeal is pending** (Q.64, Q.65; section 140).
- **Notice stage:** where only a notice has been issued and the assessment or penalty proceeding is not complete, the Scheme can be used (Q.64, Q.65).
- **Search or survey under the Income-tax Act** does not by itself bar a declaration, provided no Black Money Act assessment was completed before Form 1 was filed (Q.88).
- **Black Money Act assessment pending:** the Assessing Officer must take the declaration into account (section 141). Copies of Form 1, Form 2 and the payment details should be given to the officer in time. If payment is made before the assessment is completed, the item is not added; if the order is passed before payment, rectification may be sought after Form 4 (Q.89).
- **Confidentiality:** the process is online without human interface; declarations are confidential like a return of income, and are not by themselves a basis for scrutiny (Q.74, Q.75).

7 OUR OBSERVATIONS

- **The list must be complete before filing.** Form 1 cannot be added to after Form 2 is issued, and immunity extends only to what is declared. A careful inventory of all foreign accounts, securities, policies, loans and property of each family member, checked against Schedule FA of past returns, is the most important step.
- **Accounts held as a director or signatory need early review.** The value of a company's foreign account is the total of deposits since opening, which may be large even if the balance is small. It counts in the individual's own ₹5 crore limit. Where the value is high, the Scheme may not be available, and the position under the regular law should be examined.
- **Joint accounts mean more than one Form 1.** Each joint holder, including a spouse or a child whose name is on the account, has to consider a separate declaration, even where one person funded the account and reported it.
- **Returned NRIs with a lapse only for FY 2025-26** may not need the Scheme. A revised return for FY 2025-26 can be filed up to 31 March 2027 under section 139(5) as amended by the Finance Act, 2026; a fee applies where it is filed after nine months from the end of the year.
- **Other laws are not covered.** The immunity is under the Black Money Act and the Income-tax Act. Where an account was opened or an investment made otherwise than in accordance with FEMA (for example, LRS or overseas investment rules), that position should be reviewed separately.

8 ACTION CHECKLIST

1. List every foreign asset and foreign income of each family member and each entity, including joint accounts, accounts where you are a signatory, loans given abroad, gifted and inherited assets.
2. Compare the list with Schedule FA and the income offered in each return; mark what was not reported or not offered.
3. For each item, note the year of acquisition, residential status in that year and the source of funds; decide Category A or B.
4. Work out the value as on 31 March 2026 at ₹94.6543 per US Dollar and check it against the ₹1 crore and ₹5 crore limits, for each declarant.
5. Check whether any Black Money Act assessment or penalty is pending or completed.
6. File one complete Form 1 on or before 31 December 2026, pay within the time in Form 2, file Form 3, and keep Form 4 with your tax records.
7. Report the asset in Schedule FA every year from now on.

Documents to keep ready

- Bank statements from the date of opening; broker statements; ESOP / RSU grant and vesting records
- Purchase deeds, gift deeds, inheritance documents; valuation reports from recognised valuers
- Proof of source – returns, Form 16, foreign tax returns, LRS records; passport and travel records for residential status

The law in brief

Item	Reference
The Scheme	Chapter IV (sections 130 to 144) of the Finance Act, 2026 – Category A and B are Sl. No. 1 and 2 of the Table in section 133; exclusions in section 140; pending assessments in section 141
Rules and Forms 1 to 4	Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026 – Notification No. 114/2026 [G.S.R. 732(E)] dated 14 August 2026, in force from 16 August 2026
Valuation	Rule 3 (valuation date 31 March 2026); 20% tolerance in Rule 5(2); limits in Rule 5(1)
Clarifications	CBDT FAQs Q.1 to Q.50 (August 2026) and supplementary FAQs Q.51 to Q.93
Reporting of foreign assets	Sections 42 and 43 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

Contact for clarifications

Clients who need any clarification on this alert may contact any of the following members of our team.

Name	Phone	E-mail
Ms. Latha Sree Y	+91 63026 30083	latha.sree@vishnudaya.com
Ms. Anju Eldhose	+91 70221 24918	anju.eldhose@vishnudaya.com
Ms. Sreelatha N	+91 70956 84515	sreelatha.n@vishnudaya.com
Ms. Radhika R	+91 94499 20254	radhika.r@vishnudaya.com

Last date: 31 December 2026

Foreign bank statements from the date of opening and valuation reports usually take a few weeks to obtain. An early review is advisable.

Vishnu Daya & Co. LLP
CHARTERED ACCOUNTANTS · BENGALURU

This alert is a simplified summary prepared for the general information of our clients, based on Chapter IV of the Finance Act, 2026, Notification No. 114/2026 dated 14 August 2026 and the FAQs issued by CBDT, as available on 20 November 2026. FAQs are clarifications of the Department and are not part of the law. This alert is not professional advice for any particular case and should not be acted upon without examining the specific facts. Vishnu Daya & Co. LLP does not accept responsibility for any loss arising from action taken or not taken on the basis of this alert.