FAST – DS 2026

Foreign Assets of Small Taxpayers Disclosure Scheme, 2026

CASE STUDIES

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Part C

Case Studies

Case Study: Rs. 60L asset + Rs. 10L income

Scenario	Treatment	Payable
Both undisclosed (separate items)	Asset → Cat 1 60% x 60L income →Cat 1 60% × 10L	₹42 lakh
Source of ₹60L asset explained	Asset → Cat 2 → ₹1L income → Cat 1 60% × ₹10L	₹7 lakh
Asset reported in Schedule FA	Only income remains Cat 1 60% × ₹10L	₹6 lakh
Income of ₹10L already declared	Asset → Cat 2 → ₹1L	₹1 lakh

Establishing source is the highest-value step

It moves ₹60 lakh from a ₹36L charge to a ₹1L fee.

Case Study: income only, assets above ₹5 crore

Facts

- Assets bought from salary earned abroad while non-resident; value above ₹5 crore
- Not reported in Schedule FA after becoming resident
- Rent and bank interest after residency, below ₹1 crore, never offered to tax

Case Study: income only, assets above ₹5 crore

Treatment

- Income: Sl. 1(b), within ₹1 crore → **eligible, 60%**
- Assets: Sl. 2(a), above ₹5 crore → **ineligible**
- Separate caps: income-only declaration valid
- Left exposed: s.43 ₹10 lakh × years; prosecution

Income reinvested in any asset makes that asset Sl. 1(a) and counts in the ₹1 crore cap; declaring rent / interest points the Department to the assets

CASE STUDY : US Savings Account Opened While Studying Abroad

Facts

- Indian citizen studied in USA during 2017-2019.
- Opened a US bank account.
- Sum of all credits during the period: USD 25,000.
- Schedule FA not reported for FY 2021-22 to FY 2025-26.

CASE STUDY : US Savings Account Opened While Studying Abroad

Treatment

The critical question is: **How was the money accumulated?**

- Assume: Funds were accumulated while Assessee was a non-resident / Income was earned abroad legally. / No Indian tax liability arose during accumulation
- Then: Asset itself is not "black money" - Source is explainable - Default is primarily a reporting failure.

Conclusion

- Reporting default - Not necessarily undisclosed foreign income.
- Eligible Category 2 (subject to statutory conditions) - Fixed-fee of Rs. 1L

CASE STUDY : UK ESOP Shares

Facts

- Employee worked in UK - Received ESOP shares.
- Shares vested abroad.
- Later became resident in India.
- Foreign shares never disclosed in Schedule FA.
- Dividend income was also not disclosed.

CASE STUDY : UK ESOP Shares

Treatment

Two separate issues exist.

Part A – Shares

- If ESOP is proved, Shares have explained source.- Non-reporting may constitute reporting default.

Part B – Dividends

- If dividends were received after becoming Indian resident and not offered to tax: Then There is undisclosed foreign income.

Conclusion

The case may fall partly into:

- Reporting failure category (shares)
- Undisclosed foreign income category (dividends)

CASE STUDY : Foreign Pension Account

Facts

- Person worked in Canada - Pension accumulated over 15 years.
- Returned to India and Became resident.
- Pension account not disclosed.

Issues

- Whether pension corpus is black money?

CASE STUDY : Foreign Pension Account

Treatment

Analysis

- Pension corpus was accumulated - During non-resident years, From taxed employment income.
- Therefore Source is generally explainable.

Key Question

- Was there merely Non-reporting? Or
- Additional taxable accruals after becoming resident?

Conclusion

- Likely reporting-default category.
- If post-residency income accrued and escaped taxation, Additional tax exposure may arise. (Subject to DTAA)

CASE STUDY : Inherited Foreign Account

Facts

- Father died in Australia.
- Daughter resident in India inherited account.
- Account contains AUD 80,000.
- No disclosure in India.

Issues

- Whether inherited asset becomes undisclosed foreign asset?

CASE STUDY : Inherited Foreign Account

Treatment

Analysis

- Inheritance itself is not income. However Taxpayer must establish:
  - Identity of deceased.
  - Probate/will.
  - Bank records.
  - Succession documents.
- If source is established, Asset is explainable.

Conclusion

- Likely reporting failure rather than black money.

CASE STUDY 6 - Joint Foreign Account with Mother

Facts

- Mother resides in UK.
- Son resides in India.
- Son's name added as joint holder.
- Son contributed nothing.
- Son never disclosed account.

CASE STUDY : Joint Foreign Account with Mother

Treatment

Analysis

- Schedule FA reporting obligations depend upon: Legal ownership / Beneficial ownership /Signing authority.

Key Question

- Is son merely a signatory? Or beneficiary only?

Conclusion

- Fact-intensive matter.
- Even If merely signatory, Reporting obligation still arise.
- FAST-DS may be relevant for correcting reporting default.

CASE STUDY : Foreign Brokerage Account with Tesla Shares

Facts

- Resident individual purchased Tesla shares through US broker.
- Investment funded from undisclosed cash routed abroad.
- Never disclosed.

CASE STUDY : Foreign Brokerage Account with Tesla Shares

Treatment

Analysis

- This is the classic BMA case.
- Source itself is unexplained.
- Asset is not merely unreported.

Conclusion

- Undisclosed foreign asset.
- Serious BMA exposure.
- FAST-DS disclosure may be considered if otherwise eligible and not excluded.
- FEMA and PMLA Exposure

CASE STUDY : CRS Information Already Received by Department

Facts

- Taxpayer has Swiss account.
- CRS information already exchanged.
- Department has issued notice.

CASE STUDY : CRS Information Already Received by Department

Treatment

Analysis

- Disclosure scheme deny benefit only when the BMA assessment is completed or PMLA proceedings are pending

Conclusion

- Eligible to file Declaration(provided no PMLA)

Thank you!

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