Income Tax Department

Central Board of Direct Taxes

Declaration of Foreign Assets and Income





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Who should Disclose Foreign Asset/ Income?

- **Any Resident in India in the Tax Year even if, income for the Tax Year is below taxable limit,** who is having foreign income or foreign asset.

Who is Resident Indian?

- "An individual, who has stayed 182 days or more in India in any tax year", **OR** "An individual, who has stayed 365 days or more in India in four preceding years, **AND** 60 days or more in tax year".
- A Hindu Undivided Family (HUF), firm, or Association of Persons (AOP) is resident in India, except where the control and management of its affairs is situated wholly outside India.
- A company, which is Indian company, or a company having its effective place of management in India.

What is included in foreign income and assets?

- Foreign assets include any Foreign Depository account, Custodial account, Cash Value Insurance Contract or Annuity Contract, any account in which the taxpayer has signing authority, trustee/beneficiary/settlor in any trust created outside India, Bank Account, Foreign Equity and Debt Interest (including ESOPs), Financial Interest in any Entity/Business, Immovable Property, any other Capital Asset, etc. located outside India, held in the taxpayer's name or in respect of which the taxpayer is a beneficial owner.



- Foreign income includes income from sources located outside India, such as, salary, house property income, business/professional income, long term capital gains, short term capital gains, interest, dividend, royalty not being part of business income, fees for technical services not being part of business income, gross proceeds, redemption, others, etc.

Where to Disclose?

- By choosing correct ITR form (other than ITR-1 and ITR-4), as applicable, as per your particulars of income.
- ITR-1 and ITR-4 do not have Schedule FA, Schedule FSI, and Schedule TR.

When to Disclose?

- At the time of filing of Return of Income before the due date as per Section 263(1), 263(4) and 263(5) of Income-tax Act, 2025.

Where to disclose foreign assets and income in ITR?

- Schedule FA is for furnishing details of Foreign Asset(s) and Income arising from that asset(s).
- Schedule FSI is for furnishing details of Income accrued or earned from sources outside India and details of any tax relief thereon.
- Schedule TR is for providing details of Summary of tax relief claimed for taxes paid or withheld outside India.

How to Disclose?

- Collate all relevant information about foreign assets (including type of asset, country, address,



date of acquisition, current value of asset, cost of acquisition, income generated) either held in the taxpayer's name or in respect of which the taxpayer is a beneficial owner.

- Collate details of all foreign income (including type of income, amount earned, country, tax paid or withheld on income from sources outside India).
- Fill the necessary details in applicable Schedules, by referring to step-by-step guide available on incometax.gov.in
- Claim tax benefit under Double Tax Avoidance Agreement, if applicable by filling form 44 online, in addition to Schedule TR.

What to do if Income Tax Return not filed before due date?

- If return not filed for Tax Year 2026-27 within time allowed u/s 263(1) of the Income-tax Act, 2025, belated return can be filled till 31st December 2027.
- Foreign Assets and Income have to be declared even if income is below taxable limit.

What to do if Income Tax Return is already filed, but foreign assets and income not declared?

- Revise the return before the due date for revising return, i.e. before 31st March 2028.
- Choose correct ITR form while filing revised return (if original return is filed in ITR-1 or ITR-4).
- Furnish details of foreign income and assets in Schedule FA, Schedule FSI, and Schedule TR in revised return.



What are benefits of disclosing Foreign Assets and Income completely and accurately?

- Voluntary compliance with disclosure requirement under Black Money (Undisclosed foreign Income and Assets) and Imposition of Tax Act, 2015.
- Avoidance of any double taxation, in relation to income earned outside, where taxes are already paid or withheld.
- Prevention from penalties and prosecution relating to non-disclosure and filling inaccurate particulars under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

What are the consequences of Non-Disclosure for foreign income and assets?

- Assessment proceedings may be initiated under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.
- Penalty of Rs. 10 lakh can be levied, if the aggregate value of *an asset or assets (other than immovable property) exceed twenty lakh rupees:*
  - Where person who has foreign assets in his/her name or in respect of which he/she is beneficial owner, fails to furnish the return of income and disclose the same in his/her return, penalty can be imposed as per Section 42 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.



- Where taxpayer fails to furnish an information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India in his/her return of income already filed, penalty can be imposed as per Section 43 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.
- Prosecution Proceedings can be initiated under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for non-filing of return/non-furnishing or furnishing inaccurate particulars of foreign assets and income.

For more information:

Samvaad Session on Declaration of Foreign Income and Assets	Step-by-Step Guide on Income Tax Website

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Disclaimer: This brochure is intended only for the guidance of stakeholders. For complete and authoritative information, reference should always be made to the relevant provisions of the applicable Acts, Rules, Notifications, Circulars and Instructions issued from time to time.

Design & Printed by: Excel Printing Universe, New Delhi

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September 2026