



Tax Flash News



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CBDT launches Compliance cum Awareness campaign for the AY 2024-25 for proper disclosure of foreign assets and income in the ITR

Executive summary



Recently, the Central Board of Direct Taxes (CBDT) has launched a Compliance-Cum-Awareness Campaign for the Assessment Year (AY) 2024-25 specially for resident taxpayers for appropriately reporting Schedule Foreign Assets (Schedule FA) and report income from foreign sources (Schedule FSI) in their Income Tax Returns (ITR).

Key Points



- The Central Board of Direct Taxes (CBDT) has launched a Compliance-Cum-Awareness Campaign¹ for the Assessment Year (AY) 2024-25 especially for resident taxpayers for appropriately reporting Schedule Foreign Assets (Schedule FA) and report the income from foreign sources (Schedule FSI) in their Income Tax Returns (ITR).
- The campaign involves sending informational messages to resident taxpayers, who have submitted their ITR for AY 2024-25, basis the information received through bilateral and multilateral agreements.
- This mechanism intends to guide those taxpayers who have high-value foreign assets and may not have fully disclosed in their ITR.
- Such taxpayers may consider revising the ITR on or before 31 December 2024, being the due date for filing the revised ITR for the AY 2024-25 to accurately disclose all foreign assets and income, claim eligible tax reliefs under the Indian income-tax provisions and Double Taxation Avoidance Agreement to avoid any penalties and legal consequences for non-compliance.
- The income-tax department is striving to create a more efficient and taxpayer-friendly system, by leveraging data obtained through the Automatic Exchange of Information (AEOI).
- The Common Reporting Standard (CRS), an initiative by the OECD and the Foreign Account Tax Compliance Act (FATCA), enacted by the United States, are international frameworks designed to keep tax evasion on check by increasing transparency and cooperation among tax authorities worldwide.
- CRS mandates financial institutions to report information about financial accounts held by foreign residents to their respective tax jurisdictions. Likewise, FATCA mandates foreign financial institutions to report accounts held by

¹ [Press Release: Press Information Bureau.](#)



Key Points

- U.S. taxpayers to the IRS. Through CRS and FATCA, India receives information about financial accounts held by its residents in foreign jurisdiction such as account holder's name, address, tax identification number (TIN), account number and balance, income details such as interest, dividends, and other financial proceeds.
- As per the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, failure to disclose foreign assets and income attract penalty and prosecution.
 - In this regard, CBDT has issued a Step-by -Step Guidelines² providing further clarity to complete the following Schedules in the ITR:
 - Schedule for Foreign Sourced Income and Tax Relief
 - Schedule for Tax Relief
 - Schedule for Foreign Assets

- The Schedule FSI should be reported by resident individuals having foreign sourced income. Information relating to the source country, tax identification number of the foreign jurisdiction, foreign sourced income, taxes paid outside India, relevant article of the DTAA, etc. is required to be reported in this Schedule. Such details would need to be in line with the foreign sourced income and foreign tax credit claimed in Form 67³. The Schedule for Tax Relief provides a summary of details reported under the Schedule for FSI wherein reference to the income-tax provision needs to be specified.

² [Enhancing Tax Transparency on Foreign Assets and Income.pdf](#)

³ Form 67 is the income-tax form that is required to be filed by resident individuals who claim foreign tax credit in their ITR

- The Schedule FA should be reported by resident individuals, not being not ordinary resident and non-resident, to furnish details of foreign assets such as
 - Table A1 - Foreign depository accounts
 - Table A2 - Foreign custodian accounts
 - Table A3 - Foreign equity and debt interest
 - Table A4 - Foreign cash value insurance contract or annuity contract
 - Table B - Financial interest in any entity outside India
 - Table C - Any immovable property outside India
 - Table D - Any other capital assets outside India.
 - Table E - Any other account located outside India in which you are a signing authority (which is not reported in tables A1 to D)
 - Table F - Trust created outside India in which you are a trustee, a beneficiary or settlor
 - Table G - Any other income derived from any foreign source (which is not reported in tables A1 to F)
- For the purpose of Schedule FA, foreign assets held at any time during the relevant calendar year ending on 31st December is required to be disclosed. With respect to AY 2024-25, the calendar year ending as on 31st December means the period commencing from 1st January 2023 to 31st December 2023.
- It is further clarified that foreign assets held during the previous year, reported in the Schedule FA are required to be reported again in the Schedule for Assets and Liability to the extent applicable.
- The resident taxpayers may take cognizance of the guidelines issued by the income-tax department for complete and appropriate reporting and disclosure of foreign assets and income.
- Transparency in declaring global income and declaring foreign assets in tax returns reflect a taxpayer's commitment to compliance and good governance.

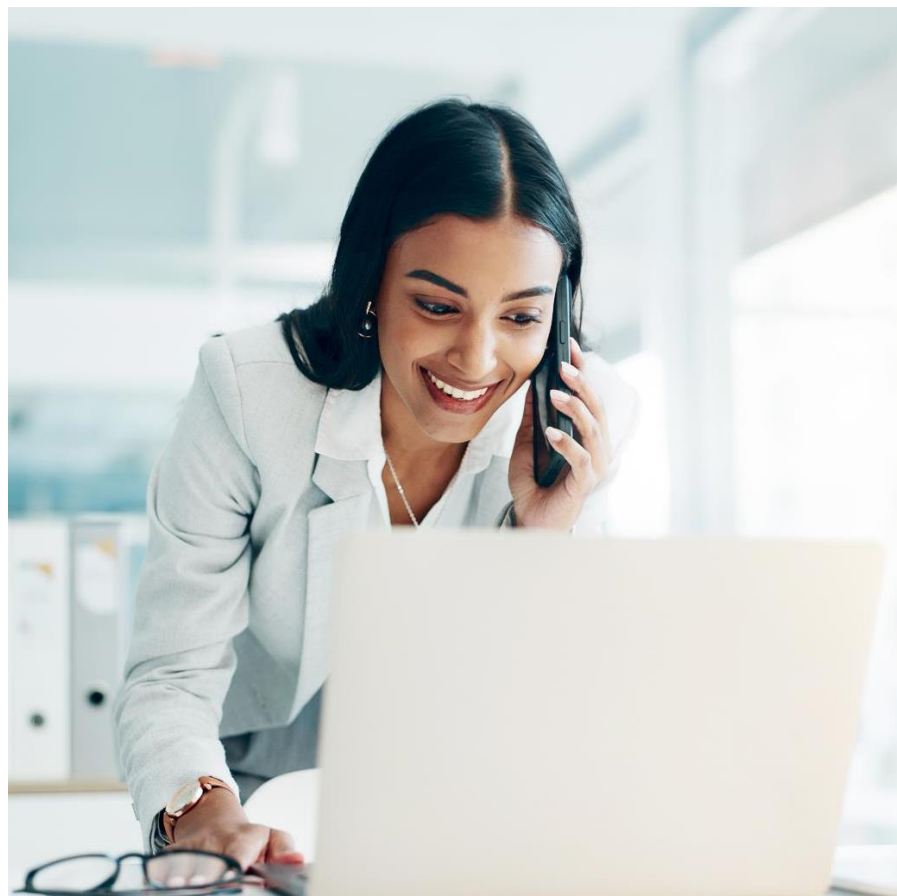
Our comments



The income-tax department is keen to spread awareness amongst resident taxpayers to Suo Moto comply with the income-tax provisions relating to foreign assets and income disclosure and reporting. The compliance cum awareness campaign acts as a reminder to inculcate as sense of discipline, accountability, and proactive compliance by the eligible resident taxpayers, which will eventually pave way for transparency, good governance and national development.

The step-by-step guide for foreign asset disclosure provides further clarity to the resident taxpayers and relieves ambiguity while reporting foreign assets and income in the ITR.

Given this, filing a revised return, if necessary, is a valuable opportunity to make complete and accurate disclosures.



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