# Personal taxation and compliance requirements

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# Residential Status in India

**"Residency In India"** determined by
**<u>"Physical Number of Days of Stay in India"</u>**

| FINANCIAL YEAR (FY)/ Tax Year (TY) | |
|---|---|
| 01 APRIL | 31 MARCH |

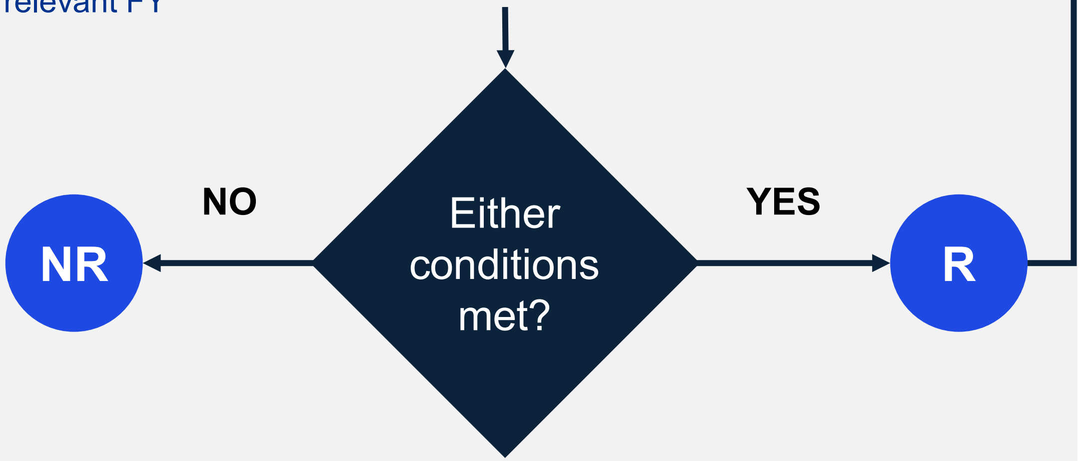
**Residential Status**

- **R** — **Resident**
  - **ROR** — **Resident – Ordinarily Resident**
  - **NOR** — **Resident – Not Ordinarily Resident**
- **NR** — **Non-Resident**

# Residential Status in India

## Basic Conditions to determine Residency

- 182 days or more in a FY
- 60 days* or more in a FY + 365 days or more in four FY preceding the relevant FY



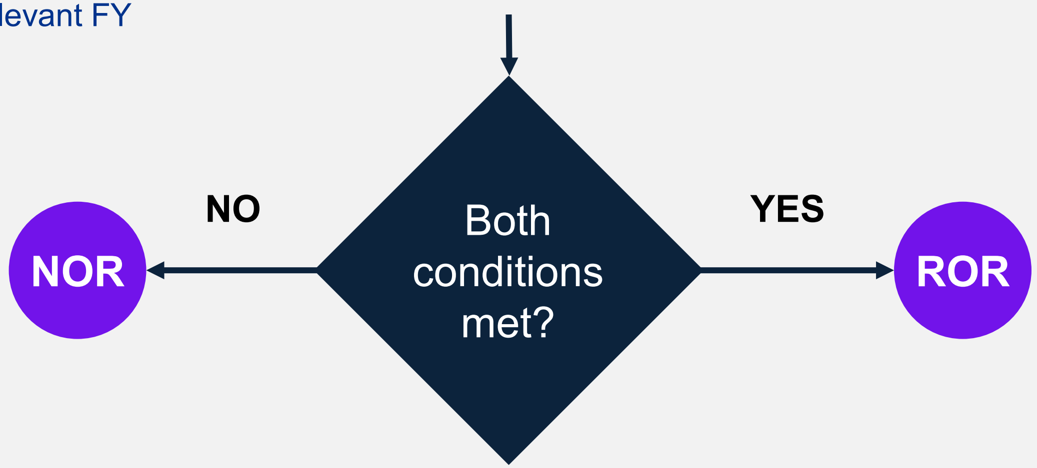

*In case of Indian citizen/Person of Indian origin- 60 days gets substituted for 182/120** days in the below situations-

- in year of departure- leaving India for employment or as a member of the crew of an Indian ship.
- in the year of visit to India- while being outside India, coming to India on a visit

**120 days - in case if Indian sourced income exceeds INR 15 Lakh (except income derived from a business controlled in or profession set up in India).

## ADDITIONAL CONDITIONS

- "Resident" in India in 2 out of 10 FY preceding the relevant FY
- Present in India for 730 days or more during the 7 FY preceding the relevant FY




**Amendments effective from FY 2020-21:**

An individual will also qualify as NOR if:

- Citizen of India / PIO who is on a visit to India and his stay in India exceeds 120 days but less than 182 days provided his total Indian sourced income exceeding INR 15 Lacs, or
- Deemed resident [Section 6(1A)]

# Residential Status in India (contd.)

| Tax year (TY) | Description | Relevant conditions (assuming past major stay in India and assuming Indian citizenship) and estimated stay in India in respective years- | Likely residential status |
|---|---|---|---|
| TY 2026-27 | TY of Start of Assignment | ▪ Stay in India >59 days < 181 days<br>▪ **Stay > 181 days and stay in previous 7 FYs is below 730 days** | ▪ NR<br>▪ RNOR |
| TY 2027-28 onwards | During assignment | ▪ Stay in India likely to be more than 181 days and stay in previous 7 FYs less than 730 days<br>▪ Stay in India likely to be more than 181 days and if stay in previous 7 FYs exceeds 729 days | ▪ RNOR<br>▪ ROR |
| Year of end of assignment(if applicable) | TY of end of assignment | ▪ Stay in India likely to be more than 59 days and stay in previous 4 FYs >364 days **OR** stay in India >181 days; and<br>- **stay in India in** 7 FYs less than 730 days<br>- stay in previous 7 FYs is 730 or more days<br>▪ Otherwise | ▪ RNOR<br>▪ ROR<br>▪ NR |

TY=Tax year

# Incidence of Tax

| Residential Status | Income liable to tax in India |
| --- | --- |
| ROR | • Global income liable to tax in India, subject to relief under treaty.<br>• Global Asset Reporting. |
| NOR | • Income sourced from India<br>• Income received/deemed to be received in India<br>• Income derived from business controlled/Profession set-up in India |
| NR | • Income sourced from India<br>• Income received/deemed to be received in India |

**Broadly, NOR/NR are not taxable in India on foreign sourced income**

# Compliance under Tax Treaty Article 4 – Residence under DTAA


**Article 4 (1)**

Any person who is a resident of a Contracting State in accordance with the taxation laws of that State

**Article 4 (2) – Establishes the rules for resolving cases of dual residence in case of individuals (Tie breaker)**

- Permanent Home
- Centre of Vital Interest
- Habitual Abode
- Nationality
- Mutual Agreement Procedure

# Relief Under the Treaty


Home Country | **Whether DTAA exist** | Host Country

**Yes**

- Foreign tax credit
- Exclusion of Income; Lower rates of taxes (Refer Note)

**No**

- Claim benefit under domestic tax laws

**If Non-Resident of both countries, treaty benefits cannot be applied**

**Note - Mandatory to obtain a Tax Residency Certificate from Country of Residence**

# Exclusion of Income – Short Stay Exemption

**Under India Income-tax Act 2025:**
Salary earned by a foreign citizen working in India may be exempt from Indian tax.

*Key conditions (all must be satisfied):*

- Individual is not an Indian citizen
- Employed by a foreign enterprise
- The foreign employer does not carry on business in India
- Stay in India does not exceed 90 days in the tax year
- Salary is not deductible from the employer's taxable income in India

**Under the Double Tax Avoidance Agreement between Home Country and India:**

As per respective Country's treaty:

- Individual is resident of home country
- Stay in India is 183 days or less in the relevant tax year or in rolling period (as per the condition in respective country's treaty)
- The remuneration is paid by, or on behalf of, an employer who is not a resident of the other State
- The remuneration is not borne by a permanent establishment or a fixed base or a trade or business which the employer has in the other state

**Requirement:**

- Tax Residency Certificate from Home country
- Copies of Tax Paid Challans showing taxes are paid on income claimed as exempt in India / copy of the Home Country tax return

# Exclusion of Income

Under the Double Tax Avoidance Agreement between Home Country and India:

- If ultimate resident of the Home Country as per Article 4 (2) of the treaty
- Services are rendered in the home country during that period and the said income is taxed in India being ROR of India
- Salary income pertaining to services rendered in home country is received directly in Indian bank account of an Individual

- Such proportionate income pertaining to overseas services can be claimed as exclusion from India taxes.

- Certain other reliefs under the Treaty such as beneficial rate of tax or other income exclusion can be analysed basis India tax residential status and as mentioned in the respective country's treaty.

Requirement:

- Tax Residency Certificate from Home country
- Copies of Tax Paid Challans showing taxes are paid on income claimed as exempt in India / copy of the Home Country tax return

# Foreign Tax Credit

**Under the Double Tax Avoidance Agreement between Home Country and India:**

- **If qualifies as ultimate tax resident of India as per Article 4 (1) and (2) of the respective treaty, then the taxes paid overseas on the foreign sourced income can be claimed against India taxes**

**Requirements:**

- Foreign Tax Credit – Form 44 (Form 67 is required for FY 2025-26 as per old Income Tax Act, 1961)
- Certificate or statement specifying the nature of income and the amount of tax deducted therefrom or paid by the assessee

  - ➢ From the tax authority of the country or specified territory outside India; or
  - ➢ From the person responsible for deduction of such tax; or
  - ➢ Signed by the assesse

Provided that the statement furnished by the assesse shall be valid if it is accompanied by,-

- An acknowledgement of online payment or bank counterfoil or challan for payment of tax where the payment has been made by the assessee;
- Proof of deduction where the tax has been deducted.
- To be verified by an accountant for Companies and other cases, where FTC paid exceeds one lakh

# Salary Taxation & related updates

# A typical compensation/CTC structure

## Salary Components


- Basic Salary
- House Rent Allowance
- Leave Travel Allowance
- Conveyance Allowance
- Children Education Allowance
- Children Hostel Allowance
- Meal Cards
- Car lease
- Special Allowance
- Telephone Reimbursement
- National Pension Scheme

# Component wise analysis

# Basic Salary

- Basic salary is generally a fixed components of the CTC which is in the range of 35% to 50% of the CTC.
- Basic salary is completely taxable in the hands of the employees

# House Rent Allowance (HRA)

House Rent allowance (HRA) is a common component of an employee's salary package. It is provided by the employer to the employee to meet the cost of renting a home in the city of the workplace.

| Taxability | |
|---|---|
| **Taxable in the hands of the employees;**<br>**Exemption available under old tax regime up to specified limits;**<br>**The exemption is city specific and the quantum of exemption available will be <u>least</u> of the following:** | |
| **Mumbai / Kolkata / Delhi / Chennai**<br>**Ahmedabad / Bengaluru / Hyderabad / Pune***<br>**- Allowance actually received**<br>**- Rent paid in excess of 10% of salary**<br>**- 50 per cent of salary**** | **Other Cities**<br>**- Allowance actually received**<br>**- Rent paid in excess of 10% of salary**<br>**- 40 per cent of salary**** |

**Additional Cities added by Income-tax Rules, 2026 (New IT Rules)*

*** *Salary shall include: Basic salary; Dearness allowance, if any and Commission based on fixed percentage of turnover achieved by employee but excludes all other perquisites and allowances*

# Leave Travel Allowance (LTA)

LTA forms a part of an employee's total CTC. It is an allowance/assistance received by the employee from his employer for travelling on leave.

**Taxability**

**Conditions for exemption (available under the old tax regime)**

- Cost of travel incurred by employee for himself/family to **any place in India**;
- Exemption is allowed **twice in a specified block of 4 calendar years;**
- Current block for LTA is **2026-2029**;
- **Actual expenses have been incurred by the employee**;
- Employee should be **on leave** during the period
- Expenses on local conveyance, hotel accommodation, sightseeing etc. are not eligible for exemption

**Limits prescribed**

- Travel by air – Fare of employee's entitled class for the shortest route to the destination as against earlier cap linked to the national carrier's economy fare.
- Travel by rail/ any other mode if origin and destination points are connected by rail - A.C. first class rail fare by shortest route;
- If the origin and destination points are not connected by rail/ air but connected by other recognized public transport - First class or deluxe class fare of such transport;
- If the origin and destination points are not connected by rail/ air and not connected by other recognized public transport – INR 30 per kilometre, as against A.C. first class rail fare by shortest route.

# Child Education and Hostel Allowance

Allowance provided by the employer to meet expenditure incurred on children education and hostel expenses.

**Taxability**

| **Children Education Allowance** | **Children Hostel Allowance** |
|---|---|
| Exemption available to an employee up to INR 3,000 per month per child (up to 2 children) (erstwhile limit - INR 100 p.m. per child) | Exemption available to an employee up to INR 9,000 per month per child (up to 2 children) (erstwhile limit - INR 300 p.m. per child) |

# Meal Cards

**Taxability**

- Food Allowance paid by the employer in the nature of pre-paid meal card are exempt up to INR 200 per meal.
- Erstwhile limit - INR 50 per meal.

**Conditions for exemption**

- Free food and non-alcoholic beverages provided during working hours in office/ business premises to the extent of INR 200 per meal.
- Free food and non-alcoholic beverages provided through pre-paid meal cards which are non-transferable and usable only at eating joints to the extent of INR 200 per meal.
- Tea/ snacks provided during working hours in office premises.
- Available under the new regime as well as per the new IT Rules.

# Car Lease (1/2)

- Company car lease arrangement is a widely used arrangement which typically entails substantial tax benefits for the employees. If the employee chooses a company car, then tax is calculated on a definite amount, irrespective of the expenditure incurred.
- Companies generally opt for a lease scheme wherein the employee is provided car hired by employer (through leasing company) for private and official use. The use of company owned/ leased car by the employee would result in a defined value being taxed in the hands of the employee as a perquisite.
- The monthly rental would be paid by the employer to the vendor. The employee structures the amount of lease rentals in salary which is recovered by the employer. Hence, reducing the employees net take home salary and also the tax burden.
- The perquisite valuation is mentioned below:

| Particulars | Taxable value under Income Tax Rules, 1962 | Taxable value under new IT Rules |
|---|---|---|
| **A. Motor car owned by employee** | | |
| **Car owned by employee but used for official + personal and expenses reimbursed by employer** | | |
| Car ≤ 1.6L engine | Actual Amount incurred by the employer<br>Less - INR 1,800/month<br>Less - INR 900/month (for Chauffer) | Actual Amount incurred by the employer<br>Less - INR 5,000/month<br>Less - INR 3,000/month (for Chauffer)<br>*(in case of Electric Vehicles as well)* |
| Car > 1.6L engine | Actual Amount incurred by the employer<br>Less - INR 2,400/month)<br>Less- INR 900/month (for Chauffer) | Actual Amount incurred by the employer<br>Less - INR 7,000/month)<br>Less - INR 3,000/month (for Chauffer) |

# Car Lease (2/2)

| Particulars | Taxable value under Income Tax Rules, 1962 | Taxable value under new IT Rules |
|---|---|---|
| **B. Motor car owned or hired by employer** | | |
| **i. Used partly for official & personal purposes (expenses met or reimbursed by Employer)** | | |
| Car ≤ 1.6L engine | INR 1,800/month + INR 900/month (with Chauffer) | INR 5,000/month + INR 3,000/month (with Chauffer)) *(in case of Electric Vehicles as well)* |
| Car > 1.6L engine | INR 2,400/month + INR 900/month (with Chauffer) | INR 7,000/month + INR 3,000/month (with Chauffer)) |
| **ii. Used partly for official & personal purposes (expenses met by Employee)** | | |
| Car ≤ 1.6L engine | INR 600/month + INR 900/month (with Chauffer) | INR 2,000/month + INR 3,000/month (with Chauffer) *(in case of Electric Vehicles as well)* |
| Car > 1.6L engine | INR 900/month + INR 900/month (with Chauffer) | INR 3,000/month + INR 3,000/month (with Chauffer) |

# Other Components

| Particulars | Description | Taxability |
|---|---|---|
| Conveyance Allowance | Provided as fixed monthly allowance | Fully Taxable |
| Telephone reimbursements | A facility provided by the employer to meet the telephone expenses incurred by an employee | Reimbursements made by the employer on account of telephone expenses incurred by the employee. Points that merit attention:<br>• Reimbursement of Telephone expenses (landline / mobile / wi-fi / broadband)<br>• No monetary limits have been prescribed under the tax law<br>• The bill should be in the name of the employee<br>• This is available under both the regimes. |
| National Pension Scheme (NPS)- Employer's Contribution | Employer's contribution towards NPS | Exempt upto:<br>10% of basic salary- under the Old tax regime<br>14% of basic salary- under the new tax regime |
| Special Allowance | Balancing Figure | Fully Taxable |

# Other miscellaneous changes impacting individual taxpayers

Value of free or concessional education for an employee's household member is based on the cost at a similar or nearby institution, minus any amount recovered from the employee. This valuation applies where cost or value of benefit exceeds INR3,000 per month per child, as against earlier limit of INR1,000 per month per child.

The limits for mandatory quoting of a PAN have been enhanced in respect of transactions such as purchase of vehicles, deposits with banks or post offices and payments made to hotels, restaurants and convention centres.

No perquisite value shall be charged in cases where loans are granted by employer to the employee for medical treatment of specified diseases, or where the aggregate amount of such loans does not exceed INR 2,00,000 vis-à-vis erstwhile limit of INR 20,000.

Form 16 replaced by Form 130

Form 12BA replaced by Form 123

Form 12BB replaced by Form 124

The perquisite value of any gift, voucher or token provided by an employer to an employee shall be treated as nil where the aggregate value of such benefits does not exceed INR 15,000 vis-à-vis erstwhile limit of INR 5,000.

# Overview of Income Tax Deductions

- Income tax deductions help lower one's taxable income and ultimately lower how much income tax an individual pays at the end of a fiscal year.
- In simple words, income tax deductions are payments made during the year, which are then subtracted from one's gross annual income (depending on the tax regime chosen by the employee).
- There are several deductions available under various sections that will bring down the taxable income. The most popular ones for the salaried employees are standard deduction, loss from house property, deduction under sections like 123, 124, 126, 129 etc. specified under Chapter VIII (erstwhile Chapter VIA) of the new IT Act.

# Section 19 – Deduction from Salary Income (erstwhile section 16)

**Tax on Employment**

- Tax on employment/ professional tax levied by specific states
- This is available only under the old regime

**Standard deduction**

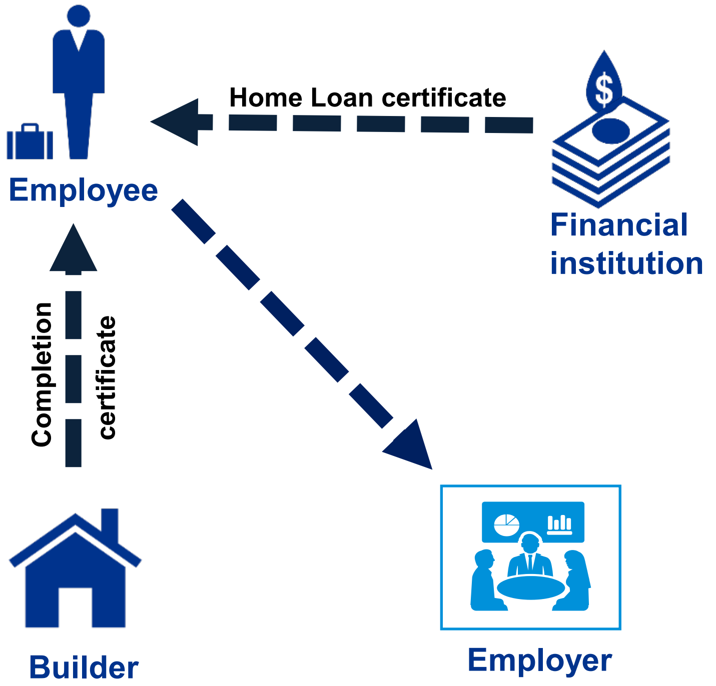
- Standard deduction of INR 50,000 per annum allowed under old tax regime
- Standard deduction of INR 75,000 per annum allowed under new tax regime

# Section 22 – Income/ Loss from House Property (erstwhile section 24)

**Available only under the old tax regime**

## Deduction for interest paid on home loan

| Computation of income from House Property | |
|---|---|
| Rental income | xxx |
| Less: Municipal Taxes | xxx |
| **Net Annual Value (NAV)** | **xxx** |
| Less: Standard deduction @30% of NAV | xxx |
| Less: Interest paid on home loan | xxx |
| **Income from House Property** | **xxx** |




**Documents to be submitted to the employer:**

- Final home loan interest certificate
- Certificate of completion
- Form 124 (Erstwhile Form 12BB

**Checkpoints**

- Maximum house property loss that may be set off is INR 200,000 per annum. Provided the house is acquired / constructed within 5 years from the end of the TY in which the capital is borrowed.
- Remaining interest on let out house property may be carried forward and adjusted over 8 years
- Interest on loan taken for repair, renewal etc. of self-occupied house property is eligible for deduction up to INR 30,000.

# Section 123 – Contributions, investments, etc. (Erstwhile Section 80C) (1/2)

**Available only under the old tax regime**

Chapter VIII

**Life insurance premium**

- **Eligibility:** Policy in the name of self, spouse, child (minor / major)
- **Proof to be submitted:** Premium receipts, details to be furnished in Form 12BB
- **Checkpoint:** Penalty on late payment not deductible

**Contribution to recognized provident fund**

- **Eligibility:** Contribution up to 12% of basic wages to provident fund
- **Proof to be submitted:** Details of investment to be provided in Form 124
- **Checkpoint:** NA

**Contribution to Public Provident Fund**

- **Eligibility:** Contribution in the name of self, spouse, child (minor / major)
- **Proof to be submitted:** PPF passbook, payment receipt, bank challan in case passbook not available, details in Form 124
- **Checkpoint:** Penalty on late payment not deductible

**Payment of tuition fee**

- **Eligibility:** Tuition fee for maximum 2 children paid to any school / college / university
- **Proof to be submitted:** Fee receipts, details to be provided in Form 124
- **Checkpoint:** Amount paid towards donation, special fees, administration fees, books, amenities etc. will not be considered

# Section 123 – Contributions, investments, etc. (2/2)

Available only under the old tax regime

Chapter VIII

**Contribution to Sukanya Samriddhi Scheme**

- **Eligibility:** Policy in the name of girl child of the individual
- **Proof to be submitted:** Passbook, photocopy of stamped challan with passbook, details in Form 124
- **Checkpoint:** Girl child should be below 10 years of age, at the time of opening of the account

**Repayment of principal on home loan**

- **Eligibility:** Principal repaid on self-occupied / let out house property owned by the individual
- **Proof to be submitted:** Certificate specifying principal paid during financial year, Form 124
- **Checkpoint:** Principal repaid before obtaining possession not deductible. In case of joint loan, a declaration from co-applicant should be asked for % of benefit claimed by the individual.

**Term deposit with scheduled bank**

- Eligibility: 5 years tax saving term deposit made with scheduled bank
- Proof to be submitted: Payment receipt, details in Form 124. FD Certificate should specify that benefit eligible u/s 80C. If not specified, letter from the bank specifying the eligibility u/s 123 is required
- Checkpoint: Interest earned on term deposit is taxable

**ELSS / ULIP**

- Eligibility: ELSS in the name of self, ULIP in the name of Self, spouse, child (minor / major)
- Proof to be submitted: Payment receipt / ELSS/ULIP statement, details in Form 124
- Checkpoint: NA

# Section 124 – Contributions to NPS (Erstwhile section 80CCD)

Chapter VIII

**Employer Contribution**

Deduction allowed up to 10% (under old regime) / 14% (under new regime) of salary (*basic salary and dearness allowance)* without any monetary limit

**Employee Contribution**

Deduction allowed up to 10% of salary subject to an overall limit of INR 150,000 per annum.

**Section 124(3)- Additional deduction of INR 50,000 is also available which is over and above Section 123 deduction of INR 1.5 Lacs**

**Available only under the old tax regime**

- **EEE Status** : Tax free investment, Tax free returns/growth, Tax free Maturity amount
- **Withdrawal** : Max 60% tax free withdrawal upon retirement, min 40% to be invested in annuity
- **Discontinue** : Withdraw 20% as cash and take balance 80% as annuity. Tax free cash withdrawal

# Section 126 – Health insurance (erstwhile Section 80D)

Chapter VIII

Available only under the old tax regime

| | | Medical Insurance | Medical Exp. | Maximum deduction allowable | Aggregate deduction |
|---|---|---|---|---|---|
| **Case-I** | Self & Family (no one of them is a senior citizen) | 25,000 | -- | 25,000 | 50,000 |
| | Parents (no one of them is a senior citizen) | 25,000 | -- | 25,000 | |
| **Case-II** | Self & Family (no one of them is a senior citizen) | 25,000 | -- | 25,000 | 75,000 |
| | Parents (atleast one of them is a senior citizen) | 50,000 | 50,000 | 50,000 | |
| **Case-III** | Self & Family (atleast one of them is a senior citizen) | 50,000 | 50,000 | 50,000 | 1,00,000 |
| | Parents (atleast one of them is a senior citizen) | 50,000 | 50,000 | 50,000 | |

## Checkpoints

- ❑ Separate deduction is provided for family (self, spouse, children) and parents
- ❑ Premium paid for major children eligible for deduction
- ❑ Insurance premium/ medical expenses should be paid by any mode other than cash
- ❑ Deduction on account of Preventive Health Checkup of INR 5000 is allowed.
- ❑ Proofs of premium paid, health check-ups, medical expenses and Form 124 to be submitted

# Section 129 – Interest on loan for higher education (erstwhile Section 80E)

**Available only under the old tax regime**

Chapter VIII

Interest on loan taken by an individual from any financial institution/ approved charitable institution for pursuing his higher education or higher education of a relative;

Deduction allowed in initial assessment year and succeeding 7 assessment years

OR

Interest paid by the assessee in full

**Whichever is earlier**

**Checkpoints**

- Eligible for self, spouse, children or student for whom individual is the legal guardian;
- Higher education means – any course of study pursued after passing the Senior Secondary Examination or its equivalent;
- Copy of banker certificate for the current financial year giving the breakup of interest and principal repayment and the date of loan sanctioned should be obtained.

# Retiral Benefits - PF

## PF contribution

- **Employer's** contribution to recognized PF to the extent of 12 per cent of salary is **exempt from tax.**
- **Employee's contribution** of 12 per cent of salary can be claimed as a deduction from his gross total income up to a maximum of **INR 150,000 per annum** (within the overall limit) under the **optional old tax regime**.
- The accumulated balance (i.e. annual contribution including interest) due and becoming payable to an employee participating in a recognized provident fund shall be excluded from the computation of his total income
  - If he has rendered **continuous service with his employer for a period of five years** or more, or
  - If, though he has not rendered such continuous service, the service has been terminated by reason of the employee's ill-health, or by the contraction or discontinuance of the employer's business or other cause beyond the control of the employee.
- Aggregate of contributions made by an employer in a recognized Provident Fund, National Pension Scheme ('NPS') and in an approved superannuation fund, exceeding **INR 750,000** in a previous year, would be **taxable**. Further, the annual accretion by way of interest, dividend or any other amount of similar nature, to the credit of the aforesaid funds in relation to the contributions made therein (on aggregate contributions in excess of INR 750,000) which is included in total income shall be taxable.
- Interest accrued on **employee contribution to PF** over and above **INR 250,000** in a tax year is **taxable**.

## PF Withdrawal

- If the continuous period of services is not more than five years, the withdrawal is taxable as under:

| Nature of Component | Tax implications |
| --- | --- |
| Employer's contribution | Taxable as profit in lieu of salary |
| Interest on employer's contribution | Taxable as profit in lieu of salary |
| Employee's contribution | Taxable as Income from other sources (to the extent of deduction claimed under the Act in prior years) |
| Interest on employee's contribution | Taxable as Income from other sources |

- Further, based on judicial precedence, any interest earned in the PF account of the employee, post his retirement / cessation of employment could become taxable in the hands of the individual.

# Retiral Benefits – Gratuity and Leave Encashment

## Gratuity

- Employer's contribution to approved gratuity fund is not taxable in the hands of the employee.
- The payment of gratuity to the employees on retirement or on becoming incapacitated or on termination of employment is taxable in the hands of the employees or in the hands of the nominees of the employees if the gratuity is received by nominee in case of death.
- However, any gratuity received under the Payment of Gratuity Act, 1972 / Labour Codes, as applicable, is exempt to the extent of least of the following:

  - 15 days salary or Wages (as applicable) x completed years of of service;

  - Prescribed amount i.e. **INR 20,00,000**; and

  - Gratuity actually received.

  INR 20 lakh exemption is overall lifetime limit; if received from multiple employers → cumulative cap applies.

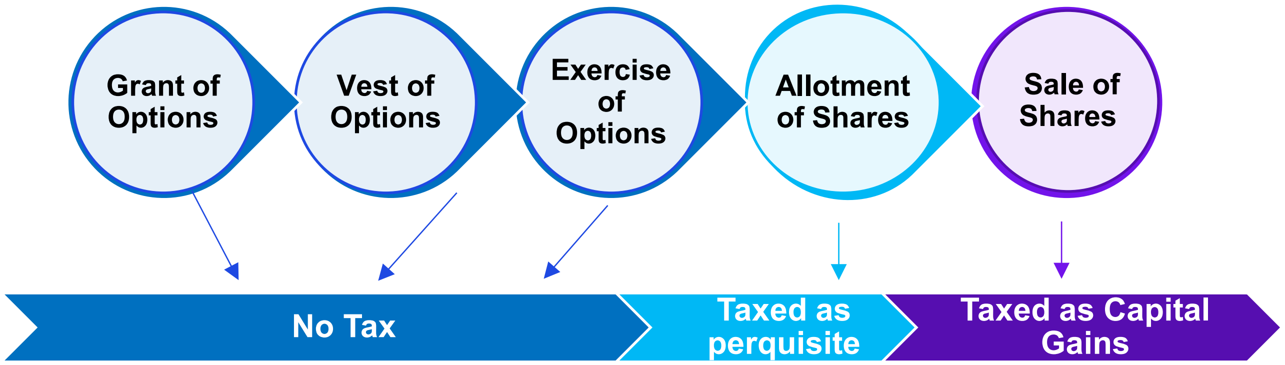
## Leave encashment

- Leave encashment during employment → always taxable.
- Exemption benefit towards leave encashment applies only on exit (retirement / resignation)
- Leave Encashment exempt to the extent of:
  - Actual leave encashment received
  - **INR 25,00,000** (lifetime limit)
  - 10 months' average salary/ wages preceding the encashment
  - Cash equivalent of unutilised leave (max 30 days / year)

  Private employees should track INR 25,00,000 lifetime limit

# Taxation of ESOPs

# Equity Linked Plan- ESOP




| Event date | ESOP | Tax Implications |
|---|---|---|
| Grant | Not taxable | NA |
| Allotment of Shares | Taxable as **perquisite** | Withholding tax on **perquisite** by Company = FMV on date of exercise of option less exercise price paid by employee at rate of tax applicable to the employee as per the relevant slab rates. |
| Sale of shares of Listed company<br>**- holding period of 12 months or less**<br>**- holding period of 24 months or less** | Taxable as **Short-term Capital Gains** | - Short Term Capital Gains on sale: Taxation in hands of individual at the rate of **20%** plus surcharge and health and education cess, if STT Paid<br>- **Slab rate** taxation |
| Sale of shares of Listed company<br>**- holding period of 12 months or less**<br>**- holding period of 24 months or less** | Taxable as **Long-term Capital Gains** | Long Term Capital Gains on sale (Listed shares held for a period of more than 12 months and Securities Transaction Tax paid on such sale) - Exempt in the hands of the individual in case gains does not exceed INR 1,25,000 during the FY and **capital gains more than INR 125,000 would be taxable at the rate of 12.5%** plus surcharge and health and education cess. No indexation available. |

## Key Concepts

| | |
|---|---|
| **Exercise** | Exercise means making of an application by an employee to the company for issue of shares, against vested options |
| **Exercise Price/ Grant Price** | Exercise price means the price, if any, payable by an employee for exercising the options. The Exercise price cannot be less than the face value of the shares or more than fair market value of the share as on the date of grant. |
| **Exercise Period** | Upon vesting, the total timeframe during which the employee is eligible to exercise the Options. |
| **Exercise Window** | The time during the exercise period, the employee would be eligible for exercising the vested options. |
| **Lock-in period after allotment** | Companies may impose lock-in period pertainng to sale of shares after allotment |

# Old v/s new regime - Deductions/exemptions available to salaried employee under

# Income tax rates-Comparison between Old and New tax regime-TY 2026-27

| Old tax regime* | |
|---|---|
| Taxable Income (in INR) | Current tax rates** (%) |
| < 2.5 L | Nil |
| > 2.5 L to < 5 L | 5% |
| > 5 L to < 10L | 20% |
| > 10 L | 30% |

| New tax regime(Default regime) | |
|---|---|
| Taxable Income (in INR) | Current tax rates** (%) |
| ≤ 4 L | Nil |
| > 4 L to ≤ 8 L | 5 |
| > 8 L to ≤ 12 L | 10 |
| > 12 L to ≤ 16 L | 15 |
| > 16 to ≤ 20 L | 20 |
| > 20 to ≤ 24 L | 25 |
| > 24 L | 30 |

*The exemption limit is 3 lacs in case of Resident senior citizen and 5 lacs in case of Resident very senior citizen

**In case of New Tax Regime, specified deductions and exemptions to be foregone. Option for choice of tax regime once exercised can be changed in the subsequent years (unless business income).

*** Rebate under section 156 for taxable income upto INR 5,00,000 under the old tax regime/upto INR 12,00,000 under the new tax regime **(only for residents in India)**

Taxes needs to be enhanced by Surcharge as follows:

- Total Income more than INR 5,000,000 but below INR 10,000,000-10 percent of tax
- Total Income more than INR 10,000,000 but below INR 20,000,000-15 percent of tax
- Total Income more than INR 20,000,000 but below INR 50,000,000-25 percent of tax
- Total Income above INR 50,000,000-37 Percent (Applicable in case of old tax regime)

Marginal Relief available for Surcharge

Health and Education Cess @ 4 Percent is applicable on Tax (inclusive of above calculated surcharge, if any).

# Old Tax Regime / New Tax Regime

1. The New Tax Regime is now the default tax regime. However, taxpayers can still opt out and choose the old regime each year (subject to the prescribed conditions and compliances.)

2. In case of individual having business income, option once exercised would be applicable for all subsequent years (with a one-time option to change), except where such person ceases to have any business income.

3. The income tax slabs are different under the old and the new tax regimes.

# Deductions/exemptions available to salaried employee under old v/s new regime

Most of the exemption and deduction are not available under new tax regime. Here is the list of exemptions and deductions allowed or disallowed under both regimes-

| Claiming of Exemption or Deduction Allowed or Not | Limit of Exemption/Deduction | Old Tax Regime | New Tax Regime |
|---|---|---|---|
| Leave travel allowance u/s 11 read with schedule III (SI no.8) | Actual Travel Cost or Actual LTA received whichever is less | Allowed | Not Allowed |
| House rent allowance u/s 11 read with schedule III (SI no.11) | Least of following is Exempt:<br>1. Actual HRA<br>2. 40% of Basic Salary (50% for metro cities- includes Bengaluru, Hyderabad, Pune, and Ahmedabad)<br>3. Rent paid in excess of 10% of Basic Salary<br>PAN of the landlord is mandatory for rent of more than INR 1 Lacs per annum and should be mentioned in the Rent receipt as well | Allowed | Not Allowed |
| Meal Allowance | INR 200 per meal subject to 2 meals a day | Allowed | Allowed |
| Children Education Allowance u/s 11 read with schedule III (SI. No. 13) and rule 280 (SI. No. 7) | INR 3000 per month per child (Restricted for Max 2 Children) | Not Allowed | Allowed |
| Exemption on gratuity u/s u/s 11 read with schedule III (SI. No.38) also read section 19(1) (Table: SI. No. 3.C) to (Table: SI. No. 6.C). | INR 20 Lakhs | Allowed | Allowed |
| Exemption on Leave encashment u/s 19 (SI no. 14) | INR 25 Lakhs | Allowed | Allowed |
| Exemption on non-monetary perquisites u/s 11 read with schedule III (SI. No.10) | No limit | Allowed | Allowed |

# Deductions/exemptions available to salaried employee under old v/s new regime

| Claiming of Exemption or Deduction Allowed or Not | Limit of Exemption/Deduction | Old Tax Regime | New Tax Regime |
|---|---|---|---|
| Allowance for clubbing of income of minor u/s 11 Schedule III (Sl. No. 17) | INR 1,500 per child | Allowed | Not Allowed |
| Standard deduction for salaried employees | INR 75,000/50,000 (amendment made from FY 2024-25) | Allowed | Allowed |
| Deduction for professional tax as contained in section 19 (Sl no. 1) | Different rates for different states | Allowed | Not Allowed |
| Interest u/s 22 in respect of self-occupied or vacant property u/s 21(6) | Deduction is restricted to INR 2,00,000 | Allowed | Not Allowed |
| **Deductions under chapter VI-A** | | | |
| Public Provident Fund (PPF) u/s 123 read with Schedule XV | Deduction restricted upto INR 1,50,000 | Allowed | Not Allowed |
| Life Insurance Premium u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Tuition Fees u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Mutual Fund- ELSS u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Unit Linked Insurance Plan (ULIP) u/s 123 read with Schedule XV | | Allowed | Not Allowed |

# Deductions/exemptions available to salaried employee under old v/s new regime

| Claiming of Exemption or Deduction Allowed or Not | Limit of Exemption/Deduction | Old Tax Regime | New Tax Regime |
|---|---|---|---|
| **Deductions under chapter VI-A** | | | |
| National Savings Certificate (NSC) u/s 123 read with Schedule XV | Deduction restricted upto INR 1,50,000 | Allowed | Not Allowed |
| Employee Contribution to Provident Fund u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Housing Loan-Principal Repayment u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Tax Saving Fixed Deposits u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Sukanya Samriddhi Account Scheme u/s 123 read with Schedule XV | | Allowed | Not Allowed |
| Investment in NPS u/s 124<br>For Salaried Individuals:<br>10% of the Basic Salary + Dearness Allowance or Actual contribution whichever is less. | | Allowed | Not Allowed |
| Contribution to Annuity Plan u/s 123 read with Schedule XV | | Allowed | Not Allowed |

# Deductions / exemptions available to salaried employee under old v/s new regime

| Claiming of Exemption or Deduction Allowed or Not | Limit of Exemption/Deduction | Old Tax Regime | New Tax Regime |
|---|---|---|---|
| Investment in NPS u/s 124(3) | INR 50,000 (This deduction is in addition to contribution u/s 124(3) | Allowed | Not Allowed |
| Investment in NPS u/s 124(1) | 10%/14% of Basic Salary or Actual Contribution whichever is less | Allowed | Allowed |
| Medical Insurance u/s 126 | INR 25,000- for Self/Spouse/Dependent Children<br>INR 50,000 (Additional deduction)- for Parents who are Senior Citizen (aged 60 years and above)<br>INR 5,000- For Medical Expenses incurred. | Allowed | Not Allowed |
| Maintenance of Disabled Dependent u/s 127 | Deduction for maintenance of disabled spouse/children/dependent parent/legal dependent.<br>INR 75,000 – For other than severe disability<br>INR 1,25,000 - For severe disability | Allowed | Not Allowed |
| Medical Treatment of specified diseases for self/dependent u/s 128 | Deduction for resident employee for medical treatment of himself/ dependent<br>INR 40,000 - For Other than Senior Citizens<br>INR 1,00,000 - For Senior Citizens | Allowed | Not Allowed |
| Deduction for person with physical disability u/s 154 | Deduction for resident employee for medical treatment<br>INR 75,000 – For Others<br>INR 1,25,000 - For Senior Citizen aged 80 Years and above | Allowed | Not Allowed |

# Deductions / exemptions available to salaried employee under old v/s new regime

| Claiming of Exemption or Deduction Allowed or Not | Limit of Exemption/Deduction | Old Tax Regime | New Tax Regime |
|---|---|---|---|
| Interest on Loan for Higher Education u/s 129 | Loan for self, spouse, children, and legal guardian of student are permissible | Allowed | Not Allowed |
| Additional deduction for Housing Loan u/s 130 | Deduction allowed upto INR 50,000<br>(Prescribed conditions needs to be satisfied) | Allowed | Not Allowed |
| Interest on Housing Loan u/s 131 | Maximum deduction upto INR 1,50,000 | Allowed | Not Allowed |
| Interest on Loan towards purchase of electric vehicle u/s 132 | Maximum deduction upto INR 1,50,000 | Allowed | Not Allowed |
| Eligible Donations u/s 133 | Donation u/s 133 not to be considered for deduction. Benefit should be claimed at the time of filing Income Tax Return | Allowed | Not Allowed |
| Savings Bank Interest u/s 153 | Max. of actual savings interest or Rs 10,000 for not being a senior citizen and Rs 50,000 for senior citizen | Allowed | Not Allowed |

# Reporting of Foreign Assets

# Reporting of Foreign Assets

### Applicability

This Schedule is applicable only for Resident and Ordinarily Resident in India

### Reporting Requirement

- ✓ Details of all foreign assets or accounts in respect of which the taxpayer is a beneficial owner, a beneficiary or the legal owner
- ✓ Details of foreign assets/accounts, held at any time during the calendar year ending as on **31 December**

### Exception

Foreign nationals, on employment/ business/student visa may choose not to report foreign assets if:

- ✓ Asset was acquired while he/she was a Non-Resident in India;

**AND**

- ✓ No income is earned during the Financial Year from such Foreign asset

# Type of Foreign Assets to be reported

01 Foreign Depository Accounts

02 Foreign Custodial Accounts

03 Foreign Equity and Debt Interest

04 Foreign Cash Value Insurance Contract or Annuity Contract

05 Financial Interest in any Entity

06 Immovable Property

07 Details of Any Other Capital Asset (other than covered above)

08 Details of account(s) in which taxpayer has signing authority

09 Details of trusts, created under the laws of a country outside India, in which taxpayer is a trustee, beneficiary or settlor

10 Any other income derived from any source outside India (other than covered above)

# Reporting of Foreign Assets – Key Terms

## Beneficial Owner

- Individual providing consideration for any asset
- directly or indirectly
- Such asset held for the immediate or future benefit of such individual

## Beneficiary

- Individual deriving immediate/future benefits,
- directly or indirectly,
- from such asset where consideration has been provided **by any person other than beneficiary**

Maximum balance during the calendar year*

**FY 2025-26, calendar year ending on 31 December 2025*

Closing balance as on 31 December*

**FY 2025-26 would be 31 December 2025*

SBI TTBR as on the date of peak balance/date of investment/ closing balance

# Foreign Asset Schedule – Table A1

Details of Foreign Depository Accounts held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| Schedule FA | Details of Foreign Assets and Income from any source outside India | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DETAILS OF FOREIGN | A1 | Details of Foreign Depository Accounts held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025) | | | | | | | | | | |
| | Sl No | Country name | Country code | Name of financial institution | Address of financial institution | ZIP code | Account number | Status | Account opening date | Peak balance during the period | Closing balance | Gross interest paid/credited to the account during the period |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| | (i) | | | | | | | | | | | |
| | (ii) | | | | | | | | | | | |

**WHAT IS REQUIRED TO BE REPORTED**

- ✓ Bank accounts held at any point of time during the calendar year ending as on 31st December 2025.

**POINTS TO BE REMEMBERED**

- ✓ Foreign loan account and credit card account balances should not be disclosed.
- ✓ In column 12, Interest earned is to be reported for the period January to December.

# Foreign Asset Schedule – Table A2

Details of Foreign Custodial Accounts held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| A2 | Details of Foreign Custodial Accounts held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country name | Country code | Name of financial institution | Address of financial institution | ZIP code | Account number | Status | Account opening date | Peak balance during the period | Closing balance | Gross amount paid/credited to the account during the period *(drop down to be provided specifying nature of amount viz. interest/dividend/proceeds from sale or redemption of financial assets/ other income)* |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| (i) | | | | | | | | | | | |
| (ii) | | | | | | | | | | | |

**WHAT IS REQUIRED TO BE REPORTED**

- ✓ Foreign DEMAT accounts;
- ✓ Foreign retirement benefit account viz. 401K, pension and similar funds/accounts.

**POINTS TO BE REMEMBERED**

- ✓ Interest/ dividend/ sale proceeds/other income received during the period January to December

# Foreign Asset Schedule – Table A3

Details of Foreign Equity and Debt Interest held (including any beneficial interest) in any entity at any time during the calendar year ending as on 31st December 2025

| A3 | Details of Foreign Equity and Debt Interest held (including any beneficial interest) in any entity at any time during the calendar year ending as on 31st December, 2025 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country name | Country code | Name of entity | Address of entity | ZIP code | Nature of entity | Date of acquiring the interest | Initial value of the investment | Peak value of investment during the period | Closing value | Total gross amount paid/credited with respect to the holding during the period | Total gross proceeds from sale or redemption of investment during the period |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| (i) | | | | | | | | | | | | |
| (ii) | | | | | | | | | | | | |

### WHAT IS REQUIRED TO BE REPORTED

- ✓ Foreign equity shares owned
- ✓ Foreign debentures / other debt-oriented funds owned

### POINTS TO BE REMEMBERED

- ✓ Interest/Dividend to be reported in Col. 12 and Sale proceeds to be reported in Col. 13 for the period January to December.
- ✓ For converting foreign sourced income (interest/dividend, etc.,) SBI TTBR as on 31 December to be used (ITR instructions).

# Foreign Asset Schedule – Table A4

Details of Foreign Cash Value Insurance Contract or Annuity Contract held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| A4 | Details of Foreign Cash Value Insurance Contract or Annuity Contract held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Country name | Country code | Name of financial institution in which insurance contract held | Address of financial institution | ZIP code | Date of contract | The cash value or surrender value of the contract | Total gross amount paid/credited with respect to the contract during the period |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| (i) | | | | | | | | |
| (ii) | | | | | | | | |

## WHAT IS REQUIRED TO BE REPORTED

- ✓ General Insurance, Medical Insurance, Term Life Policies, Pure Life insurance policy, etc. (having no investment component)- should not be reported as these cannot be considered as 'financialassets'.
- ✓ Life insurance policies (which provide a return on investment in addition to risk cover) should be reported (e.g., ULIP, Endowment policies, pension plan etc.,).

## POINTS TO BE REMEMBERED

- ✓ Cash value or surrender value- Total premium paid until end of 31 December to be reported.
- ✓ Total gross amount paid/ credited- Any amount received during the period January to December

# Foreign Asset Schedule – Table B

Details of Financial Interest in any entity held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| B | Details of Financial Interest in any Entity held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country Name and code | Zip Code | Nature of entity | Name and Address of the Entity | Nature of Interest- Direct/ Beneficial owner/ Beneficiary | Date since held | Total Investment *(at cost) (in rupees)* | Income accrued from such Interest | Nature of Income | Income taxable and offered in this return | | |
| | | | | | | | | | | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| (i) | | | | | | | | | | | | |
| (ii) | | | | | | | | | | | | |

**POINTS TO BE REMEMBERED**

- ✓ The value of total investment **at cost held at any time** during the accounting period and nature and amount of income accrued therefrom during the accounting period is required to be disclosed after converting the same into Indian currency.
- ✓ Further, amount of income, which is chargeable to tax in India, out of the foreign source income, should also be specified at column (10). The relevant Schedule of the ITR where income has been offered to tax should be mentioned at column (11) and (12).

# Foreign Asset Schedule – Table C

Details of Immovable property held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| C | Details of Immovable Property held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country | | Address of the Property | Ownership- | | Total Investment | Income derived | | Income taxable and offered in this return | | |
| | Name and code | Zip Code | | Direct/ Beneficial owner/ Beneficiary | Date of acquisition | *(at cost) (in rupees)* | from the property | Nature of Income | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| (i) | | | | | | | | | | | |
| (ii) | | | | | | | | | | | |

### WHAT IS REQUIRED TO BE REPORTED

- ✓ Details of Immovable property (including land) held at any time during the year. Reporting required even if property sold during the year.

### POINTS TO BE REMEMBERED

- ✓ Col. 7- Total income derived for the period January to December to be reported
- ✓ Col. 9- Income chargeable to tax in India (during FY), to be reported
- ✓ The relevant Schedule of the ITR where income has been offered to tax to be mentioned at column (10) and (11).
- ✓ Jointly owned- one may report the investment to the extent of Individual's share in the asset.
- ✓ Asset obtained at no cost (e.g., Gift, Inheritance etc.) - one may mention the total Investment as "Zero" in FA. In AL the cost of such asset to be reported will be the cost for which previous owner of the asset acquired.

# Foreign Asset Schedule – Table D

D) Details of any other capital asset held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| D | Details of any other Capital Asset held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country Name and code | Zip Code | Nature of Asset | Ownership- Direct/ Beneficial owner/ Beneficiary | Date of acquisition | Total Investment *(at cost) (in rupees)* | Income derived from the asset | Nature of Income | Income taxable and offered in this return | | |
| | | | | | | | | | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| (i) | | | | | | | | | | | |
| (ii) | | | | | | | | | | | |

### WHAT IS REQUIRED TO BE REPORTED

- ✓ Capital assets any includes any other financial asset which is not reported in any other foregoing table but shall **not** include stock- in-trade and business assets which are included in the Balance Sheet.

### POINTS TO BE REMEMBERED

- ✓ Personal effect items (e.g.; clothing, utensils, furniture etc.) may be excluded
- ✓ Details of Jewellery and other precious items held is to be reported despite being personal effect.

# Foreign Asset Schedule – Table E

Details of account(s) in which the assessee has signing authority held (including any beneficial interest) at any time during the calendar year ending as on 31st December 2025

| E | Details of account(s) in which you have signing authority held (including any beneficial interest) at any time during the calendar year ending as on 31st December, 2025 and which has not been included in A to D above. | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Institution in which the account is held | Address of the Institution | Country Name and Code | Zip Code | Name of the account holder | Account Number | Peak Balance/ Investment during the year *(in rupees)* | Whether income accrued is taxable in your hands? | If (7) is yes, Income accrued in the account | If (7) is yes, Income offered in this return | | |
| | | | | | | | | | | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3a) | (3b) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| (i) | | | | | | | | | | | | |
| (ii) | | | | | | | | | | | | |

**POINTS TO BE REMEMBERED**

- ✓ Individual having signing authority in any account should disclose such details (including corporate account)
- ✓ Only those accounts which have not been reported in table A1 to table D above to be reported.

# Foreign Asset Schedule – Table F

(F) Details of trusts created under the laws of a country outside India, in which assessee is a trustee, beneficiary or settlor

| F | Details of trusts, created under the laws of a country outside India, in which you are a trustee, beneficiary or settlor | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country Name and code | Zip Code | Name and address of the trust | Name and address of trustees | Name and address of Settlor | Name and address of Beneficiaries | Date since position held | Whether income derived is taxable in your hands? | If (8) is yes, Income derived from the trust | If (8) is yes, Income offered in this return | | |
| | | | | | | | | | | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| (i) | | | | | | | | | | | | |
| (ii) | | | | | | | | | | | | |

### WHAT IS REQUIRED TO BE REPORTED

- ✓ Details of trusts set up under the laws of a country outside India where assesee is trustee, beneficiary or settlor is to be reported

### POINTS TO BE REMEMBERED

- ✓ In the absence of clarity on whether income pertaining to FY should be reported or calendar year – We have taken the position to report FY Income

# Foreign Asset Schedule – Table G

(G) Details of any other income derived from any source outside India which is not included in items A to F above and income under the head business or profession

| G | Details of any other income derived from any source outside India which is not included in,- (i) items A to F above and, (ii) income under the head business or profession | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Sl No | Country Name and code | Zip Code | Name and address of the person from whom derived | Income derived | Nature of income | Whether taxable in your hands? | If (6) is yes, Income offered in this return | | |
| | | | | | | | Amount | Schedule where offered | Item number of schedule |
| (1) | (2a) | (2b) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| (i) | | | | | | | | | |
| (ii) | | | | | | | | | |

## WHAT IS REQUIRED TO BE REPORTED

- ✓ Details of any other income, derived from any foreign source, which is not included in the foregoing tables e.g., Salary income sourced outside India.

## POINTS TO BE REMEMBERED

- ✓ In the absence of clarity on whether income pertaining to FY should be reported or calendar year – We have taken the position to report FY Income

# ROR - Implications under the BMA and FAST DS

### The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (BMA)

- Deals with implications for undisclosed foreign income and assets held by persons who are residents of India.
- Tax on undisclosed assets (including financial interest in any entity) & on the income earned outside India @ 30% (without any set off of losses or deduction/exemption).
- Penalty at 3 times the tax computed.
- Additional penalty: For foreign asset worth more than 20 Lakhs: Penalty of INR 10 lakhs (for asset worth more than 20 Lakhs)
- Prosecution also applicable under the BMA.
- Assessment of such undisclosed foreign assets/ income shall be done in accordance with provisions of BMA.

### The Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 ('FAST-DS 2026') or the Scheme

- Small taxpayers have time-bound opportunity to declare undisclosed foreign assets or foreign-sourced income with payment of specified tax or fee, with immunity from further tax, penalty and prosecution under the BMA.
- For **"undisclosed assets located outside India" or "undisclosed foreign income**", the Scheme applies where the aggregate value does not exceed INR 1 Crore as on 31st March 2026. The amount payable will be:
  Aggregate of – a) Tax at 30 per cent of value of asset located outside India as on 31 March 2026 b) Tax at 30 per cent of the undisclosed foreign income; c) 100 per cent of the amount calculated in a and b above.
- For **foreign assets acquired from disclosed income** or **during status as a non-resident**, the value of the asset must not exceed INR 5 Crore as on 31st March 2026. A flat fee of INR 1 Lakh to be payable.
- Effective date of the scheme to be notified by the Central Government.

# Reporting of  Assets & Liabilities

# Assets and Liabilities Schedule

**Applicability**

Mandatory for individuals, where total taxable income > INR 1 Crore

**NR/ NOR**

NR/ NOR- Only Indian assets and corresponding liabilities to be disclosed

**ROR**

**ROR-** Indian as well as **foreign assets** and corresponding liabilities to be disclosed

- For determining the threshold of INR 1 Crore, taxable income (not gross total income) should be considered;
- Insurance policies- Total amount of policy premium paid since inception till 31 Mar of FY
- Shares and Securities- Includes investment in shares and securities (including any investment in National Pension Scheme)
- Bank (including all deposits) shall include Fixed/ Time/ Recurring deposits
- Cash in hand implies actual hard cash in hand as on 31 Mar of FY (ROR- both INR and foreign currency).
- All values are required to be reposted at COST (market value is not required)
- Assets gifted to spouse during the FY - For donor - No (as the asset was not held by him as on 31 March of the FY) For recipient - Yes (if taxable income exceeds INR 1 Crore).
- PF balance as on 31 March of the FY may not be required to be reported

# Reporting of Assets & Liabilities - Template

| Schedule AL | Assets and Liabilities at the end of the year (other than those included in Part A- BS) (applicable in a case where total income exceeds Rs. 1 crore) | | | |
|---|---|---|---|---|
| DETAILS OF ASSETS AND LIABILITIES | | | | |
| A | Details of immovable assets | | | |
| Sl. No. | Description | Address | Pin code | Amount (cost) in Rs. |
| (1) | (2) | (3) | (4) | (5) |
| (i) | | | | |
| (ii) | | | | |
| B | Details of movable assets | | | |
| Sl. No. | Description | | | Amount (cost) in Rs. |
| (1) | (2) | | | (3) |
| (i) | Jewellery, bullion etc. | | | |
| (ii) | Archaeological collections, drawings, painting, sculpture or any work of art | | | |
| (iii) | Vehicles, yachts, boats and aircrafts | | | |
| (iv) | Financial assets | | | Amount (cost) in Rs. |
| | (a) Bank (including all deposits) | | | |
| | (b) Shares and securities | | | |
| | (c) Insurance policies | | | |
| | (d) Loans and advances given | | | |
| | (e) Cash in hand | | | |
| C | Interest held in the assets of a firm or association of persons (AOP) as a partner or member thereof | | | |
| Sl. No. | Name and address of the firm(s)/ AOP(s) | PAN of the firm/ AOP | | Assessee's investment in the firm/ AOP on cost basis |
| (1) | (2) | (3) | | (4) |
| (i) | | | | |
| (ii) | | | | |
| D | Liabilities in relation to Assets at (A + B + C) | | | |

- ✓ Mandatory for individuals, where total taxable income > INR 1 Crore
- ✓ For Non-Resident and Not Ordinarily Resident Individuals: Assets and Liabilities situated in India
- ✓ For Resident Individuals: Global assets and liabilities

# Reporting of Assets & Liabilities - Key Pointers

**Checkpoints**

- All the specified assets must be reported at cost or the value reported in the latest wealth tax return and should also include any cost of improvement incurred on the asset.
- If the asset is acquired through a gift or will, cost of such asset would be the cost provided by the previous owner plus the cost of any improvement incurred by previous owner.
- In case the cost incurred by the previous owner is not ascertainable and no wealth-tax return was filed in respect of such asset, the value may be estimated at the circle rate or bullion rate, as the case may be, on the date of acquisition by the assessee as increased by cost of improvement, if any, or 31st day of March 2026.

# Disclaimer (Contd.)

*This note sets forth our views based on the completeness and accuracy of the above stated facts and any assumptions that are included. If any of the foregoing is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions.*

*In the preparation of this note, we have relied on the following:*

- *Income tax Act 2025*
- *Income-tax Rules, 2026*
- *The Employee Provident Fund and Miscellaneous Provisions Act, 1952*
- *The Foreign Exchange Management Act, 1999*

*including judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our conclusions. Unless specifically requested otherwise, we shall not update this memorandum for subsequent changes or modifications to the law and regulations or to the judicial and administrative interpretations thereof.*

*Our views are not binding on any authority or court, and so, no assurance is given that a position contrary to that expressed herein will not be asserted by any authority and ultimately sustained by an appellate authority or a court of law.*

*This presentation has been prepared for the benefit of, and from the perspective of XYZ assignee does not address any other perspective. No other person shall be entitled to place reliance on this advice. It should not be copied or disclosed to any third party, in whole or in part, without our prior written consent.*

# Thank you

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.