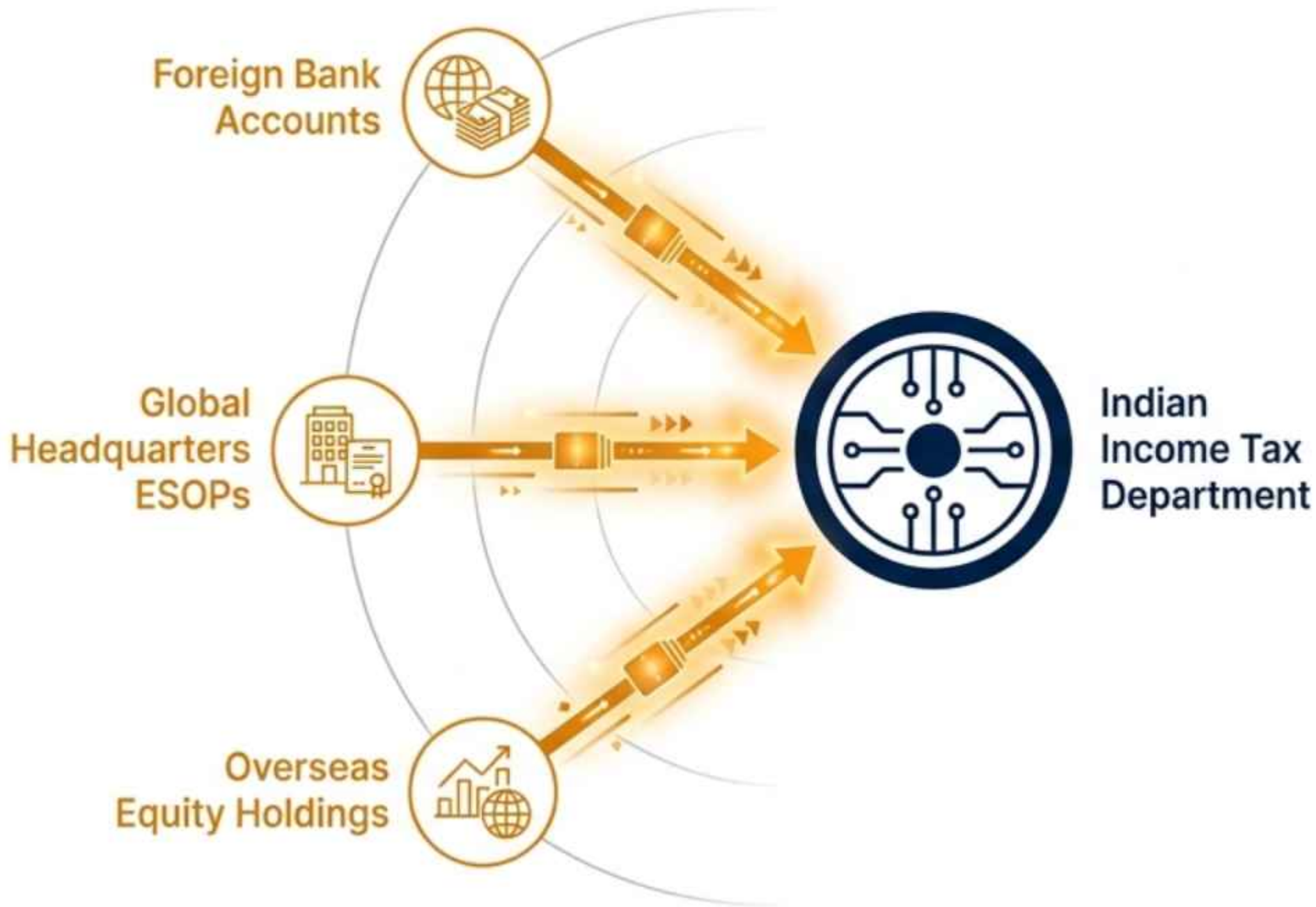


---

# Schedule FA Lapses and Black Money Act Exposure

Preemptive Mitigation Strategies via  
FAST-DS 2026 Category B

# The Income Tax Department possesses real-time visibility into global financial assets.



## The Catalyst:

The Automatic Exchange of Information (AEOI) framework eliminates cross-border financial secrecy.

## The Target:

Non-Resident Indians (NRIs) and returning corporate executives holding legacy accounts or foreign parent company stock.

## The Reality:

The government no longer relies on self-reporting; they are actively data-mining past filings against global financial footprints.

Indian tax law separates income taxation from asset disclosure into two distinct legal obligations.



**Key Insight:** A technical oversight by a tax consultant in failing to file Schedule FA triggers severe legal exposure under the Black Money Act, entirely independent of your tax payments.

## Administrative omissions trigger compounding, seven-figure penalties.

### Penalty Escalator



#### Strict Liability

A flat ₹10 Lakh penalty applies per assessment year for mere non-disclosure.

#### Zero-Income Trap

Fines apply even to unvested ESOPs and dormant bank accounts that generated zero taxable income.

#### Prosecution Risk

Ongoing lapses carry a high risk of rigorous imprisonment under the Black Money Act, 2015.

Executives who paid 100% of their required taxes are currently classified as offenders.



The ultimate regulatory trap. The Black Money Act does not distinguish between deliberate evasion and administrative oversight. The failure to report the asset itself represents massive, unseen legal exposure—the hidden base of the compliance iceberg. This paradox necessitates an immediate, specialized amnesty intervention.

# Category B provides absolute immunity for technical reporting lapses.



## The Fee

A one-time, flat compounding fee of ₹100,000.

## The Scope

This consolidated single fee cures technical lapses across multiple assessment years and assets.



## The Protection

Grants complete immunity from the ₹10 Lakh/year BMA penalties and future prosecution.

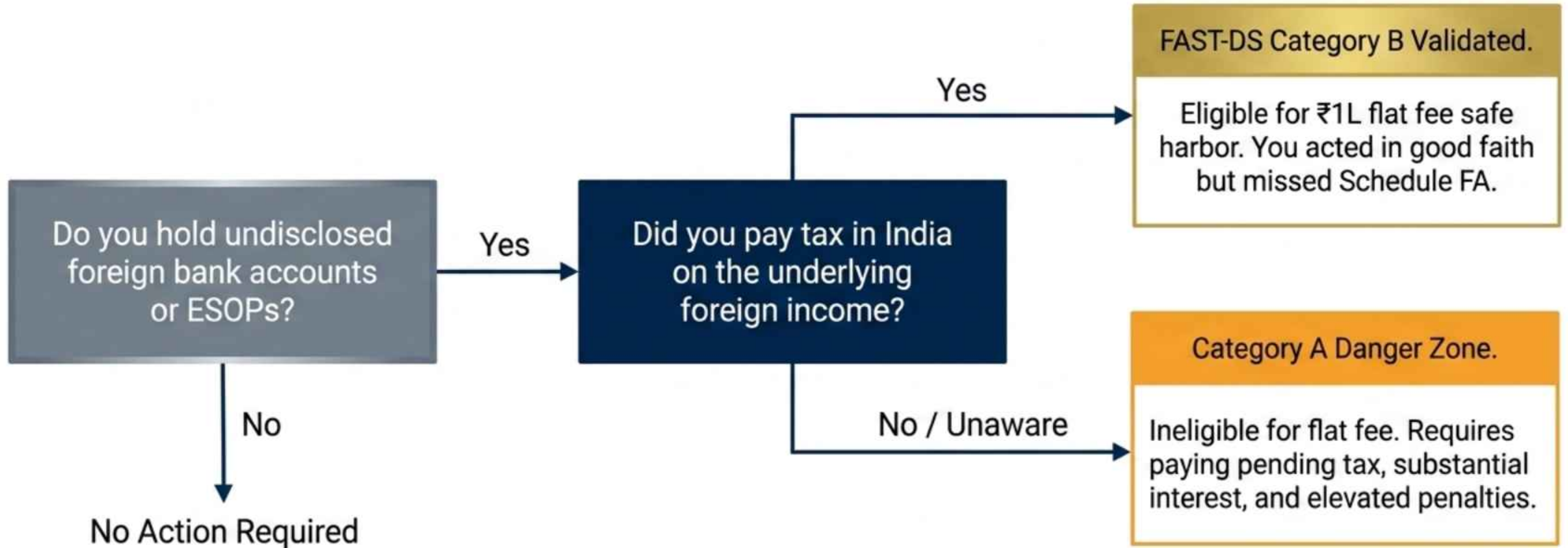
## The Ring-Fence

FAST-DS declarations are ring-fenced; filing will not trigger an audit of unrelated aspects of your tax assessment.

# Quantifying the contrast between standard BMA exposure and the amnesty window.

	Standard Black Money Act (BMA) 	FAST-DS 2026 Category B Amnesty 
<b>Penalty Amount</b>	₹10,00,000 per Assessment Year	Flat ₹100,000 total fee
<b>Prosecution Risk</b>	High risk of rigorous imprisonment	Complete immunity from prosecution
<b>Multi-Year Impact</b>	Cumulative (e.g., 5 years = ₹50 Lakh)	Single flat fee covers all past lapses
<b>Eligibility Criteria</b>	Applies to all non-disclosures	Must prove underlying income was previously taxed

# Determine your immediate regulatory classification and required action.



# Securing amnesty requires a systematic, forensic reconstruction of past filings.

## Phase 1: Portfolio Mapping

Collate all foreign broker statements (E\*TRADE, Morgan Stanley), overseas bank statements, and Indian ITRs for the past 7 years. Cross-reference assets against Schedule FA.

## Phase 2: Eligibility Assessment

Establish a clear audit trail. Prove that taxable events (ESOP exercises, foreign dividends) were included in Indian tax computations to qualify for Category B.

## Phase 3: FAST-DS Declaration

Draft the highly technical legal submission. Quantify peak bank balances and ESOP fair market values, precisely mapping them to specific assessment years.

**Resolving cross-border discrepancies requires sophisticated forensic and bilingual expertise.**



### **Preemptive Audits**

Identifying hidden BMA exposures before statutory notices are triggered.

### **Specialized Japanese Support**

Bilingual desks and deep expertise in international tax treaties to seamlessly translate foreign financial events into Indian fiscal year standards.

**DIRECTIVE // IMMEDIATE ACTION REQUIRED**

---

# **Do not wait for a scrutiny notice. Rectify past Schedule FA lapses today.**



**The FAST-DS 2026 window is a temporary relief measure.  
Protect your global wealth and professional reputation by  
initiating a preemptive audit immediately.**

**Tokyo Desk:**  
+81-3-6869-0850

**India Corporate Office:**  
+91-124-4295170 | +91-99105-04170

**Secure Email:**  
services@knmindia.com

**Web:**  
www.knmindia.com