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FREE GUIDE · ITR for AY 2026-27 (FY 2025-26)

Schedule FA in ITR — Complete Guide with a Worked Example

How to report foreign bank accounts, foreign shares, RSUs/ESOPs, brokerage accounts, foreign property and other foreign assets in your Income Tax Return — table by table, with exchange-rate rules, a fully filled-in example, penalties and a filing checklist. Prepared by CA Mukander Beniwal, Partner, VSARK & Associates.

Who must fill it **Resident & Ordinarily Resident (ROR) individuals/HUFs**	Reporting period for AY 2026-27 **Calendar year 1 Jan 2025 – 31 Dec 2025**
ITR form **ITR-2 or ITR-3 only (not ITR-1 / ITR-4)**	Penalty for non-disclosure **₹10 lakh per year (Black Money Act, s.43)**

1. What is Schedule FA?

Schedule FA (*Details of Foreign Assets and Income from any source outside India*) is the part of ITR-2 and ITR-3 where a resident discloses every asset, account, financial interest and signing authority held outside India. It is a **disclosure** schedule — it does not by itself compute tax. The income from these assets is taxed separately in the regular schedules (Salary, Schedule OS, Schedule CG, etc.), and foreign tax credit is claimed through Schedule FSI, Schedule TR and Form 67.

Law applicable: Your return for AY 2026-27 relates to income of FY 2025-26, which is governed by the **Income-tax Act, 1961** and the Income-tax Rules, 1962. The Income-tax Act, 2025 applies from 1 April 2026 (Tax Year 2026-27 onwards, returns filed in 2027); the Schedule FA disclosure obligation continues under it with the same mechanics. Penalties for non-disclosure arise under the **Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015** ("Black Money Act").

2. Who must fill Schedule FA?

- **Only a Resident and Ordinarily Resident (ROR).** A Non-Resident (NR) or a Resident but Not Ordinarily Resident (RNOR) does **not** fill Schedule FA. Determine your status for FY 2025-26 first (days in India in the year and in the preceding years).
- An ROR who, **at any time during the calendar year 2025**, held (as owner, beneficial owner or beneficiary) any asset outside India, had a financial interest in any foreign entity, or had signing authority in any account outside India.
- **Return is mandatory even if income is below the basic exemption limit** — the proviso to section 139(1) requires an ROR holding any foreign asset or signing authority to file a return.
- **Assets closed or sold during the year are still reported** — e.g., a foreign bank account closed in June 2025 or shares sold in September 2025.
- **Every holding is reported regardless of value** — there is no minimum value below which you can skip disclosure. (The ₹20 lakh limit discussed in Section 7 only relaxes the *penalty*, not the reporting duty.)

Common situations that require Schedule FA: RSUs/ESOPs/ESPP shares of a foreign parent company (Google, Microsoft, Amazon, etc.) held with a foreign broker; US stocks/ETFs bought under LRS through apps (Vested, INDmoney, etc.); a foreign bank account left open after returning to India; 401(k)/IRA or other foreign retirement accounts; property abroad; a foreign insurance policy with cash value; shares in a foreign company or LLC; crypto held on a foreign exchange; joint accounts with family abroad; signing authority on a foreign company's bank account.

3. Reporting period — the most common error

Schedule FA uses the **calendar year ending 31 December**, not the Indian financial year. For the return of AY 2026-27 (FY 2025-26), report assets held at any time during **1 January 2025 to 31 December 2025**. The income taxed in your return, however, follows the **financial year** (1 April 2025 – 31 March 2026). The two sets of figures will therefore not match — this is expected and correct (see the worked example).

4. The tables of Schedule FA — what goes where

Table	What to report	Key columns you must fill
A1	Foreign depository accounts — savings, current, fixed/time deposits with banks abroad	Country name & code, bank name, address, ZIP, account number, status (owner / beneficial owner / beneficiary), account opening date, **peak balance** during the period, **closing balance**, gross interest paid/credited
A2	Foreign custodial accounts — brokerage/demat accounts (e.g., the account in which your RSUs are credited), foreign retirement accounts like 401(k)/IRA	Country, institution name & address, ZIP, account number, status, opening date, **peak balance**, **closing balance**, gross amount paid/credited during the period with its nature (interest / dividend / proceeds from sale or redemption / other income)
A3	Foreign equity & debt interest — shares, RSU/ESPP shares, ETFs, bonds, foreign mutual funds held directly or in a custodial account	Country, name of entity, address, ZIP, nature of entity, **date of acquiring** the interest, **initial value** of investment, **peak value**, **closing value**, total gross amount paid/credited (e.g., dividend), total gross proceeds from sale/redemption
A4	Foreign cash-value insurance contracts or annuity contracts	Country, institution name & address, ZIP, date of contract, cash value / surrender value, total gross amount paid/credited
B	Financial interest in any foreign entity (e.g., partner in a foreign firm, member of an LLC, shareholding not covered above)	Country, nature & name of entity, address, ZIP, nature of interest (direct / beneficial owner / beneficiary), date held since, total investment (at cost), income accrued, nature of income, amount taxable & offered in this return (schedule and item no.)
C	Immovable property outside India	Country, address, ZIP, ownership, date of acquisition, total investment (at cost), income derived (e.g., rent), nature of income, amount taxable & offered (schedule and item no.)
D	Any other capital asset outside India (e.g., crypto on a foreign exchange, gold/art held abroad)	Country, nature of asset, ownership, date of acquisition, total investment (at cost), income derived, nature of income, amount taxable & offered

E	Accounts in which you have **signing authority**, not already included in A1–D (e.g., director/authorised signatory of a foreign company account)	Institution name, address, country, ZIP, account number, name of account holder, peak balance/investment, whether income is taxable in your hands, and if yes the amount and where offered
F	Trusts created under the laws of another country in which you are a trustee, beneficiary or settlor	Country, name & address of trust, trustees, settlor, beneficiaries, date since position held, whether income is taxable in your hands, amount offered
G	Any other income from a source outside India not included in A–F and not included in business/profession income	Country, name & address of the payer, income derived, nature of income, whether taxable in your hands, amount offered

Report **each account and each holding on a separate row**. For shares acquired in different lots (e.g., RSUs vesting on different dates), reporting each lot on its own row — with its own date of acquisition and initial value — is the cleanest method and is what the example below follows.

5. Exchange-rate rules (converting to ₹)

As per the ITR instructions, values in Schedule FA are converted at the **Telegraphic Transfer Buying Rate (TTBR) of State Bank of India** on the relevant date:

Figure in Schedule FA	SBI TTBR as on
Initial value of investment	Date of investment / acquisition (for RSUs: the vesting date)
Peak balance / peak value	Date on which the peak balance / peak value occurred
Closing balance / closing value	31 December (closing date of the calendar year)
Income / amounts paid or credited during the period	31 December (closing date of the calendar year)

This is different from the rate used to <u>tax</u> the income, which is governed by **Rule 115** of the Income-tax Rules, 1962 (SBI TTBR on specified dates), for example:

- **Dividend:** last day of the month immediately preceding the month in which the dividend is declared, distributed or paid.
- **Capital gains:** last day of the month immediately preceding the month in which the asset is transferred.
- **Salary** (including RSU perquisite): last day of the month immediately preceding the month in which salary is due or paid.
- **Other income** (e.g., foreign bank interest): last day of the previous year (31 March).
- **Foreign tax credit (Rule 128):** last day of the month immediately preceding the month in which the foreign tax was paid/deducted.

Peak value: for shares, take the highest value of your holding during the period — the number of shares held on a day × the closing price that day — and pick the highest such figure. Your broker's statements / price history give this. For a bank account, it is the highest end-of-day balance.

6. Worked example — filling Schedule FA for AY 2026-27

Facts (fictional taxpayer): Mr. Rohan Mehta, Bengaluru, is **Resident and Ordinarily Resident** for FY 2025-26. He works for the Indian subsidiary of **Acme Corp Inc.**, a US-listed company, and files **ITR-2**. During calendar year 2025:

1. **US bank account** ("First Pacific Bank", San Jose) opened 10-Jun-2021 during a US deputation. Peak balance US$5,200 on 31-Jan-2025; closing balance on 31-Dec-2025 US$4,850; interest credited in CY 2025 US$36 (interest for FY 2025-26: US$38).
2. **Brokerage account** ("Global Stock Plan Services LLC", New York) opened 15-Mar-2024, in which his RSUs are credited.
3. **RSU Lot 1:** 40 Acme shares vested 15-Mar-2024 at FMV US$150. He **sold 10 of these** on 10-Sep-2025 at US$210 (proceeds US$2,100, remitted to India on 20-Sep-2025).
4. **RSU Lot 2:** 20 Acme shares vested 17-Mar-2025 at FMV US$170 (net shares after sell-to-cover).
5. Highest Acme closing price while he held 60 shares: US$215 on 22-Jul-2025. Closing price on 31-Dec-2025: US$205.
6. Dividend of US$1 per share paid on 12-Dec-2025 on 50 shares = US$50 gross; US tax withheld @ 25% = US$12.50 (India–US DTAA rate for portfolio dividends); net US$37.50 left in the brokerage account.

SBI TTBR used (illustrative — always take the actual SBI TTBR for your dates): 15-Mar-2024: 82.60 · 31-Jan-2025: 86.30 · 17-Mar-2025: 86.20 · 22-Jul-2025: 86.10 · 31-Aug-2025: 87.30 · 30-Nov-2025: 88.90 · 31-Dec-2025: 89.40 · 31-Mar-2026: 90.10

Table A1 — Foreign depository account

Country / code	Bank, address, ZIP	Account no.	Status	Opening date	Peak balance (₹)	Closing balance (₹)	Gross interest (₹)
United States of America / 2	First Pacific Bank, San Jose, CA / 95113	XXXXXX4521	Owner	10-06-2021	4,48,760	4,33,590	3,218

Peak: $5,200 × 86.30 = ₹4,48,760 · Closing: $4,850 × 89.40 = ₹4,33,590 · Interest (CY 2025): $36 × 89.40 = ₹3,218. Use the country code shown in the ITR utility's drop-down (United States is code 2).

Table A2 — Foreign custodial (brokerage) account

Country / code	Institution, address, ZIP	Account no.	Status	Opening date	Peak balance (₹)	Closing balance (₹)	Gross amount credited (₹) & nature
United States of America / 2	Global Stock Plan Services LLC, New York, NY / 10004	XXXXXX7788	Owner	15-03-2024	11,10,690	9,19,703	4,470 – Dividend 1,87,740 – Proceeds from sale of financial assets

Peak: 60 shares × $215 = $12,900 × 86.10 = ₹11,10,690 · Closing: (50 × $205 = $10,250) + cash $37.50 = $10,287.50 × 89.40 = ₹9,19,703 · Dividend $50 × 89.40 = ₹4,470 · Sale proceeds $2,100 × 89.40 = ₹1,87,740. If the utility allows only one nature per row, enter one row per nature for the same account.

Table A3 — Foreign equity interest (one row per RSU lot)

Country / code	Entity, address, ZIP	Nature	Date acquired	Initial value (₹)	Peak value (₹)	Closing value (₹)	Gross amount paid/ credited (₹)	Gross sale proceeds (₹)
USA / 2	Acme Corp Inc., 100 Market St, San Francisco, CA / 94105	Company	15-03-2024	4,95,600	7,40,460	5,49,810	2,682	1,87,740
USA / 2	Acme Corp Inc., 100 Market St, San Francisco, CA / 94105	Company	17-03-2025	2,93,080	3,70,230	3,66,540	1,788	0

Lot 1: Initial 40 × $150 = $6,000 × 82.60 = ₹4,95,600 · Peak 40 × $215 = $8,600 × 86.10 = ₹7,40,460 · Closing 30 × $205 = $6,150 × 89.40 = ₹5,49,810 · Dividend 30 × $1 × 89.40 = ₹2,682 · Proceeds $2,100 × 89.40 = ₹1,87,740.
Lot 2: Initial 20 × $170 = $3,400 × 86.20 = ₹2,93,080 · Peak 20 × $215 = $4,300 × 86.10 = ₹3,70,230 · Closing 20 × $205 = $4,100 × 89.40 = ₹3,66,540 · Dividend 20 × $1 × 89.40 = ₹1,788.
The same shares appear in A2 (account level) and A3 (security level) — this is the accepted practice and is not double counting.

Where Rohan's foreign income is taxed in the same ITR-2 (FY 2025-26 basis)

Income	Computation (Rule 115)	Amount (₹)	Schedule
Dividend from Acme (gross, before US tax)	$50 × 88.90 (TTBR 30-Nov-2025, month before payment)	4,445	Schedule OS (at slab rate) + Schedule FSI
US bank interest for FY 2025-26	$38 × 90.10 (TTBR 31-Mar-2026)	3,424	Schedule OS + Schedule FSI
Short-term capital gain on 10 shares (held < 24 months — foreign shares are not listed on an Indian exchange)	Sale consideration $2,100 × 87.30 (TTBR 31-Aug-2025) = ₹1,83,330 Less cost = FMV taxed as perquisite on vesting (s.49(2AA)), per FY 2023-24 Form 16: 10 × $150 × 82.60 = ₹1,23,900	59,430	Schedule CG (short-term, taxed at slab rate) + Schedule FSI
Lot 2 RSU perquisite (vested 17-Mar-2025)	Falls in FY **2024-25** — taxed as salary in last year's return (AY 2025-26), not again now	—	—

Why Schedule FA and Schedule OS show different dividend figures (₹4,470 vs ₹4,445): Schedule FA converts at the 31-Dec rate per ITR instructions; taxation uses the Rule 115 rate. Both are correct. Note: some practitioners convert sale value and cost separately at their respective Rule 115 dates — whichever method you use, apply it consistently and keep your working.

Foreign tax credit on the dividend (Rule 128)

Step	₹
US tax withheld: $12.50 × 88.90 (TTBR last day of month preceding deduction)	1,111
Indian tax on the dividend: ₹4,445 × 31.2% (30% slab + 4% cess; assumed)	1,387
Foreign tax credit allowed = lower of the two	**1,111**

Claim it in **Schedule FSI** and **Schedule TR**, and file **Form 67** online (with the broker's tax statement, e.g., Form 1042-S, as proof). Under Rule 128(9), Form 67 must be furnished on or before the end of the assessment year (31 March 2027) where the return is filed within the time allowed under section 139(1) or 139(4). Report dividend income **gross** — the US tax withheld is a credit, never a deduction from income.

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7. Penalties and consequences

Default	Consequence (Black Money Act, 2015)
ROR fails to disclose a foreign asset / income in Schedule FA, or gives inaccurate particulars	Penalty of **₹10 lakh** for each year (section 43; section 42 where the return itself is not filed). **Relief (w.e.f. 1 Oct 2024):** this penalty does not apply where the aggregate value of the foreign assets, **other than immovable property**, does not exceed **₹20 lakh**. The Finance Act, 2026 has aligned the prosecution provisions with the same ₹20 lakh limit. **Reporting remains mandatory at every value.**
Foreign asset acquired out of income never taxed in India ("undisclosed foreign asset")	Tax at **30%** of the asset's value plus penalty of **three times** that tax, and possible prosecution.
Foreign income not offered to tax	Tax, interest and penalty under the Income-tax Act, 1961 in addition to the above.

Missed Schedule FA in an earlier year? You have options.

- **AY 2026-27 return already filed without Schedule FA:** file a **revised return** under section 139(5); if not filed at all, a **belated return** under section 139(4) — by **31 December 2026** (late fee u/s 234F: ₹5,000, or ₹1,000 if total income ≤ ₹5 lakh).
- **Earlier years (time for revision over):** the **Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 (FAST-DS 2026)** is open from **16 August 2026 to 31 December 2026** (declaration in Form 1). Where tax was already paid on the income (or the asset came from income earned while non-resident) and only the disclosure was missed, assets up to **₹5 crore** can be regularised for a flat **₹1 lakh** fee; where the asset/income itself was undisclosed (up to **₹1 crore**), 30% tax + 30% additional amount (60% of value) applies. It grants immunity from penalty and prosecution under the Black Money Act. Check eligibility conditions in the notified scheme before applying.
- An updated return (ITR-U, s.139(8A)) cannot be used merely to add Schedule FA — it is meant for offering additional income.

8. Step-by-step: filling Schedule FA on the e-filing portal

1. Confirm your residential status for FY 2025-26 is **Resident and Ordinarily Resident**. Schedule FA is enabled only for ROR.
2. Log in at **incometax.gov.in** → e-File → Income Tax Returns → File Income Tax Return → AY 2026-27 → select **ITR-2** (or **ITR-3** if you have business/professional income).
3. Check your **AIS** — foreign account data received under automatic exchange of information (AEOI/CRS) is now being displayed there. Whatever the Department already knows must match what you report.
4. Collect for CY 2025: bank statements (Jan–Dec), broker annual/monthly statements, RSU vesting confirmations, dividend and tax statements (Form 1042-S / 1099-DIV), sale confirmations, and SBI TTBR for every relevant date.
5. Open **Schedule FA** → add one row per account in **A1/A2** and one row per security/lot in **A3**; add rows in A4, B, C, D, E, F or G as applicable. Enter figures in ₹ after conversion.
6. Offer the income to tax in the regular schedules (Salary, OS, CG, HP) on FY basis, and fill **Schedule FSI** (country-wise foreign income) and **Schedule TR** (tax relief).
7. If total income exceeds ₹50 lakh, also include the foreign assets in **Schedule AL**.

8. File **Form 67** for foreign tax credit, validate the return, e-verify within 30 days, and keep all working papers safely — cases involving foreign assets can be reopened many years later.

9. Common mistakes to avoid

- Filing ITR-1 or ITR-4 when you hold foreign shares or a foreign account — these forms are not available to anyone with foreign assets.
- Using the financial year (Apr–Mar) instead of the calendar year (Jan–Dec) for Schedule FA.
- Reporting only the closing value — **initial, peak and closing** values are all required.
- Skipping small, dormant or closed accounts, or shares sold during the year.
- Using the RBI reference rate or Google rate instead of **SBI TTBR**.
- Reporting dividend net of US withholding, or forgetting Form 67 and losing the foreign tax credit.
- Assuming that because RSUs were taxed as salary, they need not be disclosed — the tax on vesting and the disclosure of the holding are two separate requirements.
- Filling Schedule FA as an RNOR or NR (not required), or not filling it in the first year you turn ROR after returning to India.

10. Schedule FA filing checklist

☐ Residential status for FY 2025-26 confirmed as ROR

☐ Using ITR-2 / ITR-3 (not ITR-1 / ITR-4)

☐ List of all foreign accounts, holdings, properties, policies, entities, trusts and signing authorities held at any time in CY 2025 — including closed ones

☐ Statements for 1 Jan – 31 Dec 2025 collected for each item

☐ SBI TTBR noted for acquisition dates, peak-value dates, 31 Dec 2025 and Rule 115 / Rule 128 dates

☐ A1 / A2 / A3 / A4 / B / C / D / E / F / G rows filled — initial, peak and closing values entered

☐ Income taxed on FY basis in Salary / OS / CG / HP; foreign income reported gross

☐ Schedule FSI and Schedule TR filled; Form 67 filed

☐ Schedule AL filled if total income > ₹50 lakh

☐ AIS foreign-account data reconciled with Schedule FA

☐ Any past-year omission reviewed — revised/belated return or FAST-DS 2026 by 31 Dec 2026

☐ Return e-verified and working papers archived

Need help with Schedule FA, RSUs, foreign tax credit or FAST-DS 2026?
We prepare Schedule FA and foreign-income returns for salaried professionals with RSUs/ESOPs, returning NRIs and globally invested families every year. Reach out directly:
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Disclaimer: This guide is for general information based on the Income-tax Act, 1961, the Income-tax Rules, 1962, the ITR-2/ITR-3 instructions for AY 2026-27 and the Black Money Act, 2015 as understood on 29 September 2026. The example uses a fictional taxpayer and illustrative exchange rates — always use actual SBI TTBR and your own statements. It is not a substitute for professional advice on your specific facts.