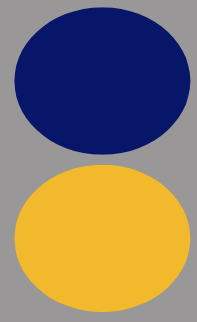


Disclosure of Foreign Assets in Income Tax Return Penalty and Deadline

CRITICAL INFORMATION

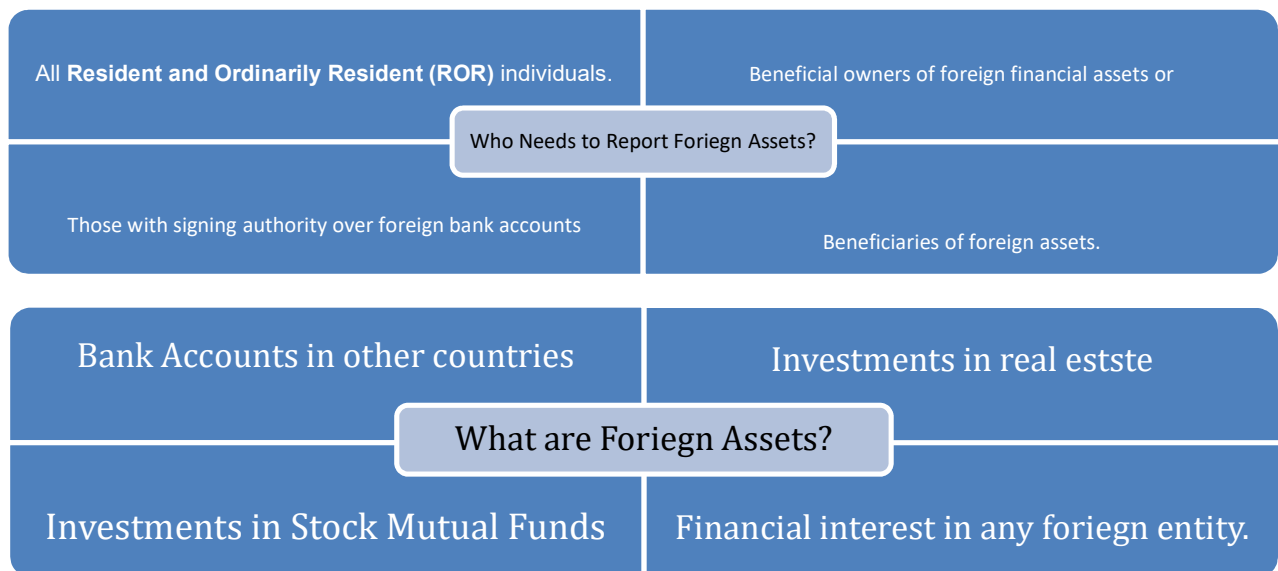
December 2024



Just a quick reminder about the importance of declaring your foreign assets in your Income Tax Return (ITR).

The Black Money Act (2015) requires Indian taxpayers to disclose foreign assets and income to curb tax evasion and ensure transparency in cross-border transactions.

Here's what you need to know:



Reporting of Foreign Assets and Important Dead Lines

To report foreign assets, you need to fill in Schedule FA in your Income Tax Return (ITR). In this schedule, you must provide details of the foreign asset, including the country, account number, balance, and any income earned from these assets, such as dividends, interest, or capital gains. The regular deadline for filing your ITR is 31st July. However, if you missed the original deadline or need to make corrections, you can file a revised or belated return. For FY 2023-24, the last date to report foreign assets through revised or belated returns is 31st December 2024.

Penalties for Non-Disclosure of Foreign Assets and How to Avoid Them

Non-disclosure of foreign assets can lead to serious consequences, including a fine of up to **Rs. 10 lakhs**. In addition, depending on the severity of the omission, prosecution may also be initiated.

If you have missed disclosing your foreign assets, it's crucial to file a revised return before 31st December 2024 to avoid these penalties. If you need assistance with filing or have any questions, feel free to reach out!

Who is this applicable to?	This amendment applies only to Micro and Small Enterprises and does not apply to Medium Enterprises.
Is it compulsory for the supplier to be registered under the MSMED Act to trigger the disallowance under section 43B(h)?	Only those Micro and Small businesses that are registered under the MSMED Act, 2006 holding MSME registration certificate will be taken into account for the purposes of section 43B's applicability. Hence this dis-allowance is not applicable for enterprises that are not registered under MSMED Act, 2006 even if their Turnover and Investment is within the Limits.
Is Section 43B(h) applicable to outstanding dues owed to traders with MSME registration?	The Ministry of Micro, Small and Medium Enterprises, through Office Memorandum (OM) No. 5/2(2)/2021-E/P & G/Policy dated July 2, 2021, has permitted Udyam registration for retail and wholesale trade. However, while Retail and Wholesale trade MSMEs are eligible for Priority Sector Lending, they are excluded from other benefits under the MSMED Act. Consequently, traders do not have access to the benefits outlined in Section 15 of the MSMED Act, and therefore, this provision is not applicable to outstanding dues owed to TRADERS.
What will be the effective date for the applicability of the amendment?	This amendment is made applicable from AY 2024-25 i.e. FY 2023-24. Hence, this amendment is not applicable to any outstanding amounts owed to micro and small enterprises as of March 31, 2023.