Various **foreign assets** people invest in, **and the tax rates applicable** on them in India.

1. **Foreign listed shares:** If you invest directly into stocks listed in foreign exchanges, capital gains on these are taxed at slab rate if they are short-term (holding period < 24 months) and 12.5% if they are long-term (holding period > 24 months).

2. **Foreign MFs/ETFs**

Type of Fund	Old Tax Rates (sold on or before 22nd July)		New Tax Rates (sold on or after 23rd July)	
	Holding Period	Tax Rate	Holding Period	Tax Rate
Foreign ETFs (listed on foreign exchanges)	<24 months	Slab rate	<24 months	Slab rate
	>24 months	20% with indexation	>24 months	12.50%
Foreign ETFs (listed on Indian exchange) purchased before April 2023	<36 months	Slab rate	<12 months	Slab rate
	>36 months	20% with indexation	>12 months	12.50%
Foreign ETFs (listed on Indian exchange) purchased after April 2023*	Deemed STCG irrespective of the holding period	Slab rate	<12 months	Slab rate
			>12 months	12.50%
Foreign MFs purchased before April 2023	<36 months	Slab rate	<24 months	Slab rate
	>36 months	20% with indexation	>24 months	12.50%
Foreign MFs purchased after April 2023*	Deemed STCG irrespective of the holding period	Slab rate	<24 months	Slab rate
			>24 months	12.50%

**New rates will come into effect from April 1, 2025*

3. **Foreign ESOPs:** Many people work in Indian subsidiaries of foreign companies and receive ESOPs as a part of their compensation. In such cases, because the company is headquartered abroad, these ESOPs will be considered foreign assets.

Taxation on ESOPs happens twice. One, when you exercise the options and second, when you sell the stocks.

1. **At the time of exercise:** The difference between the Fair Market Value (FMV) of the stocks and the predetermined price paid by the employee is taxed as a perquisite in the hands of the resident employee.
2. **At the time of sale:** The capital gains will be taxed similar to that in the case of foreign equity stocks. STCG will be taxed at slab rate and LTCG at 12.5%.

Now, if you have income from any of these foreign sources, these need to be reported under schedule FSI (Foreign source income) while filing your ITR.

Moreover, because the income was earned in a different country, it’s highly likely that you’ll be liable to pay tax in that country as well. In such cases,you can claim the taxes paid outside as tax credits in India. This is called DTAA, Double Tax Avoidance Agreement.

Disclosure of Foreign Assets:

Indian residents must disclose foreign assets, including shares, bonds, real estate, and bank accounts, even without income.

Non-disclosure can lead to a penalty of up to ₹10 lakh.