



GUJARAT INTERNATIONAL  
FINANCE TEC-CITY



# BATF REGULATIONS IN GIFT IFSC

[Book-keeping, Accounting, Taxation, and Financial  
Crime Compliance Services Regulations (BATF)]





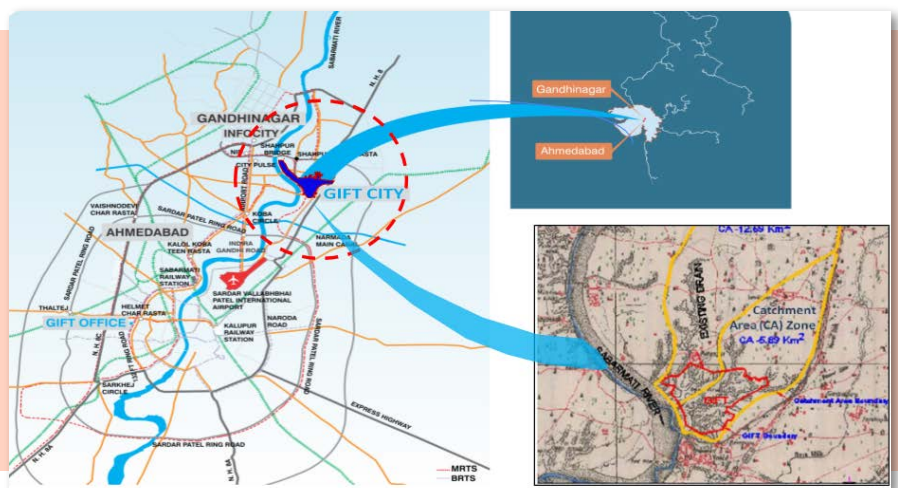
# INTRODUCTION TO GUJARAT INTERNATIONAL FINANCE TEC-CITY (GIFT CITY)

Gujarat International Finance Tec-City (GIFT City) is a visionary project that encompasses both a multi-service Special Economic Zone (SEZ) and a dedicated Domestic Tariff Area (DTA). Spanning across a vast expanse, GIFT City occupies a total area of 261 acres for the SEZ and 625 acres for DTA. What sets GIFT City apart is its unique vertical city concept, meticulously designed to maximise land usage while ensuring holistic and sustainable development. To realise this ambitious endeavour, the Government of Gujarat, through the Gujarat Urban Development Company Limited (GUDCL), established the Gujarat International Finance Tec-City Company Limited (GIFTCL) to spearhead its development.

Strategically located along the banks of the River Sabarmati in the state of Gujarat, GIFT City is poised to realise the inherent benefits from the business hub in Ahmedabad and the political capital in Gandhinagar. Its well-planned infrastructure offers seamless internal transportation, and its proximity to the Ahmedabad International Airport, located just 20 kilometers away, ensures global connectivity.

GIFT City is also India's premier operational greenfield smart city and houses India's maiden International Financial Services Centre (IFSC). Conceived as a greenfield project and promoted by the Government of Gujarat, it has earned numerous awards and accolades for its forward-thinking and futuristic infrastructure development, further cementing its status as a beacon of innovation and progress in the region. GIFT City stands as a testament to India's commitment to fostering a cutting-edge business environment and economic growth.

GIFT City is an integrated development with a plan to develop **62 million sq. ft.** of built-up area comprising **commercial, residential and social facilities.**



# INTERNATIONAL FINANCIAL SERVICE CENTRE (IFSC) AT GIFT CITY

The International Financial Services Centre within the GIFT City (GIFT IFSC) serves as a crucial hub catering to the evolving needs of customers, beyond the confines of a domestic economy. The GIFT IFSC is a regulated region duly supervised by a unified regulator, the International Financial Services Centres Authority (IFSCA). In the Indian context, the GIFT IFSC can be defined as a jurisdiction offering robust financial products and financial services to both non-residents and residents, and permitting transactions in currencies other than the Indian Rupee (INR).



The IFSC at GIFT City enables onshore and offshore financial services and its mission is to offer cross-border financial products and services within a competitive tax environment.

This multifaceted approach positions the GIFT IFSC as India's gateway to global financial markets, facilitating outbound and inbound investments, and hosting a myriad of other financial activities. Through its strategic location and forward-looking policies, the GIFT IFSC reinforces India's presence and influence on the international financial stage, offering a conduit for businesses and investors to connect with the global economy.





## INTRODUCTION TO IFSCA

The International Financial Services Centres Authority (IFSCA) assumes the pivotal role of overseeing financial products and services within India's GIFT IFSC. Prior to its establishment, regulatory responsibilities for the GIFT IFSC were spread across domestic regulators, including the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Pension Fund Regulatory and Development Authority (PFRDA), and the Insurance Regulatory and Development Authority of India (IRDAI). The creation of IFSCA was driven by the need to streamline regulatory efforts and promote effective coordination among these regulatory bodies. IFSCA's primary mission is to cultivate a conducive and business-friendly environment within the GIFT IFSC. It aspires to establish a world-class regulatory framework that not only supports global connections but also positions the GIFT IFSC as a preeminent global financial hub, not only for the region but also on the global stage.

In essence, the IFSCA represents India's commitment to fostering a robust and efficient financial ecosystem within the GIFT IFSC, thereby attracting international businesses and investors. Through its efforts, the IFSCA seeks to unlock the full potential of the GIFT IFSC, making it a significant player in the global financial landscape.



## TAXATION AND REGULATORY FRAMEWORK

The GIFT IFSC stands out as a beacon of tax-friendly policies among global International Financial Services Centres. Its commitment to providing an advantageous taxation framework demonstrates its dedication to facilitating success for both, individuals and organisations.



# TAXATION AND REGULATORY FRAMEWORK

**Transaction-related Exemptions**  
Transactions executed on the GIFT IFSC stock exchanges are exempt from Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), and Stamp duty, further enhancing the attractiveness of the centre.



**Income Tax Exemption**  
The GIFT IFSC offers 100% income tax exemption for a period of 10 out of 15 years. The flexibility is granted to the GIFT IFSC units to select any 10 consecutive years from within the 15-year block.

**Interest Income Exemption**  
Interest income paid to non-residents on money lent to the GIFT IFSC units is not subject to taxation, making it a highly appealing prospect for investors.



**Minimum Alternate Tax (MAT)**  
Companies established as units in the GIFT IFSC are subject to MAT at a rate of 9% of book profits, with exceptions for certain companies.

**Goods and Services Tax (GST) & Customs Exemption**  
Units within the GIFT IFSC, as well as services provided to the GIFT IFSC / SEZ units and offshore clients, are given exemptions/relaxations under the GST & Customs.



**Capital Gains Tax Exemptions**  
Transfers of specified securities listed on the GIFT IFSC exchanges by non-residents are exempt from capital gains tax. Transfers of specified securities listed on GIFT IFSC exchanges by non-residents are exempt from capital gains tax.


**Exemption from Indian Exchange Control Regulations**  
Units within the GIFT IFSC are exempt from Indian exchange control regulations, thereby simplifying financial transactions.



**State Subsidies**  
The GIFT IFSC extends state subsidies for prescribed eligible activities under the IT / ITeS Policy, including incentives for capital expenditure, operational expenditure, contributions to Provident Funds, and employee upskilling.

**Open Market Investment**  
Indian residents are permitted to contribute to investment vehicles in the GIFT IFSC as Other Persons Residents, thereby allowing them to establish and sponsor contributions towards funds in the GIFT IFSC.





# UNDERSTANDING BATF REGULATIONS: KEY INSIGHTS AND GUIDELINES



**Book-Keeping Services** includes classifying and recording transactions including payroll ledgers, in monetary terms or other units of measurement in books of account or related documents.



**Accounting Services** includes -

- Review and Compilation of Financial Statements
- Preparation and Analysis of Financial Statements
- Compilation of Income Statements, Balance Sheets, and other financial information
- Other related accounting support services



**Taxation Services** means tax planning and preparation, tax return preparation and filing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds.



**Financial Crime Compliance** includes services rendered for compliances of:

- Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Measures
- Financial Action Task Force (FATF) Recommendations
- Other Related Compliance Activities



## REGISTRATION REQUIREMENTS



Entities must obtain registration from the Authority to provide BATF Services in GIFT IFSC



Existing Ancillary Service Providers have 60 days to communicate willingness to operate under new regulations



Applicants must be set up as a Company or Limited Liability Partnership in GIFT IFSC



## KEY MANAGERIAL PERSONNEL/ WORKFORCE



Mandatory Appointment of Principal Officer and Compliance Officer who shall be responsible for its overall activities in IFSC



Relocation of Workforce:  
The relocation of workforce from any group entities in India to GIFT IFSC is capped at 20% of the total workforce



## SERVICE RECIPIENT



The Financial Action Task Force has declared certain jurisdictions to be "High Risk Jurisdictions— subject to call for action." The BATF Service Provider is responsible for ensuring that the service recipient is not a resident of those jurisdictions and is not from one of those states



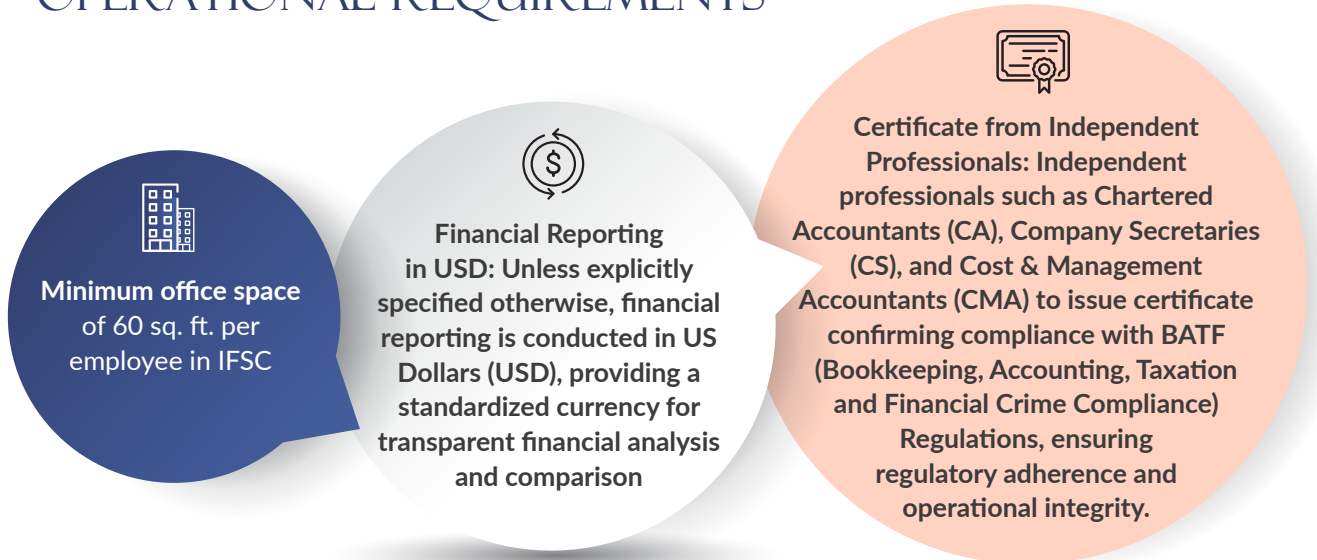
In the following situations, agreements or contracts between a BATF Service Provider and its service recipients will be seen as "transferring or receiving of existing contracts or work arrangements from their group entities in India":

- (a) Transferring of existing contracts or work arrangements in India: When an existing contract or work arrangement, by whatever name called, between any of the Group Entities of BATF Service Provider in India with its non-resident client is shifted or transferred to the BATF Service Provider during the subsistence of such contract or work arrangement.
- (b) Termination of existing contracts or work arrangements in India: When an existing contract or work arrangement, by whatever name called, between any of the Group Entities of the BATF Service Provider in India with its non-resident client is prematurely terminated and a new contract or a work arrangement is signed between the BATF Service Provider with the same service recipient, directly or indirectly.
- (c) Other scenarios, as may be specified by the Authority, from time to time.





## OPERATIONAL REQUIREMENTS



## ANCILLARY SERVICE PROVIDERS



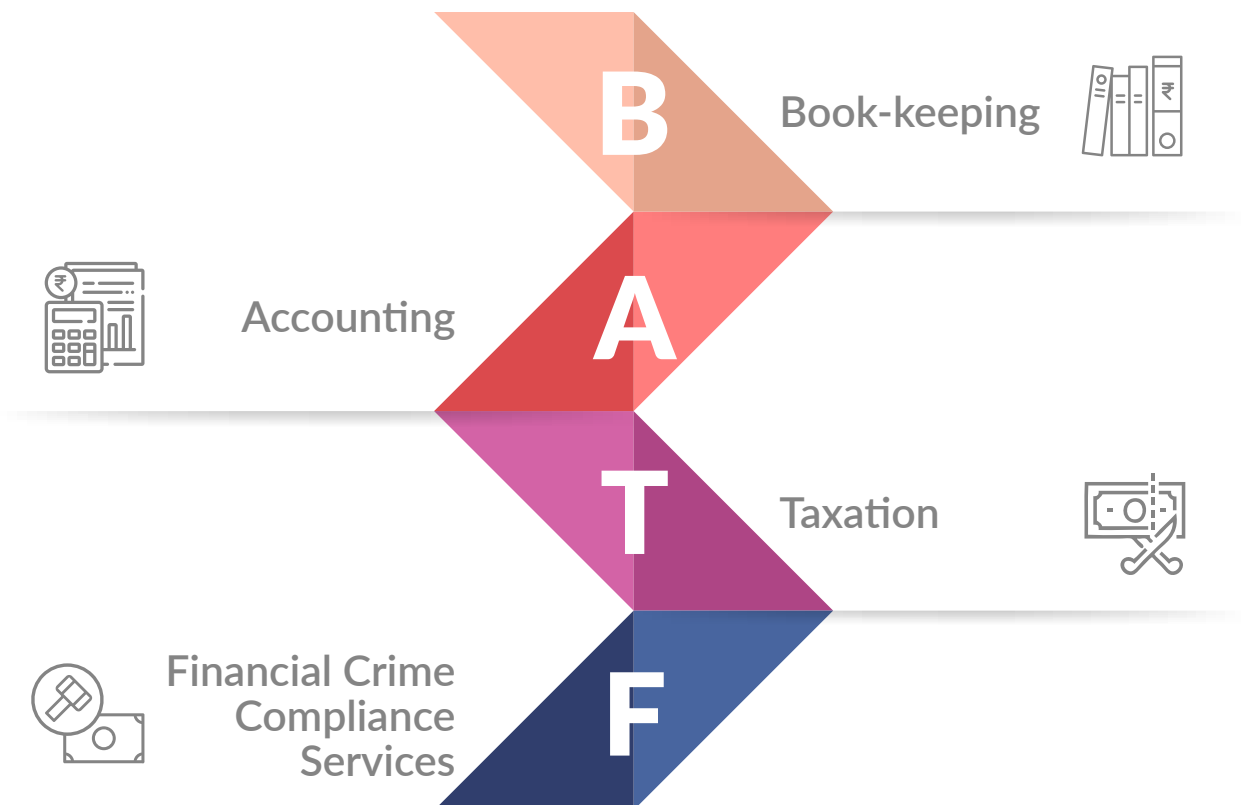
## SAFEGUARDING CONDITIONS





Schedule of fees payable by Applicants / Regulated Entities of the IFSCA

Sr. No.	Entities	Application Fees	License/Registration/Authorization Fees		Recurring Fees				Activity based fee	Processing Fees	
			Type of Fee	Amount	Type of Fee	Amount	Basis of Fees	Amount		Modification of terms & conditions of grant of Registration of substantive nature	Relaxation/waiver of provisions of applicable regulations or removing difficulties
Book-keeping, Accounting, Taxation and Financial Crime Compliance Services Providers ("BATF Service Providers")											
	BATF Service Providers (per activity fees)	\$1,000	Registration Fees	\$5,000	Nil	NA	No. of Employees	Annual	Nil	20% of Registration Fee	\$1,000
<500							\$5,000				
500-1000							\$7,500				
>1000							\$10,000				





**Contact Us:**

Gujarat International Finance Tec-City Company Limited

CIN: U75100GJ2007SGC051160

"GIFT HOUSE", Facility Centre, Block-12, Road 1-D, Zone - I,  
GIFT SEZ, GIFT City, Gandhinagar - 382355, Gujarat, INDIA.

**Visit us:** [www.giftgujarat.in](http://www.giftgujarat.in)

**Mail us:** [query@giftgujarat.in](mailto:query@giftgujarat.in)

**Connect us:**  +91-79-61708300  @GIFTCity\_  GIFT City