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MAY 2023

GIFT CITY

HANDBOOK



CA. AMISH KHANDHAR
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KHANDHAR MEHTA & SHAH
IFSC - GIFT City, Gandhinagar

Price : ₹ 250/-

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Note from Publisher :

With multiple laws and complex compliance requirements, one has to keep referring to several publications and web sites. This book is an attempt to bring several areas of legal compliance at a single place in a very simple and easy manner.

We are sure our readers will benefit from this useful compilation.

We welcome your comments at amish@kmsindia.in | vipul@kmsindia.in



Prime Minister's Dream

“The vision of Gujarat would be incomplete without capitalising on the in-house financial business acumen. To tie-up with technology, to create a hub complete with infrastructure, to meet the needs of modern Gujarat, modern India and to create a space in the global financial world...that is my dream.”

Prime Minister's Vision

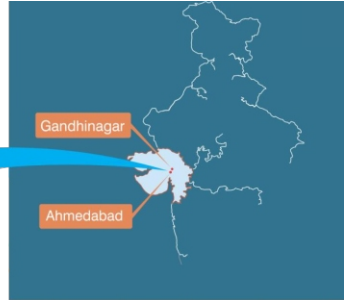
“My vision is that in ten years from now, GIFT city should become the price setter for at least a few of the largest traded instruments in the world, whether in commodities, currencies, equities, interest rates or any other financial instrument.”

Smart Cities Mission Statement & Guidelines

5.1.3 Greenfield development will introduce most of the Smart Solutions in a previously vacant area (more than 250 acres) using innovative planning, plan financing and plan implementation tools (e.g. land pooling/land reconstitution) with provision for affordable housing, especially for the poor. Greenfield developments are required around cities in order to address the needs of the expanding population. One well known example is the GIFT City redevelopment, greenfield developments could be located either within the limits of the ULB or within the limits of the local Urban Development Authority (UDA).

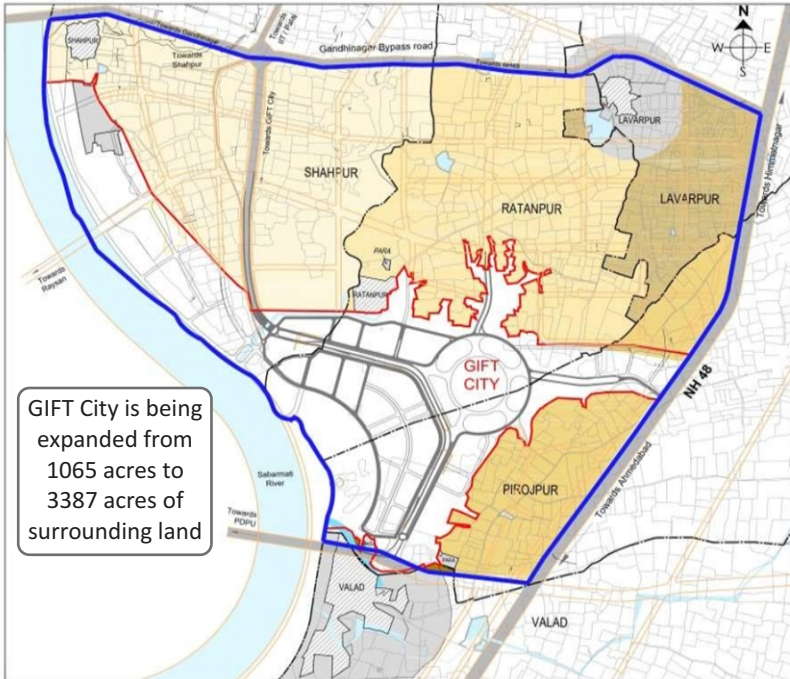
GIFT City has been included in Government of India's Smart City Mission Statement and Guidelines as Model City in Greenfield category for development of 100 Smart Cities in India.

Strategic Location



- 12 kms from Ahmedabad International Airport (8th Busiest in India).
- 6 kms for Gandhinagar (Political capital of Gujarat)
- On the banks of Sabarmati River.
- Along Delhi - Mumbai Industrial corridor.
- Metro connectivity to Ahmedabad
- Bullet Train connectivity between Ahmedabad - Mumbai.

Master Plan



GIFT City is being expanded from 1065 acres to 3387 acres of surrounding land

Legend

- Blue line: GIFT Area & Expansion Zone Boundary
- Red line: GIFT Area Boundary
- Black dashed line: Village Boundary
- Grey hatched: Gamtal
- Light grey: Natural growth of Gamtal
- Orange: GUDA Existing Major Road
- Yellow: GUDA Proposed Internal Road
- Grey: GIFT Existing Road
- Light blue: GIFT Proposed Road
- Light blue: Water bodies / Nala

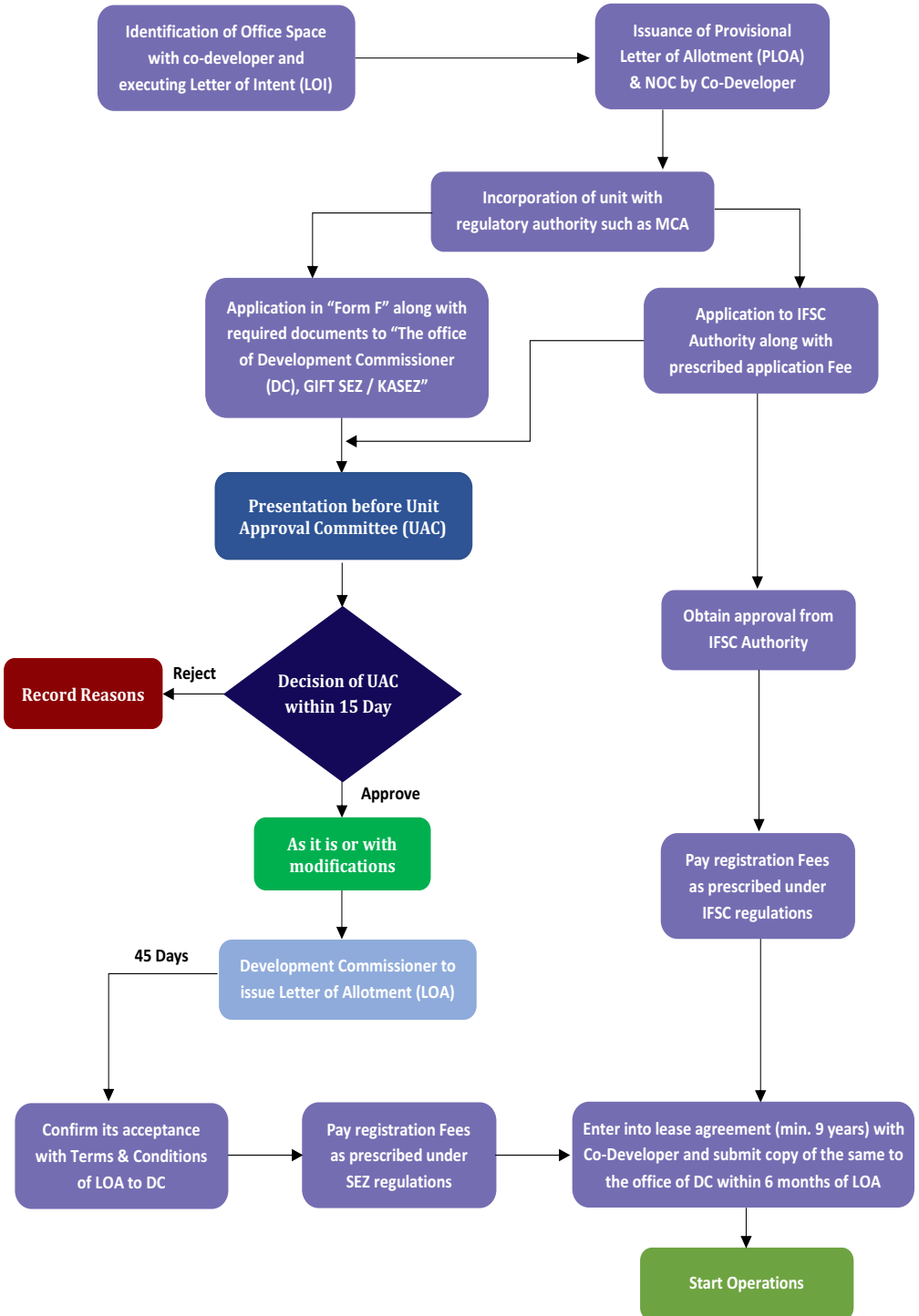
Drawing Title :
GIFT Expansion Zone

Date: 31.10.2022

Scale : NTS

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Process Overview for setting up Office in GIFT SEZ

Identify office Space, at the available buildings in GIFT SEZ, to start SEZ Unit.

On finalizing Office space in GIFT SEZ, Provisional Letter of Allotment (PLOA) would be issued by the Co-Developer / Developer

Based on the PLOA, the entity can proceed for SEZ application. Entity must submit "Form-F" to "The Office of Development Commissioner (DC)", GIFT SEZ. Form must be prepared & submitted online @ www.sezonline-ndml.co.in

Steps required to be followed for filing Form F is as under:

- Creation of applicant user id on www.sezonline-ndml.co.in
- Filing of New Unit Application (NUA) request (through the Created User id)
- Submission of online New Unit Application request to DC office
- Print Form F
- Rectification of deficiencies, if request is sent back by DC office.
- Approval of New Unit Application request by DC office.
- Updating Registration Fee payment
- Creation of Unit admin user
- Creation of Unit operational users (Unit Maker User /CHA User, Unit Approver User)
- Submission of Lease deed details
- Approval of Lease deed details by DC office.

Detailed procedure of filing the Form F is available at

<https://www.sezonline-ndml.com/pdf/New%20Unit%20Application.pdf>

Along with the "Form F", entity is required to submit the following additional documents:

- Demand Draft of Rs 5,000/- in favour of "REGIONAL PAY AND ACCOUNT OFFICER MUMBAI payable at GANDHIDHAM"
- Provisional Letter of Allotment issued by the Co-Developer.
- Detailed Project Report – inclusive of Projections for 5 years (**Annexure 1**)
- Company IDs such as License, PAN Card, IEC Code, etc.
- Memorandum of Association, Articles of Association, Certificate of Incorporation
- Board Resolution for setting up office in GIFT IFSC
- List of Directors with their Identity proofs
- Last 3 Years IT return of the Company or Directors.
- Brief Presentation covering the Company profile and scope of activities to be carried out AFFIDAVIT (**Annexure 2**)

The above documents are required to be prepared in 3 Sets

- Original set to be submitted to the Office of the Development Commissioner.
- Second set to be submitted to the Developer i.e. GIFT SEZ.
- Third copy is for the entity itself.

Post the submission of application, the Development Commissioner would call the entity for appearing in the “Unit Approval Committee” (UAC) meeting.

On approval from UAC, the unit will get Letter of Approval (LOA) from the office of Development Commissioner.

After this, the Unit will be required to do the following:

- Submit LOA Acceptance Letter to the DC office within 45 days of LOA.
- Registration in SEZ Online system, through which the Form F was created.
- FCA Account opening
- Execute Bond cum Legal Undertaking with the Development Commissioner & Specified Officer, GIFT SEZ & submit the same to DC office.
- GST / IEC / RCMC Registration.
- Procurement of assets like Computers, servers, furniture, etc .
- Electricity & broad band connections.
- Getting issued Identity Cards of employees from SEZ Customs.

After completing the above, the unit will be eligible to start its business operations. It is mandatory to intimate the date of first export of service to the Office of Development Commissioner, through an application containing subject line “Commencement of business operations” with a supporting evidence like Tax Invoice. Also mark a copy to GIFT SEZ Developer.

Annexure 1 – Project Report

PROJECT REPORT FOR ____ SEZ UNIT AT GIFT SEZ

1. Background of the organization
2. Description of services offered in India & Abroad
3. Description of proposed Project
4. Revenue Projections i.e. Net Foreign Exchange Earnings projection for forthcoming 5 FY.
5. Description of Foreign Technical Collaboration, Marketing Collaboration (If Any, Nature of agreement, Duration of agreement, Payment to consultant)
6. Existing and proposed financing structure over a period of 5 years

Annexure 2 - AFFIDAVIT

I/We hereby declare that the statements made in FORM F of the application to Development Commissioner SEZ are true and correct to the best of my/our knowledge and belief. I/We shall abide by any other condition, which may be stipulated by the Development commissioner. I/ We hereby fully understand that any Permission Letter/ Approval granted to me/us on the basis of the statement furnished is liable to cancellation or any other action that may be taken having regard to the circumstances of the case if it is found that any of the statements or facts therein are incorrect or false.

Signature of the Applicant
Name in Block Letters.....
Designation
Official Seal/ Stamp.....
Tel no
Email

Format of Form-F

PART-I For All

I. Name and full address of applicant firm/company

II. Constitution of the applicant firm

III. Nature of the industrial undertaking

IV. Name and complete address of each of the Directors/ Partners/ Proprietor

V. Item(s) of Manufacture / Service Activity

VI. Investment

- a. Plant & Machinery
- b. Details of source(s) of finance

VII. Import and indigenous requirement of materials and other inputs

- a. Capital Goods
- b. Raw material, components, consumables, packing material, fuel etc. for 5 years

VIII. Infrastructure Requirements

- a. Requirement of land (factory, offices, warehousing/storage, etc.) in sq. mtrs.
- b. Requirement of built-up area
- c. Requirement of Water (For industrial, drinking & other purpose) in kilo litres.
- d. Effluent Treatment (Quantum & nature of effluents & mode of disposal by own plant or otherwise)
- e. Requirement of Power in KVA

IX. Employment (Men & Women)

X. Whether Foreign Technology Agreement Is Envisaged (Yes or No) if yes then

- a. Name and Full Address of foreign collaborator
- b. Nature of Collaboration
 - i. Equity Participation including Foreign Investment
 - ii. Technical collaboration
 - iii. Marketing collaboration

XI. Foreign Exchange Balance sheet

XII. Other Information

Undertaking

- I. Sub-contracting permission is required for –
- (a) part of the production process (quantify)
 - (b) any particular production process (give details)

II. Name and address and other particulars of sub-contractor and whether the sub contractor is

- (a) Domestic Tariff Area unit/Central Excise Registered or otherwise
- (b) Other Special Economic Zone unit
- (c) Export Oriented unit or Electronic Hardware Technology Park unit or Software Technology Park unit.

PART-II For Sub-contracting

Consequences of Early Exit from SEZ / IFSC

SEZ / IFSC units can exit from SEZ / IFSC scheme. They have to apply for exit from SEZ / IFSC Scheme and remit the funds back to India, however they will have to follow rules and regulations mentioned in SEZ Act and Rules as well as under RBI / SEBI norms for winding up of WOS / JVs abroad.

From RBI Perspective

Units can disinvest WOS / JVs by way of sale or shares or liquidation or merger subject to RBI norms and other conditions of Write off Investment or No write off investment.

From SEZ Perspective

Units has following options:

- (1) The Unit may choose to step out of the SEZ with the approval of the DC and such exit shall be subject to payment of applicable duties on the imported or indigenous capital goods, raw materials, components, consumables, spares and finished goods in stock and if the unit has not achieved positive Net Foreign Exchange, the exit shall be subject to penalty that may be imposed under the Foreign Trade (Development and Regulation) Act, 1992. The following conditions shall apply to the unit winding up:-
 - penalty imposed by the competent authority would be paid and in case an appeal against an order imposing penalty is pending, exit shall be considered if the unit has obtained a stay order from competent authority and has furnished a Bank Guarantee for the penalty adjudicated by the appropriate authority unless the appellate authority makes a specific order exempting the Unit from this requirement.
 - in case the Unit has failed to fulfill the terms and conditions of the Letter of Approval and penal proceedings are to be taken up or are in process, a legal Undertaking for payment of penalties, that may be imposed, shall be executed with the DC.
 - the Unit shall continue to be treated a unit till the date of final exit.
 - Depreciation shall be allowed in straight line method as specified below:-
 - for computer and computer peripherals for every quarter in the 1st, 2nd and 3rd year at the rate of 10%, 8% and 5% respectively and for every quarter in the 4th and 5th year at the rate of 1%.
 - for capital goods other than computer and computer peripherals for every quarter in the 1st, 2nd, 3rd year at the rate of 4%, 3% and 3% respectively, for every quarter in the 4th and 5th year at the rate of 2.5% and thereafter for every quarter at the rate of 2%. For the purpose of computing depreciation for any part of a quarter, the rate applicable to such quarter in full shall be considered.
 - In the event of a gems and jewellery unit ceasing its operation, gold and other precious metals, alloys, gem and other materials available for manufacture of jewellery shall be handed over to an agency nominated by the Central Government at a price to be determined by that agency. Development Commissioner may permit a Unit, as one time option, to exit from Special Economic Zone on payment of duty on capital goods under the prevailing Export Promotion Capital Goods Scheme under the Foreign Trade Policy subject to the Unit satisfying the eligibility criteria under that Scheme.
- (2) Any unit/developer may also opt out of the SEZ by transferring its assets and liabilities to another person by way of transfer of ownership including sale of SEZ units subject to the conditions stipulated under Rule 75A of the SEZ Rules:-
 - a. unit has held a valid LOA as well as lease of land for not less than a period of 5 years on the date of transfer,
 - b. the unit has been operational for a minimum period of 2 years as on the date of transfer,
 - c. such sale or transfer transactions shall be subject to the approval of the Approval Committee,
 - d. the transfer fulfils all eligibility criteria applicable to a unit and
 - e. the applicable duties and liabilities, if any, as calculated under rule 74 as well as export obligations of the transferor unit, if any, shall stand transferred to the transferee unit which shall be under obligation to discharge the same on the same terms and conditions as the transferor unit.

Validity of LOA

- LOA is valid for 1 year from date of issue.
- It is mandatory to Commence Operation within that period
- Further 3 Year extension may be granted
- Valid for five years from the date of Commercial Operation
- LOA is a license for all purposes in SEZ
- Can be Extended after Completing 5 year
- Ownership of the Unit Can be Transferred
- Can Exit before the 5 years period also

Consequences of Cancellation of LOA

- The Approval Committee may cancel the LOA at any time after providing the reasonable opportunity of being heard if it has reason or cause to believe that the unit/developer has persistently contravened any of the terms and conditions or its obligations of LOA.
- From the date of such cancellation the Unit shall not be entitled to any exemption, concession, benefit or deduction available to it under SEZ Act.
- Additionally, such unit/developer shall remit, the exemption, concession, drawback and any other benefit availed by him in respect of the capital goods, finished goods lying in stock and unutilized raw materials relating to his unit, in such manner as may be prescribed.
- Any person aggrieved by such cancellation, may prefer an appeal before the Board of Approval. Rule 77 of the SEZ Rules (and its amendments), 2006 ("SEZ Rules") provides for detailed consequences of such cancellation including removal of goods from the SEZ unit.

2

Fee Structure under IFSC Regulations

Fee Structure for various units

Particulars	Finance Company / Unit			
	Aircraft Financial Lease	Aircraft Operating Lease	Ship Financial Lease	Ship Operating Lease
Application Fee	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Registration Fee	\$ 12,500	\$ 5,000	\$ 12,500	\$ 12,500
Annual Fee	\$ 12,500	\$ 3,000	\$ 12,000	\$ 5,000

Particulars	Banking Units (BU)			Ancillary Service Providers	Debenture Trustees
	T/o ≤ \$1bn	T/o \$1bn to \$3bn	T/o > \$3bn		
Application Fee	\$ 1,000			\$ 500	\$ 500
Registration Fee	\$ 25,000			\$ 2,000	\$ 2,500
Renewal Fee	\$ 25,000 (Every Year)	\$ 50,000 (Every Year)	\$ 1,00,000 (Every Year)	\$ 2,000 (Every 5 Years)	-

Particulars	Investment Advisers	Portfolio Managers	Merchant Bankers	Depository Participants (DP)	Custodian
Application Fee	\$ 750	\$ 1 500	\$ 1,000	\$ 500	\$ 1,000
Registration Fee	\$ 7,500	\$ 15,000	\$ 25,000	\$ 2,500	\$ 10,000
Renewal Fee	\$ 7,500 (Every 5 Years)	\$ 10,000 (Every 5 Years)	\$ 25,000 (Every 3 Years)	\$ 2,500 (Every 5 Years)	\$ 10,000 (Every 3 Years)

Particulars	IFSC Insurance Intermediary Offices (IIIOs)		FinTech Entity		
	Specified Intermediaries*	Other Intermediaries	Particulars	For Authorization	For Regulatory/ Innovation Sandbox
Application Fee	\$ 500	\$ 100	Application Fee	\$ 500	\$ 100
Registration Fee	\$ 1,000	\$ 500	Authorization Fee	\$ 1,500 (Annually)	\$ 500
Annual Fee	\$ 1,000	\$ 200	Extension Fee (Post 12 Months)	\$ 500	\$ 500

*Direct / Re-insurance / Composite Insurance Brokers

Fee structure for Market Infrastructure Institutions (MIIs) and participants

Particulars	Stock Exchanges				
	AT < \$ 1.5bn	AT \$ 1.5bn to \$ 15bn	AT \$ 15bn to \$ 75bn	AT \$ 75bn to \$ 150bn	AT > \$ 150bn
Application/ Renewal Fee	\$ 1,000				
Registration Fee	\$ 25,000				
Annual Fee	\$ 1,000				
Turnover based Fee	\$ 1,500	\$ 15,000	\$ 75,000	\$ 1,50,000	\$ 1,50,000 + 0.000012% of AT exceeding \$ 150bn

*AT = Annual Turnover

Particulars	Clearing Corporations	Depositories	Clearing Members	Stock Brokers	IFSC Insurance Offices (IIOs)
Application/ Renewal Fee	\$ 1,000	\$ 1,000	-	-	\$ 1,000
Registration Fee	\$ 15,000	\$ 10,000	\$ 1,000	\$ 1,000	\$ 5,000
Annual Fee	\$ 1,000	\$ 5,000	\$ 1,000	-	\$ 5,000
Turnover based Fee	-	2% of annual custody charges		0.00010% of Turnover on Monthly basis	0.05% of Total Gross Premium or \$6,500 w.e.h.

Fee Structure for Fund Management Entity

No.	Particulars	Fees
Application & Registration Fee		
a)	Application Fee:	\$ 2,500
b)	Registration Fee:	
	(i) Authorised FME (except Family Investment Fund)	\$ 5,000
	(ii) Registered FME (Non -retail)	\$ 7,500
	(iii) Registered FME (Retail)	\$ 10,000
	(iv) Family Investment Fund	\$ 15,000
c)	Application Fee for Regulatory / Innovation Sand box, Fund lab, etc.	\$ 2,500
d)	Annual Fee (2 nd year onwards)	\$ 2,000
Fee for filing placement memorandum / offer document		
a)	Venture Capital Scheme (Part A of Chapter III)	\$ 7,500
b)	Restricted Scheme (Part B of Chapter III):	
	(i) Category – I AIF	\$ 7,500
	(ii) Category – II AIF	\$ 15,000
	(iii) Category – III AIF	\$ 22,500
c)	Retail Scheme (Part C of Chapter III)	\$ 22,500
d)	ETF (Chapter IV)	\$ 22,500
e)	Investment Trust (Part B of Chapter VI)	0.05% of the offer Size
	A FME desirous of undertaking the activity of Portfolio management services (Part A of Chapter VI):	\$ 5,000

Fee structure for issuance and listing of securities on the recognised stock exchanges in the IFSC

Type of listing	Fee amount
IPOs and FPOs of specified securities	0.05% of the offer size
Start-up and SME Companies	
Listing without public offer	NIL
Listing with public offer	0.025% of the offer size
Special Purpose Acquisition Companies	0.05% of the offer size
Depository Receipts	0.05% of the offer size
Debt Securities	
Public Issue	0.00025% of the offer size subject to a minimum fee of \$ 1,000/-
Private Placement [#]	\$ 1,000/-*

In case of primary listing simultaneously on both the exchanges in IFSC, the total fee of \$ 1,000 shall be applicable

* It is deferred till 31-03-2023

2

Fee Structure under SEZ Regulations

(1) Various Fees

Particulars	Mode	Developer	Co-Developer	Unit Holder
Application Fee (One Time)	Demand Draft	` 5,000	` 5,000	` 5,000
Registration Fee (One Time)	Online	` 50,000	` 50,000	` 25,000
System Usage Charges (Per annum)	Online	` 10,000	` 10,000	` 5,000

(2) Transaction Charges

Particulars	Charges
Bill of Entry	` 50 per transaction
Shipping Bill	
DTA Sale / Deemed Export	
DTA Procurement with Export Benefit	
Zone to Zone Transfer Bill of Entry	
DTA Procurement	
Temporary Removal / Sub-Contracting	
Softex	` 15 per invoice

Company Name	GUJARAT INTERNATIONAL FINANCE TEC-CITY COMPANY LIMITED	GIFT SEZ LIMITED
CIN	U75100GJ2007SGC051160	U45200GJ2008PLC054999
ROC Code	RoC-Ahmedabad	RoC-Ahmedabad
Registration Number	051160	054999
Company Category	Company limited by Shares	Company limited by Shares
Company Subcategory	State Govt company	Non-govt company
Class of Company	Public	Public
Authorised Capital`	10,00,00,00,000	5,00,00,000
Paid up Capital`	5,65,41,88,000	9,75,000
Date of Incorporation	21/06/2007	09/09/2008
Registered Address	EPS - Building no. 49A, Block 49, Zone 04, Gyan Marg, GIFT City, Gandhinagar Gandhinagar GJ 382355 IN	GIFT House, Block -12, Road 1-D, Zone-I GIFT SEZ, GIFT City Gandhinagar Gandhinagar GJ 382355 IN

The Government of Gujarat through its undertaking Gujarat Urban Development Company Limited ("GUDCL") has established "Gujarat International Finance Tec-City Company Limited" ("GIFTCL") to develop and implement GIFT City.

GIFT SEZ is India's first International Financial Services Centre (IFSC) under "SEZ Act 2005". GIFT City is an integrated development on 886 acres of land. Total area of 261 acres has been demarcated as SEZ and additional 625 acres has been marked as DTA.

The Union Budget 2016 provided competitive tax regime for the IFSC at GIFT SEZ. Government of India operationalized IFSC at GIFT SEZ in April 2015.

GIFT SEZ Limited, is a wholly owned subsidiary of GIFTCL and is responsible for development of Special Economic Zone with International Financial Services Centre (IFSC). GIFT SEZ in Gandhinagar, Gujarat has been designated IFSC.

GIFT SEZ is the only place in India which is designated as IFSC. Entities in IFSC are classified as "Persons resident outside India" from FEMA Prospective and need to transact in freely convertible foreign currency.

An IFSC is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible under the current regulations, in any currency except INR.

Key Features of GIFT SEZ

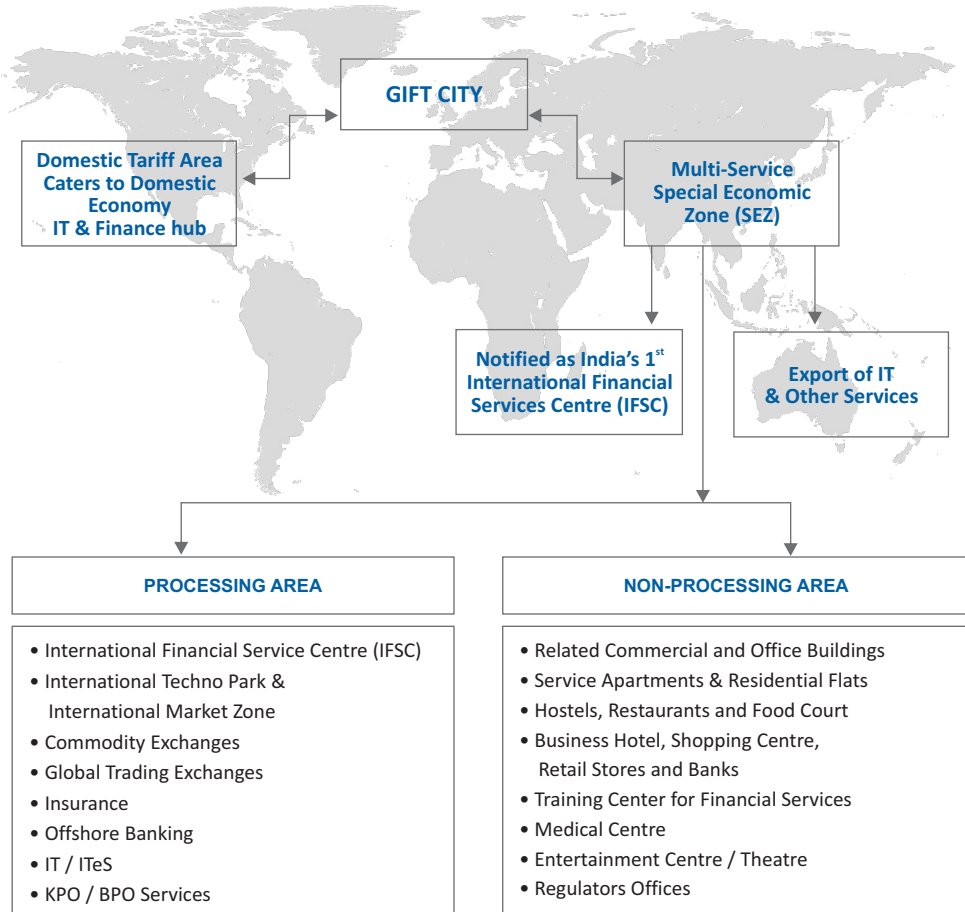
- Fast growing Business District
- India's first operational Smart City
- India's first International Financial Services Centre (IFSC)
- Multi-Services Special Economic Zone (SEZ)
- GoG IT/ITeS Policy Incentives
- Unique infrastructure (first time in India)
- Substantial Reduction in Operational costs
- Talent availability
- Low attrition
- Skill Development & Training
- Integrated Development (Commercial, Residential & Social)
- Walk to work concept
- Quality of life
- Single window clearance
- Strategic location

World Class Infrastructure – A Business Enabler

- Utility Tunnel
- Automatic Waste Collection System
- District Cooling System
- Potable water from any Tap throughout city
- Dual power supply at Power Station with building level Back-up power facility

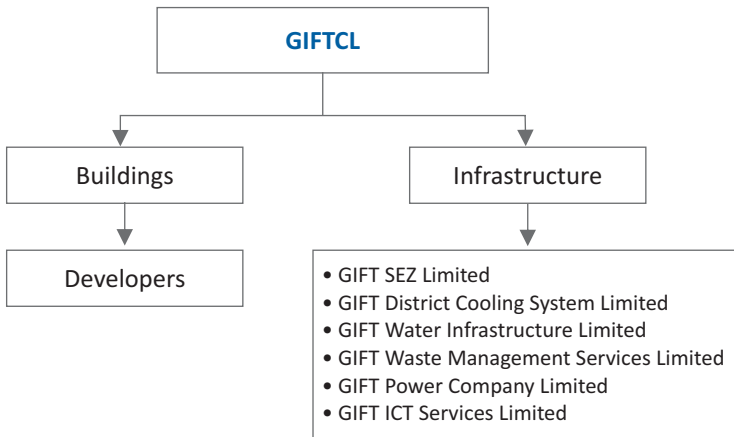


GIFT City : Structure



Note : No exemptions, concessions or drawback shall be admissible for Non-Processing Area

Implementation Framework



Particulars	GIFT SEZ	GIFT DTA
Area Distribution*	216 acres of area is demarcated as Multi-Service SEZ area in GIFT City	625 acres of area is demarcated as DTA area in GIFT City
Currency	Units can carry out administrative and statutory expenses in Indian Rupees. Other than this, All the transactions should be in foreign currency (other than Rupee).	Rupee denominated domestic transaction can be undertaken
Area of operations	In area demarcated as SEZ	In area demarcated as DTA
Approval of Authority	Approval required under 1) IFSC regulations to be granted by IFSC Authority 2) SEZ regulations to be granted by Development Commissioner of concerned SEZ	Approval required under IFSC regulations to be granted by IFSC Authority
Imports	All imports are exempt from payment of all types of customs duties (BCD, SWS, IGST, Cess, etc)	Imports are allowed on payment of applicable customs duties (However, benefit of the advance authorization and EPCG Scheme can be availed)
Export on payment of IGST	Have the option to pay applicable IGST and later claim refund of the same	Have the option to pay applicable IGST and later claim refund of the same
Procurement from DTA	All procurements which are required for authorized operations are allowed without payment of applicable GST (under LUT) or on payment of GST (of which refund can be obtained)	Applicable GST is payable on such procurements (of which ITC is available)
DTA Clearances	All DTA clearances are allowed on payment of applicable customs duties (BCD, SWS, IGST, Cess, etc). Bill of entry required to be filed by the importer or the SEZ unit (on behalf of the importer)	Applicable GST is payable on such clearances. Only tax invoice required to be issued.
Authorities to deal with	SEZ Authority, IFSC Authority, GST Authorities, Customs Authorities, Income Tax Authorities	GST Authorities, Customs Authorities, Income Tax Authorities
Compliances	Compliances like setting up, timely extension, APRs, QPRs, MPRs, ID Cards for employees under the SEZ laws in addition to regular DTA compliances	Compliances required under GST, ROC, Income tax laws
Applicable laws	SEZ Act, IFSC Regulations, Income Tax Act, GST Act, Customs Act, Companies Act	Income Tax Act, GST Act, Customs Act, Companies Act
Income tax Benefits	Various benefits and relaxations available	No Benefits
STT/CTT	Exemption from STT/CTT for transactions carried out on IFSC exchanges	No Exemption for STT/CTT
Stamp Duty	Stamp Duty not chargeable for transactions in RSE and depositories established in IFSC	No exemption for Stamp Duty
ROC Relaxations	Various relaxations available in ROC compliances	No Relaxations

*Total area has been increased to 3327 acres w.e.f. 02-11-2022

What is IFSC?

- An IFSC caters to the customers outside the jurisdiction of domestic economy. Such centers deal with the flow of finance, financial products and services across the borders.
- IFSC as envisaged under the Indian context “is a jurisdiction that provides financial services to non-residents and residents (Institutions), in any currency other than Indian Rupee (INR)”.
- IFSC is set-up to undertake financial services transactions that are currently carried on outside India by overseas financial institutions and overseas branches / subsidiaries of Indian financial institutions

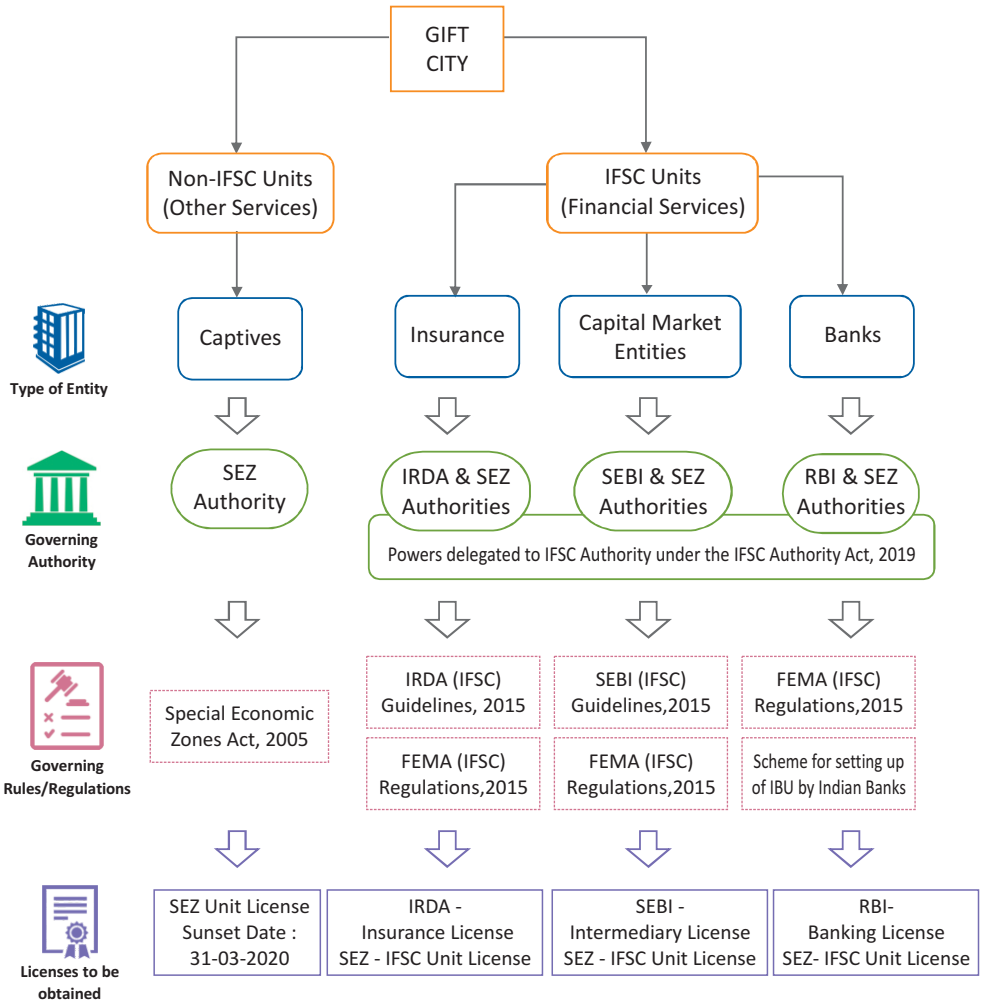
IFSC in India

- In India, an IFSC is approved and regulated by the Government of India under the Special Economic Zones Act, 2005.
- Government of India has approved GIFT City as a Multi Services Special Economic Zone ('GIFT SEZ') and has also notified this zone as India's IFSC.
- The launch of the IFSC at GIFT City is the first step towards bringing financial services transactions relatable to India, back to Indian shores.
- IFSC unit is treated as a non-resident under extant Foreign Exchange Management regulations.

Business Opportunities at GIFT IFSC :



Regulatory Framework for units in IFSC



- IRDA - Insurance Regulatory & Development Authority
- FEMA - Foreign Exchange Management Act
- SEBI - Securities & Exchange Board of India
- SEZ - Special Economic Zone
- IFSC - International Financial Service Centre
- RBI - Reserve Bank of India

IFSC Regulations Benchmarked with International Best Practices

IFSCA (Banking)
Regulations, 2020

IFSCA (Bullion Exchange)
Regulations, 2020

IFSCA (Global In-House)
Regulations, 2020

Regulatory Sandbox
Framework
for FinTech 2020

IFSCA (Issuance and
Listing of Securities)
Regulations, 2021

IFSCA (Market
Infrastructure
Institutions)
Regulations, 2021

Framework for
Ancillary
Services 2021

Framework for Global
Corporate Treasury
Centers in IFSC 2021

Framework for setting
up International
Trade Financing
Services Platform
(ITFS) 2021

IFSCA (Capital Market
Intermediaries)
Regulations, 2021

IFSCA (Registration of
Insurance Business)
Regulations, 2021

IFSCA (Insurance
Intermediary)
Regulations, 2021

IFSCA
(FinTech Incentive)
Scheme, 2022

IFSCA (Insurance Web
Aggregator)
Regulations, 2022

IFSCA (Performance
Review Committee)
Regulations, 2022

IFSCA
(Fund Management)
Regulations, 2022

Framework for FinTech
Entity in IFSC

Framework for
Aircraft Lease

IFSC Banking
Handbooks

IFCA (Banking)
(Amendment)
Regulations, 2022

Framework for Ship
Leasing - Finance
Company/Unit

IFSCA
(Finance Company)
Regulations as amended
upto 01-07-2022

IFSCA (Setting up and
Operation of International
Branch Campuses and
Offshore Education
Centres) Regulations, 2022

International Financial
Services Centres Authority
(Maintenance of Website)
Regulations, 2022

IFSCA (Insurance
Products and Pricing)
Regulations, 2022

IFSCA (Investment by
International Financial
Service Centre Insurance
Office) Regulations, 2022

IFSCA (Maintenance of
Insurance Records and
Submission of Requisite
Information for
Investigation & Inspection)
Regulations, 2022

IFSCA
(Appointed Actuary)
Regulations, 2022

IFSCA (Manner of
Payment and Receipt
of Premium)
Regulations, 2022

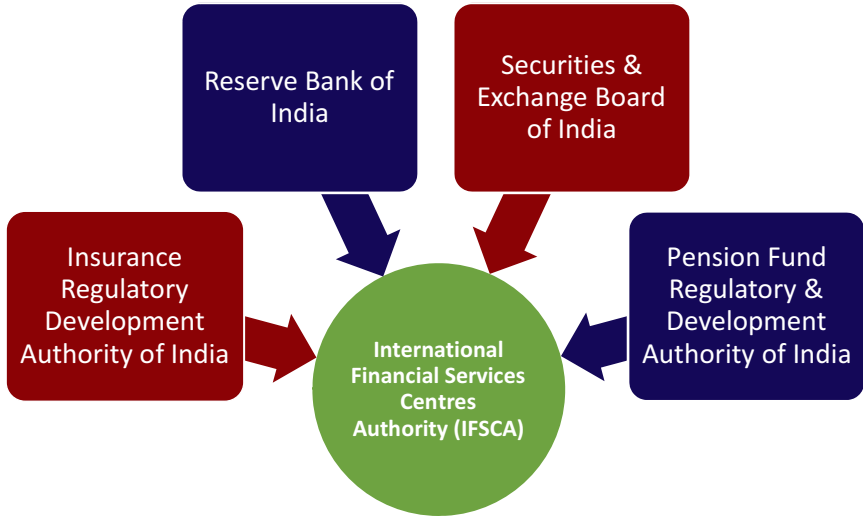
IFSCA (Preparation and
Presentation of Financial
Statements of IFSC
Insurance Offices)
Regulations, 2022

IFSCA (Fund
Management)
(Amendment)
Regulations, 2023

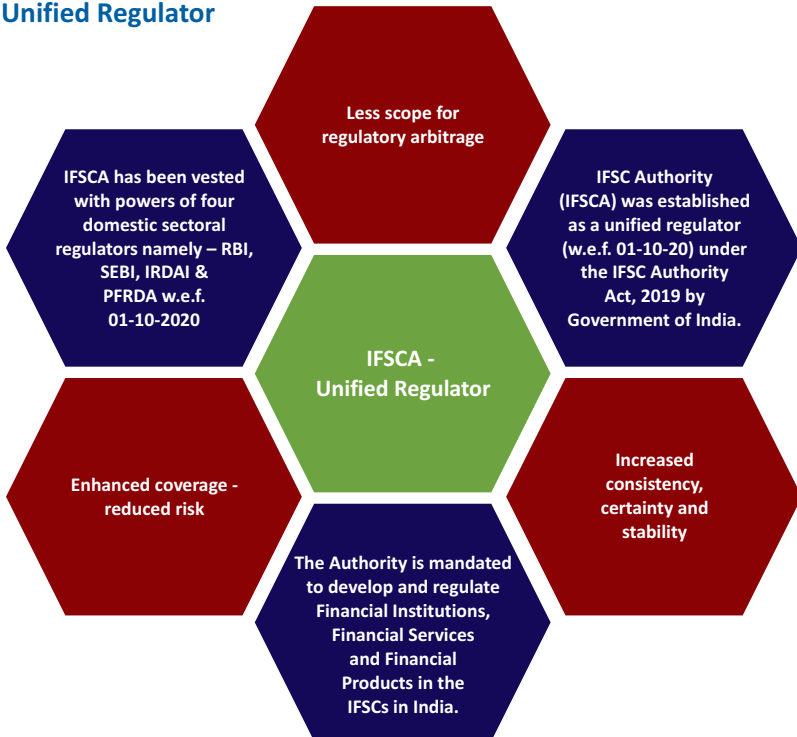
IFSCA (Anti Money
Laundering, Counter
Terrorist-Financing and
Know Your Customer)
Guidelines, 2022

International Financial Services Centre Authority (IFSCA)

1. IFSCA has been established as a unified financial regulator in April 2020 by the Government of India under the IFSCA Act, 2019
2. Authority is mandated to develop and regulate Financial Institutions, Financial Services and Financial Products in the International Financial Services Centre (IFSC) in India
3. To develop and regulate IFSC's in India, IFSCA has been vested with powers of four sectoral regulators namely- RBI, SEBI, IRDAI & PFRDAs



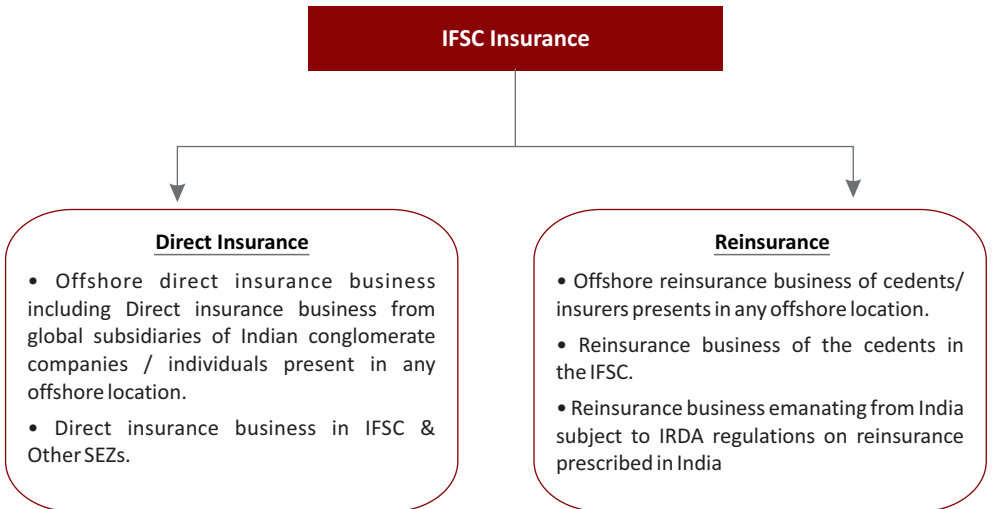
IFSCA - Unified Regulator



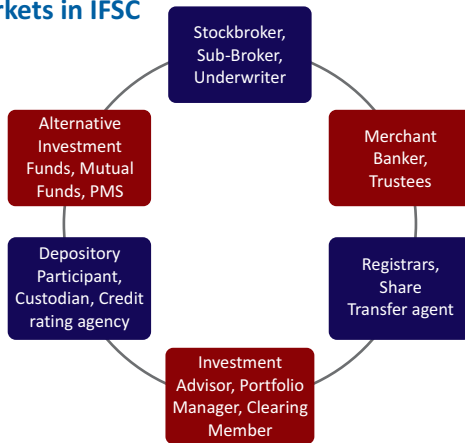
IFSC Banking



IFSC Insurance



Capital markets in IFSC



Wide range of Products

- Index Derivatives
- Commodity Futures
- Equity & Debt Listing
- Depository Receipts
- Single stock Derivatives
- Currency Derivatives
- REITs/ InvITS

Alternate Investment Fund (AIF)

AIFs in IFSC – Regulatory Relaxations

Borrowing and Leverage

- Permission to borrow funds and engage in leveraging activities subject to:
 - Consent of investors
 - Disclosure in PPM - Max. leverage, methodology for calculation of leverage
 - Comprehensive risk management framework appropriate to the size, complexity and risk profile of the AIF

Co-investment

- Co-investment through segregated portfolio by issue of separate class of units subject to:
 - Terms not to be more favorable than common portfolio of AIF
 - Disclosure in PPM regarding creation of segregated portfolio
- AIF in IFSC is permitted to invest in AIF registered with SEBI in India, alongside other permissible investments

Investment Diversification norms

- Restriction with respect to investment up to 10% in single investee company (for Cat III AIF) and 25% (for Cat I and Cat II AIF) to not apply provided:
 - Investments are in line with risk appetite of investors
 - Disclosure in PPM

Background of IFSCA (Fund Management) Regulations, 2022

- International Financial Services Centres Authority (IFSCA) is endeavoring to develop a comprehensive regulatory framework for Investment Funds based on global best practices, with a special focus on ease of doing business
- IFSCA had released a consultation paper in February 2022 to seek comments from public on the proposed IFSCA (Fund Management) Regulations, 2022
- IFSCA has now notified the Final IFSCA (Fund Management) Regulations, 2022 ("FM Regulations"), to be effective from 19 May 2022

Regulating Fund Manager instead of Fund

- In line with global practices, IFSCA intends to regulate the Fund Managers as against exercising regulatory oversight over the Funds

Single registration for multiple activities

- A Fund Manager can undertake host of activities related to fund management viz. manage retail schemes, non-retail schemes, undertake portfolio management services or operate as a manager to various investment trusts by seeking a single unified registration from IFSCA

Risk Based approach based on activity to be undertaken

- Fund Management Entity ("FME") can be registered under three categories, depending upon the activity proposed to be undertaken
- Higher regulatory oversight for Fund Management Entity managing Retail Funds as compared to Fund Management Entity managing non-retail Funds or Venture Capital Funds

Indian party making sponsor contribution under Automatic Route

Sponsor contribution under automatic route of RBI

- Recently, RBI has issued a circular permitting remittance by Indian party towards sponsor contribution to AIF in IFSC
- Any sponsor contribution from sponsor Indian Party to AIF in IFSC, as per the laws of host jurisdiction, shall be treated as ODI
- Accordingly, Indian Party can set up AIF in IFSC, under automatic route provided it complies with Regulation 7 of the ODI Regulation

Conditions prescribed under regulation 7 of the ODI Regulations

- Indian party has earned net profit during the preceding 3 financial years from financial services activities
- Indian party is registered with the regulatory authority in India for conducting financial services activities
- Indian party has obtained approval from regulatory authorities in India and abroad, for venturing into such financial sector activity
- Indian Party has fulfilled the prudential norms relating to capital adequacy as prescribed by the concerned regulatory authority in India

Snapshot of key guidelines for AIFs

Other conditions like minimum corpus, investment, continuing interest

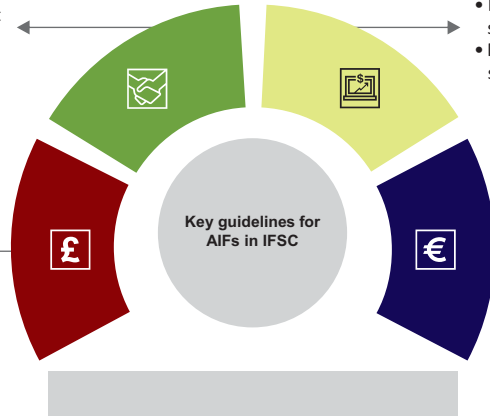
- Like domestic AIFs except that thresholds are designated in USD

Registration Process

- AIF registration can be granted to Trust, Company, LLP, Body Corporate
- Existing sponsors / Manager can set up as a branch, company or LLP
- New sponsors / Manager need to set up a company or LLP

Overseas Investment

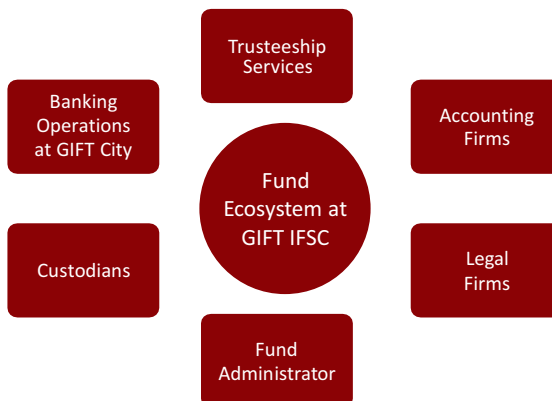
- Existing conditions on outbound investments by AIF not to apply to AIFs in IFSC



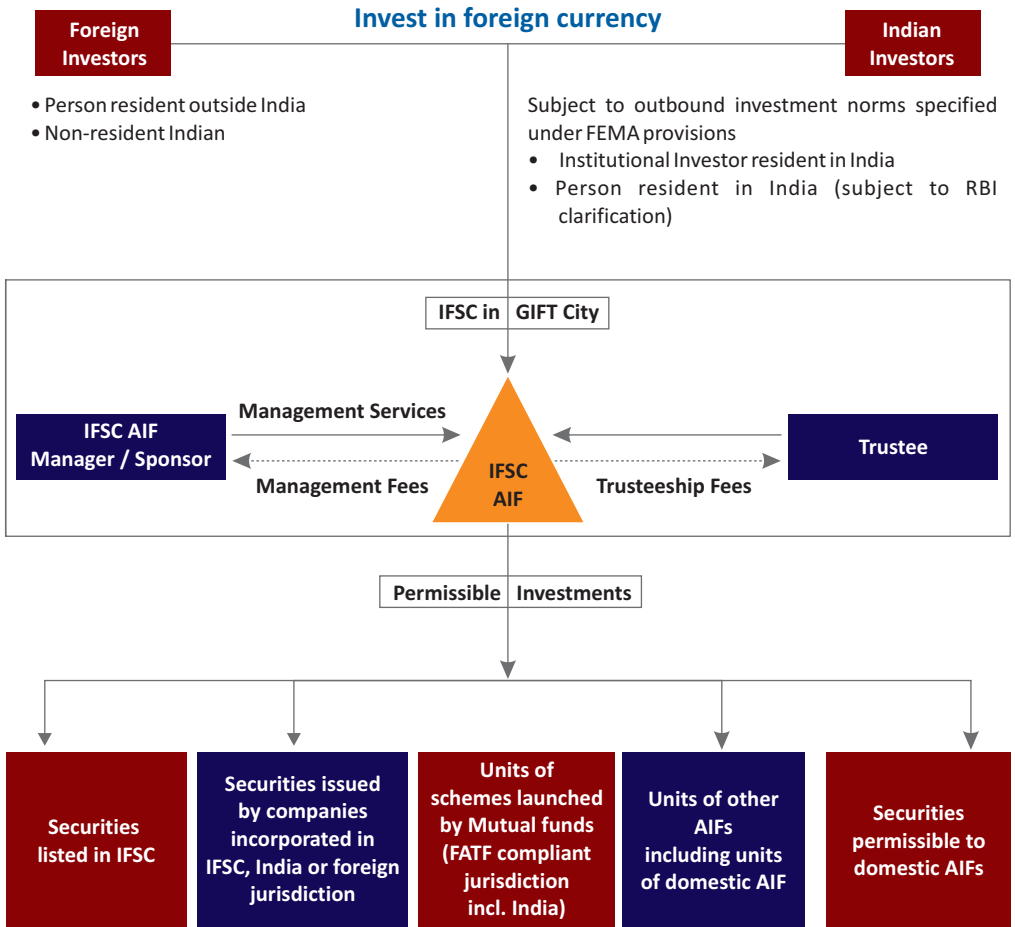
Investment Conditions

- FPI, FVCI or FDI routes permitted for investment in India.
- Investments in units of other AIFs.
- Any other securities in which a domestic AIF can invest

Financial Ecosystem for AIFs in GIFT IFSC



AIFs in IFSC – Basic Structure



Fund Management Entity and Funds / Schemes

Fund Management in IFSC

Fund Management Entities

- Authorised Fund Management Entity
- Registered Fund Management Entity (Non-Retail)
- Registered Fund Management Entity (Retail)

Other Fund Management Activities

- Portfolio Management Services
- Investment Trust
- Family Investment Fund

Types of Funds

Schemes for Fund Management

- Venture Capital Schemes
- Restricted Schemes (schemes for non-retail Funds)
- Retail Schemes
- Special Situation Funds
- Exchange Traded Funds (ETFs)
- Environmental, Social And Governance (ESG)

Types of Fund Management Entities under AIF

Particulars	Authorised Fund Management Entity	Registered Fund Management Entity (for Non-retail Funds)	Registered Fund Management Entity (for Retail Funds)
Permissible activities	<ul style="list-style-type: none"> Managing Schemes investing in start-ups or early-stage ventures through Venture Capital Scheme Managing Family Investment Fund investing in securities, financial products and such other permitted asset classes 	<ul style="list-style-type: none"> Managing Venture Capital and Restricted Schemes investing in securities, financial products and such other permitted asset classes Portfolio Management Services (including for multi-family office) Investment Manager of Investment Trust (REITs and InvITs) offered under private placement All activities as permitted to Authorised FMEs 	<ul style="list-style-type: none"> Managing Retail Schemes investing in securities, financial products and such other permitted asset classes Investment Manager of Investment Trust (REITs and InvITs) offered to public Managing Exchange Traded Funds All activities as permitted to Authorised FMEs and Registered FMEs (for non-retail Funds)
Types of Schemes which can be managed	<ul style="list-style-type: none"> Venture Capital Schemes 	<ul style="list-style-type: none"> Venture Capital Schemes and Restricted Schemes 	<ul style="list-style-type: none"> All Schemes (retail as well as non-retail)
Launch of new scheme	<ul style="list-style-type: none"> Immediately upon filing the Private Placement Memorandum ("PPM") with the IFSCA 	<ul style="list-style-type: none"> PPM to be filed 21 working days prior to launch of the scheme 	<ul style="list-style-type: none"> Offer document to be filed 21 working days prior to launch of the scheme Fund can be launched only after receiving comments from IFSCA and incorporating the same in the offer document
Type of investors permissible	<ul style="list-style-type: none"> Accredited investors Minimum investment of USD 250,000 (USD 60,000 for employees / directors/ designated partners of FME) 	<ul style="list-style-type: none"> Accredited investors Minimum investment of USD 150,000 (USD 40,000 for employees/ directors / designated partners of FME) 	<ul style="list-style-type: none"> Retail as well as non-retail investors
Legal Structure of the FME	<ul style="list-style-type: none"> Company, LLP, Branch 	<ul style="list-style-type: none"> Company, LLP, Branch 	<ul style="list-style-type: none"> Company or Branch of a Company
Minimum net worth	<ul style="list-style-type: none"> USD 75,000 	<ul style="list-style-type: none"> USD 500,000 	<ul style="list-style-type: none"> USD 1,000,000
Minimum Number of Directors	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> 4 (atleast 50% to be independent)
Minimum Experience of FME	<ul style="list-style-type: none"> Employ such employees who have relevant experience 	<ul style="list-style-type: none"> Employ such employees who have relevant experience 	<ul style="list-style-type: none"> FME or its holding company has atleast 5 yrs of experience in managing AUM of atleast USD 200 million with more than 25,000 investors; or One person in control of FME holding more than 25% shareholding/ share in profits carrying on business in financial services for a period of not less than 5 yrs.

Particulars	Authorised Fund Management Entity	Registered Fund Management Entity (for Non-retail Funds)	Registered Fund Management Entity (for Retail Funds)
Minimum number of Key Managerial Personnel ("KMP")	<ul style="list-style-type: none"> • 1 	<ul style="list-style-type: none"> • 2 	<ul style="list-style-type: none"> • 3
Change of KMP	<ul style="list-style-type: none"> • Prior approval of IFSCA required 	<ul style="list-style-type: none"> • Prior approval of IFSCA required 	<ul style="list-style-type: none"> • Prior approval of IFSCA required
Minimum Qualification of KMP	<ul style="list-style-type: none"> • Professional qualification or post-graduate degree or post graduate diploma (minimum 2 years) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central or State Government or a recognised foreign university or institution or association; or a certification from any organization or institution or association or stock exchange which is recognised/ accredited by Authority or a regulator in India or Foreign Jurisdiction 		
Minimum Experience of KMP	<ul style="list-style-type: none"> • At least five years in related activities in the securities market or financial products including in a portfolio manager, broker dealer, investment advisor, Wealth Manager, research analyst or fund management 		
Substance requirement in IFSC	<ul style="list-style-type: none"> • The proposal on the portfolio composition shall be initiated by a person who is based in office of the FME in the IFSC 		
Permissible investments	<ul style="list-style-type: none"> • Permitted to invest in listed, to be listed as well as unlisted securities, money market instruments, debt securities, securitised debt instruments, schemes of other venture capital schemes, units of Mutual Funds and AIFs (whether in India, IFSC or abroad), LLPs and such other financial products/assets as may be specified • Investment should be in accordance with the venture capital scheme 	<ul style="list-style-type: none"> • Permitted to invest in listed, to be listed as well as unlisted securities, money market instruments, debt securities, securitised debt instruments, other investment schemes, derivatives (including commodity derivatives), units of Mutual Funds and AIFs (whether in India, IFSC or abroad) , LLPs and such other financial products/assets as may be specified • Investment should be in accordance with the investment objective of the scheme • Close ended scheme may invest up to 20% of the corpus in other physical assets such as real estate, bullion, art or any other physical asset as may be specified 	<ul style="list-style-type: none"> • Permitted to invest in listed, to be listed as well as unlisted securities, money market instruments, debt securities, securitised debt instruments, other investment schemes, derivatives (including commodity derivatives), units of Mutual Funds and AIFs (whether in India, IFSC or abroad) and such other assets as may be specified • Investment should be in accordance with the investment objective of the scheme

Types of Schemes under AIF

Particulars	Venture Capital Schemes**	Restricted Schemes (schemes for Non-retail)	Retail Schemes
Investment pending deployment of money	<ul style="list-style-type: none"> • Certificate of deposits, units of investment schemes such as liquid or money market schemes, money market instruments or any other securities or financial assets or instruments as may be specified by IFSCA 	<ul style="list-style-type: none"> • Certificate of deposits, units of investment schemes such as liquid or money market schemes, money market instruments or any other securities or financial assets or instruments as may be specified by IFSCA 	<ul style="list-style-type: none"> • Certificate of deposits, units of investment schemes such as liquid or money market schemes, money market instruments or any other securities or financial assets or instruments as may be specified by IFSCA
Investment restrictions	<ul style="list-style-type: none"> • Atleast 80 percent of the AUM in investee companies incorporated for less than 10 years or other venture capital schemes 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • Maximum investment in a single investee company: 10% of AUM (15% with prior approval of fiduciaries), no restriction for Index schemes • Maximum investment in a sector: 25% of AUM (50% in case of financial services sector), no restriction for sectoral, thematic or Index Scheme
Investment in associates of the FME	<ul style="list-style-type: none"> • Permissible, subject to prior approval of 75% investors in the scheme by value 	<ul style="list-style-type: none"> • Permissible, subject to prior approval of 75% investors in the scheme by value 	<ul style="list-style-type: none"> • 25% of the AUM
Investment in unlisted entities	<ul style="list-style-type: none"> • No restriction 	<ul style="list-style-type: none"> • Open-ended schemes: Maximum 25% of the corpus • Close-ended schemes: No restriction 	<ul style="list-style-type: none"> • Open-ended schemes: Maximum 15% of the AUM of the scheme • Close-ended schemes: Maximum 50% of the AUM of the scheme
Corpus of the Scheme	<ul style="list-style-type: none"> • Minimum: USD 5 million • Maximum: USD 200 million 	<ul style="list-style-type: none"> • Minimum: USD 5 million • Maximum: NA 	<ul style="list-style-type: none"> • Minimum: USD 5 million • Maximum: NA
Tenure	<ul style="list-style-type: none"> • Minimum 3 years • Extension upto 2 years permissible with 2/3rd investor's consent 	<ul style="list-style-type: none"> • Minimum 1 year for close ended scheme • Extension upto 2 years permissible with 2/3rd investor's consent 	<ul style="list-style-type: none"> • Minimum 3 years for close ended scheme • Extension upto 2 years permissible with 2/3rd investor's consent
Minimum number of investors in the Scheme	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • Minimum 20 investors, with no single investor investing more than 25%
Maximum number of investors in the Scheme	<ul style="list-style-type: none"> • 50 investors 	<ul style="list-style-type: none"> • 1,000 investors 	<ul style="list-style-type: none"> • No restriction

Particulars	Venture Capital Schemes**	Restricted Schemes (schemes for Non-retail)	Retail Schemes
‘Skin-in-the-game’ contribution by FME[#]	<ul style="list-style-type: none"> Targeted corpus < USD 30 mn: Minimum 2.5% but not exceeding 10% Targeted corpus > USD 30 mn: Minimum USD 750,000 but not exceeding 10% Time limit for contribution by FME – 45 days, which can be extended, subject to satisfaction of the IFSCA 	<ul style="list-style-type: none"> Open ended scheme: Targeted corpus < USD 30 mn: Minimum 5% but not exceeding 10% Targeted corpus > USD 30 mn: Minimum USD 1,500,000 but not exceeding 10% Close ended scheme: Targeted corpus < USD 30 mn: Minimum 2.5% but not exceeding 10% Targeted corpus > USD 30 mn: Minimum USD 750,000 but not exceeding 10% Time limit for contribution by FME – 45 days, which can be extended, subject to satisfaction of the IFSCA 	<ul style="list-style-type: none"> Lower of 1% of the corpus or USD 200,000 (for both open and close ended scheme) Time limit for contribution by FME – 45 days, which can be extended, subject to satisfaction of the IFSCA
Minimum contribution/commitment from the investor in the scheme	<ul style="list-style-type: none"> Accredited investors Investors investing atleast USD 250,000 (USD 60,000 for employees/ directors/ designated partners of FME) 	<ul style="list-style-type: none"> Accredited investors Investors investing atleast USD 150,000 (USD 40,000 for employees/ directors/ designated partners of FME) 	<ul style="list-style-type: none"> Open ended scheme: Nil Close ended scheme: Nil (USD 10,000 in case investment in unlisted exceeds 15% of the AUM)
Leverage	<ul style="list-style-type: none"> Permissible, subject to disclosure in the PPM and consent of 2/3rd investors by value 	<ul style="list-style-type: none"> Permissible, subject to disclosure in the PPM and consent of 2/3rd investors by value 	<ul style="list-style-type: none"> Not permissible except to meet temporary liquidity needs for the purpose of redemption or payment of interest or dividend to the investors Maximum borrowing permissible is 20% of the AUM for a duration not exceeding 6 months
Disclosure of NAV	<ul style="list-style-type: none"> Yearly 	<ul style="list-style-type: none"> Open ended scheme: Monthly Close ended scheme: Half yearly 	<ul style="list-style-type: none"> Open ended scheme: Daily Close ended scheme: Weekly
Co-investment	<ul style="list-style-type: none"> Permissible, subject to conditions 	<ul style="list-style-type: none"> Permissible, subject to conditions 	<ul style="list-style-type: none"> NA
Independent custodian	<ul style="list-style-type: none"> Mandatory if AUM exceeds 70 millions 	<ul style="list-style-type: none"> Mandatory if AUM exceeds 70 millions 	<ul style="list-style-type: none"> Mandatory
Valuation to be done by	<ul style="list-style-type: none"> Independent third-party service provider 	<ul style="list-style-type: none"> Independent third-party service provider 	<ul style="list-style-type: none"> Independent third-party service provider

****For Venture Capital Funds launched by Registered FME, the condition of Restricted schemes would apply**

[#]Not mandatory in case of relocation of Funds/ Schemes and Fund of Funds investing in scheme with similar requirements. Also, not mandatory for Authorised FME and Registered FME (non-retail), if approval received from atleast 2/3rd investors or if atleast 2/3rd investors are accredited

Special Situation Funds (SSFs)

- SSFs can be launched by a registered FME
- SSFs are permitted to acquire special situation assets, which includes:
 - Stressed loan available for acquisition
 - Security Receipts (SRs) issued by an Asset Reconstruction Company (ARC) registered with the RBI
 - Securities of investee companies (I) whose stressed loans are available for acquisition, (ii) against whose borrowings, SRs have been issued by an ARC, (iii) whose borrowings are subject to corporate insolvency resolution process, (iv) who has continuing default of loans, subject to conditions
- Only close ended SSFs are permissible, with minimum tenure of 3 years
- Scheme corpus, eligible investors, investment conditions may be specified by the IFSCA
- Leverage not permissible except to meet day-to-day operational requirements

Exchange Traded Funds (ETFs)

- Only Registered FMEs (Retail) shall launch Exchange Traded Funds (ETFs)
- ETFs are mandatorily required to be listed on recognized stock exchanges in IFSC
- ETFs include:
 - Equity Index based ETFs
 - Debt Index based ETFs
 - Commodity based ETFs
 - Gold ETFs
 - Silver ETFs
 - Hybrid ETFs (investing in 2 or more asset class)
 - Actively Managed ETF
 - Any other ETFs
- Stock exchange may provide a simplified framework for authorization of intermediaries registered with the IFSCA as market makers
- NAV of ETFs are required to be computed on daily basis

Environmental, Social and Governance (ESG)

- FME managing AUM > USD 3 billion
- ETFs include:
 - Establish policy on governance around material sustainability-related risks and opportunities
 - Disclose in its annual report how the FME identifies, assesses and manages material sustainability-related risks - Disclose in its annual report the process of factoring sustainability related risks and opportunities into fund manager's investment strategies and processes
- FME that launches a scheme related to ESG shall make full disclosure regarding investment objective, investment policy, strategy, material risk, benchmark, etc.
- Scheme documents filed by FME with the IFSCA shall disclose whether sustainability related risks are incorporated in the decision making. If not, a negative statement shall be included

Other aspects

Particulars	Key considerations
Green Channel	<ul style="list-style-type: none"> • Venture Capital Schemes or non-retail schemes soliciting money from accredited investors eligible for Green Channel • Green Channel allows schemes filed with the IFSCA to be open for subscription by investors immediately upon filing with IFSCA
Innovation Sandbox and Fund Lab	<ul style="list-style-type: none"> • Platform proposed to be provided to aspirational fund managers to try new strategies in a controlled manner • IFSCA may provide exemption from the operation of all or any of the provisions of the proposed regulations for upto 18 months, for furthering innovation in aspects relating to testing new products, strategies, processes, services, business models, use of technology, etc. in live environment of regulatory sandbox in the financial markets • Such Funds cannot solicit money from public • Exemption subject to conditions as may be specified by the IFSCA
Special purpose vehicle (SPV) as a co-investment structure	<ul style="list-style-type: none"> • Fund managers permitted to create SPVs under the main scheme to undertake co-investment or leverage along with the Fund/scheme, subject to conditions
Retail participation in private markets	<ul style="list-style-type: none"> • Proposed to facilitate retail close ended schemes to invest in unlisted securities, subject to certain conditions <ul style="list-style-type: none"> - Facilitate investors at large invest in private markets

Portfolio Management Services (PMS)

Who can undertake PMS activity

- Registered FME may offer Portfolio Management Services (PMS) to its clients

Eligible clients

- Person resident outside India and NRI
- Resident non-individual Indian eligible to invest offshore under FEMA
- Resident individual Indian eligible to invest under LRS
- Multi-family office

Permissible investments

- Permitted to invest in securities and financial products in an IFSC, India or Foreign Jurisdiction
- Discretionary PMS: securities listed or traded on the stock exchanges, money market instruments, units of investment scheme and other financial products

Dealing with funds of the client

- Minimum ticket size: USD 150,000
- Funds to be kept in separate account, to be maintained in a banking unit
- To segregate each portfolio management client's holding in securities in separate accounts

Investment restrictions

- Investment in derivatives subject to express consent of the client
- Speculative transactions other than derivative not permissible
- Segregation required of each clients' funds and portfolio of securities from its own funds and securities

Advisory services

- Permissible to provide advisory services, subject to compliance with IFSCA (Capital Market Intermediaries) Regulations, 2021
- Minimum ticket size: USD 150,000

Furnishing report to clients

- PMS entity shall periodically furnish a report to the portfolio management client in terms of its agreement with the client, containing details such as composition and value of the portfolio, transactions undertaken during the period, beneficial interest, expenses, etc.

Family Investment Fund

Eligibility Conditions

- Set-up as a Company, Trust (Contributory Trust only) or LLP or any other form as may be permitted. In case of Contributory Trust Vehicle, it should be ensured that:
 - The beneficiaries are identifiable based on Trust deed, even though not specifically named;
 - The share of each beneficiary should be capable of being determined based on prescribed provision/ formula prescribed in the trust deed;
 - Addition of further contributors shall not make the existing beneficiaries unknown or their shares indeterminate
- Net worth condition not applicable. Minimum corpus – USD 10 million
- May be open ended or close ended
- Leveraging and borrowing permissible, as per their risk management ability

Permissible Activities and Instruments

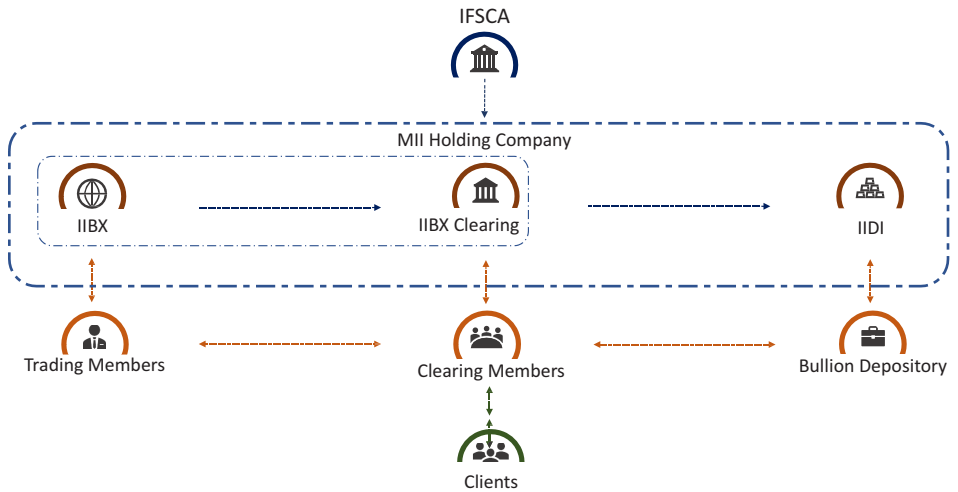
- **Permissible activities: All activities related to managing family investment fund as may be specified by IFSCA**
- **Permissible instruments:**
 - Securities issued by the unlisted entities
 - Securities listed or traded on stock exchanges in India and foreign jurisdictions
 - Money Market Instruments and Debt securities
 - Securitised debt instruments, which are either asset backed or mortgage-backed securities
 - Other investment schemes set up in the IFSC, India and foreign jurisdiction
 - Derivatives including commodity derivatives
 - Physical assets such as real estate, bullion, art, etc.
 - Such other securities or financial assets or instruments as specified

India International Bullion Exchange (IIBX)

Promoters



Building The Global Market Infrastructure

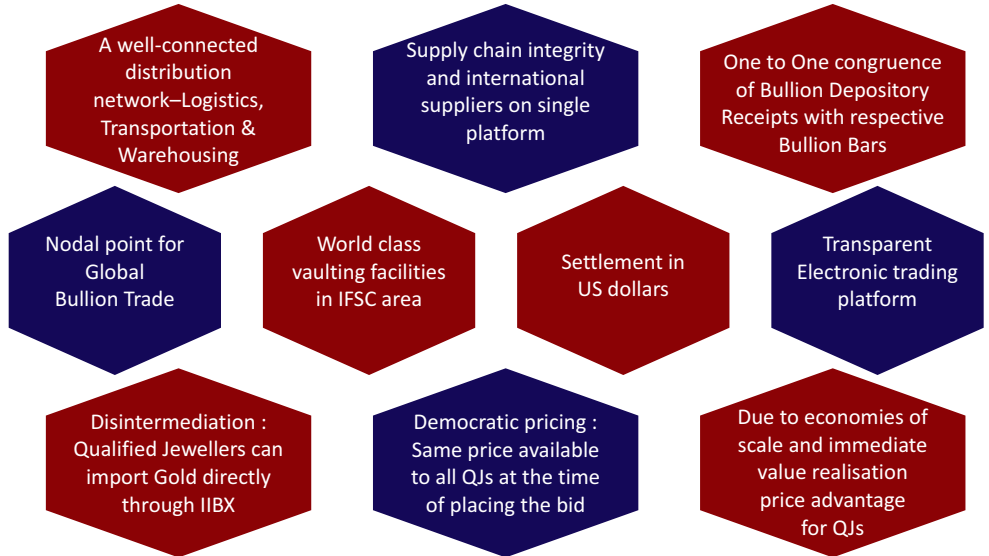


Objective



Role of IIBX

The IIBX ecosystem will be a channel for bullion trading at the international level and will put India on the global map with following benefits:



Market Participants



As a Member

- IFSC Registered Brokers
- Global-Banks, Refiners, Dealers
- Qualified Jewellers - LPTM*
- Qualified Suppliers - LPTM*
- Trading Members

*Limited Purpose Trading Member



As a Client

- Refinery
- Institutional Investors
- Traders / Qualified Jewellers / Qualified Suppliers
- Global Bullion Banks
- NRI, PIO, BDR Investor

Prescribed Norms for being a Qualified Jeweller (QJ)

The entity shall have a minimum net worth of ` 25 crore as per its latest audited financial statement.

Qualified Jewellers should meet the Fit & Proper Criteria as specified by IFSCA.

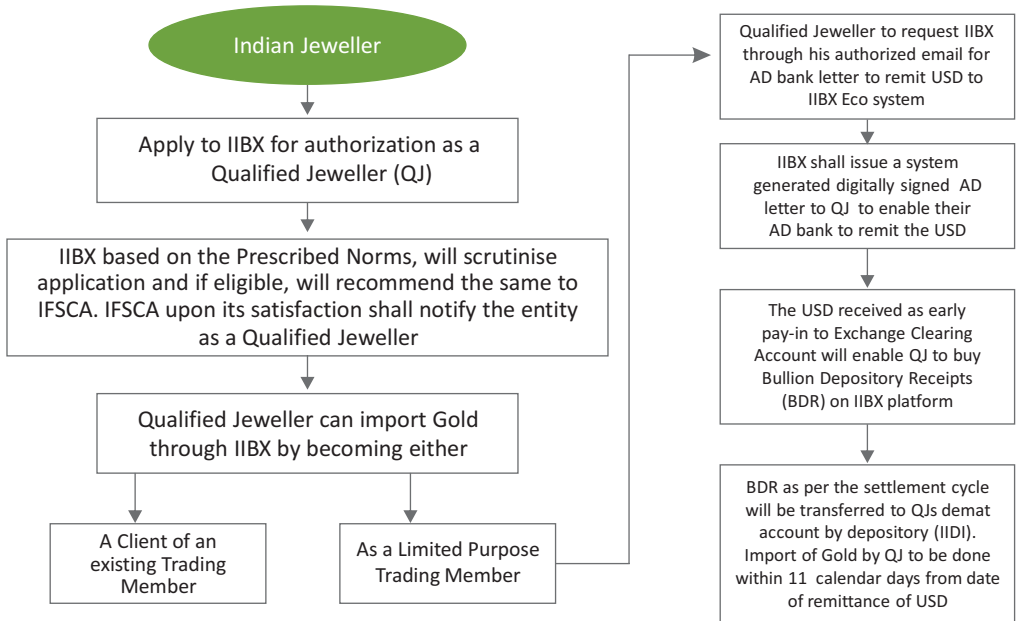
The eligible Qualified Jewellers shall approach IIBX for obtaining authorization from the exchange for transacting as a Client of an existing Trading member or as a Limited Purpose Trading Member. If eligible, IIBX will recommend the same to IFSCA. IFSCA upon its satisfaction shall notify the entity as a Qualified Jeweller.

90% of the average annual turnover in last 3 financial years are through dealing goods under precious metals.

The entity must have filed due GST returns up to the preceding month prior making an application to the IIBX.

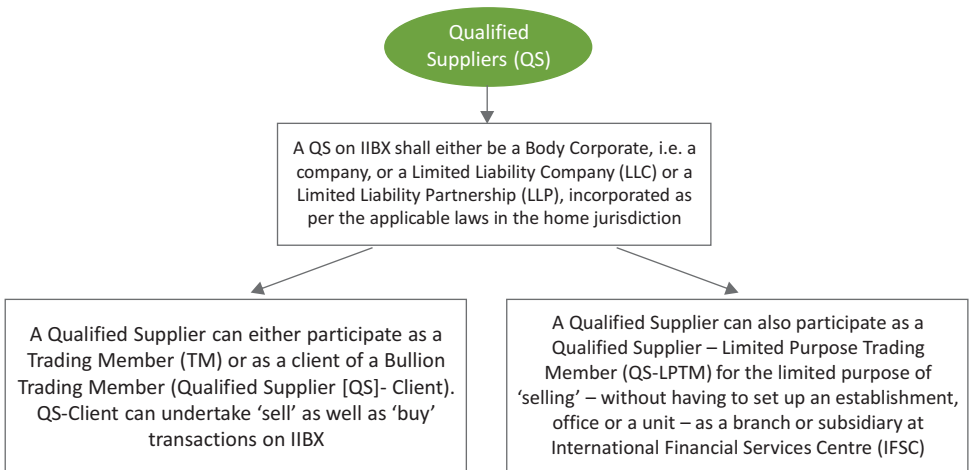
The entity shall be engaged in the business of goods falling under HS codes 7108, 7113, 7114 and 7118 under Chapter 71 of HS.

Business Process Flow for Qualified Jewellers

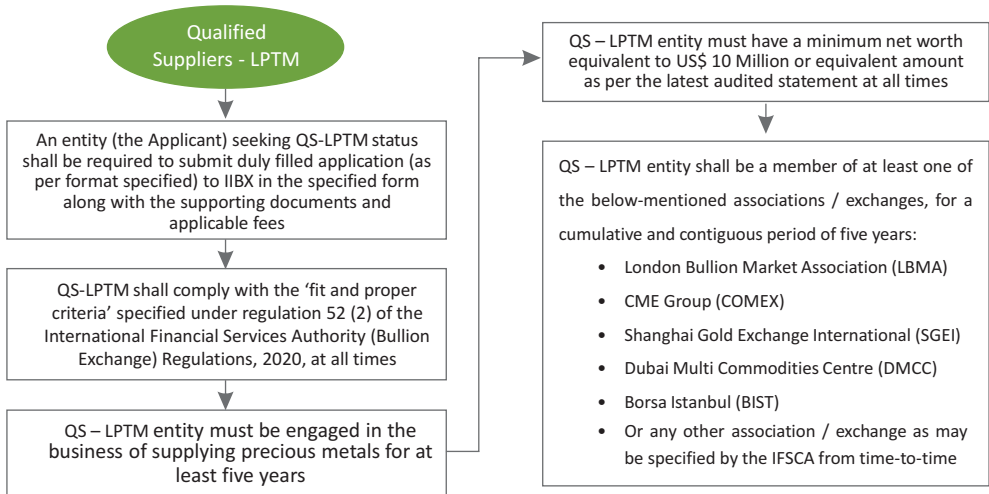


Qualified Suppliers

IFSCA vide circular no. 415/IFSCA/Consolidated Operating Guidelines/2021-22 dated August 18, 2022 has issued Consolidated Operating Guidelines for 'Qualified Suppliers'



Eligibility Conditions of Qualified Suppliers -LPTM



Fees, Deposit and Net Worth

Net worth Requirements for IFSCA Incorporated Entities / Applicants

Applicant	Deposit Structure		*Net Worth
	Exchange	Clearing Corporation	
Trading Member	\$ 15,000	-	\$ 135,000
Trading Member & Self-Clearing Member	\$ 15,000	\$ 75,000	\$ 675,000
Trading Member & Clearing Member	\$ 15,000	\$ 85,000	\$ 13,50,000
Professional Clearing Member	-	\$ 100,000	\$ 13,50,000

* Under the Grandfather Clause of IFSCA

Base Minimum Capital Requirement

Particular	IIBX
For entities incorporated in India	
Only Proprietary trading without Algorithmic trading	\$ 15,000
Trading only on behalf of Client (without Proprietary trading) and without Algo	\$ 25,000
Proprietary trading and trading on behalf of Client without Algo	\$ 40,000
All Trading Members/Brokers with Algo	\$ 75,000
For Foreign entities	
All entities	\$ 75,000

Fee Structure under IIBX

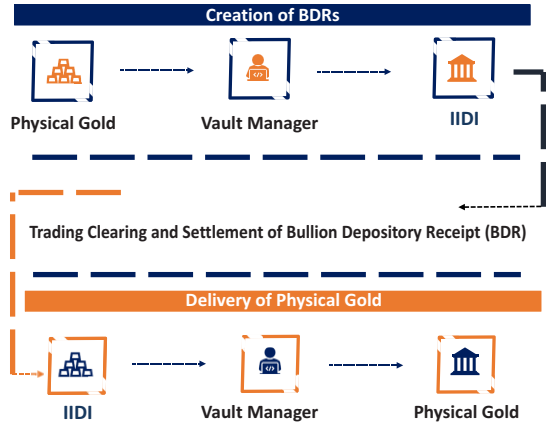
Types of Membership	Application Processing Fees		Annual Membership Fees		IFSCA Fees	
	Grandfather Category	Other than Grandfather Category	Exchange (IIBX)	Clearing Corporation (IIBX)	Registration Fees	Annual Clearing Membership Fees
TM	\$ 500	\$ 1,000	\$ 3,000	-	\$ 1,000	-
TM & SCM	\$ 500	\$ 1,000	\$ 3,000	\$ 10,000	\$ 1,000	\$ 1,000
TM & CM	\$ 500	\$ 1,000	\$ 3,000	\$ 10,000	\$ 1,000	\$ 1,000
PCM	\$ 500	\$ 1,000	-	\$ 10,000	\$ 1,000	\$ 1,000
LPTM	-	\$ 1,000	\$ 3,000	-	**	-

**ISCA fees for Qualified Jewellers as LPTM shall levied as and when applicable.

Note : Application Processing Fee & Annual Membership Fees for Qualified Jewellers is \$ 1,000 & \$ 1,500 respectively

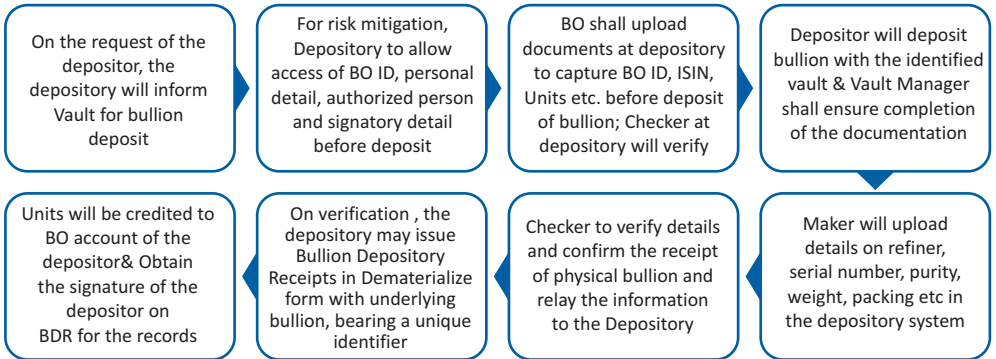
Common Interface - Flow of Transaction

- Delivery of physical gold to Vault manager to create Bullion Deposit Receipts (BDRS)
- IIDI shall assign ISIN to BDRs to make it tradeable on IIBX
- IIBX informs IIDI for any changes in the beneficial owner of BDRs at the end of the trading day.
- Beneficial owner intend to obtain physical delivery against BDRs required to surrender BDRs.



Bullion Deposit

Due Diligence Process & BDR Issuance



Bullion Withdrawal

Verification / Due Diligence Process



*For Gold, maker at vault will capture the necessary details including Bar serial number to be delivered to BO

Withdrawal Procedure



*For Gold, Bar Serial Number to be delivered to BO

Note : Domestic Requirement – Bill of entry to be filed for home consumption

Ancillary Service Providers in IFSC



List of Services which can be provided from GIFT City

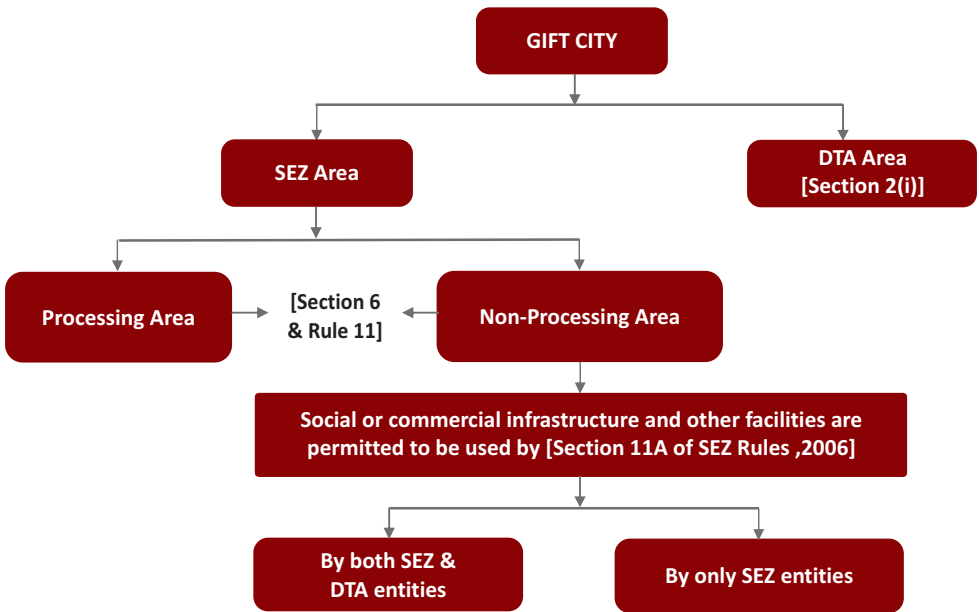
The entities having export business of the following services can set up unit at GIFT City.

- Audio-visual services, construction and related services
- Computer software services, including information enabled services such as back-office operations
- Content development or animation
- Data processing
- Distribution services (excluding retail services)
- Educational services, environmental services, financial services, hospital services, other human health services
- Engineering and design, graphic information system services
- Entertainment services
- Human resources services, insurance claim processing
- Legal data bases, medical transcription
- Off-shore banking services
- Other business services, courier services
- Payroll, remote maintenance
- Professional services rental/leasing services without operators
- Research and development services
- Support centres and web-site services
- Tourism and travel related services, recreational, cultural and sporting services
- Trading
- Transport services, services auxiliary to all modes of transport, pipelines transport
- Warehousing

Explanation: The expression “trading”, for the purposes of the Second Schedule of the Act, shall mean import for the purposes of re-export.

Note :

- Benefits under SEZ will not be available to those entities which are incorporated and started operation after 01-04-2022
- Benefits under IFSC Regulations will not be available



Procedure for making proposal for providing infrastructure facilities in GIFT SEZ (For both Processing & Non- Processing Area)

Proposal for providing infrastructure facilities in SEZ to board for approval as Co-developer

1. Any person who intends to provide any infrastructure facilities in the SEZ, or undertake any authorised operation may, after entering into an agreement with the Developer, make a proposal for the same to the Board for its approval. - Section 3(11) of SEZ Act, 2005.
2. As per Section 3A of SEZ Rules, 2006 The proposal for providing infrastructural facilities in the Special Economic Zone shall be made in **Form A1** to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendation.

Letter of Approval to the Developer & Validity of Letter of Approval :

1. The Central Government shall, within a period of thirty days of the communication received by it grant approvals in **Form-C** for providing infrastructure! facilities in the Special Economic Zone, incorporating additional conditions, if any, specified by the Board while approving the proposal. -Rule 6(1)(a) of SEZ Rules, 2006.
2. The letter of approval of a Developer granted under clause (a) of sub- rule (1) shall be valid for a period of three years within which time at least one unit has commenced production and the Special Economic Zone become operational from the date of commencement of such production:
3. Provided that the Board may, on an application by the developer or the co-developer, as the case may be, for reasons to be recorded in writing extend the validity period:

Approval as Co-developer :

1. Every person, whose proposal has been approved by the Board and who, or which, has been granted letter of approval by the Central Government, shall be considered as a Co-Developer of the Special Economic Zone - Section 3(12) of SEZ Act, 2005.
2. Subject to the provisions of this section 3(12) and the letter of approval granted to a Developer, the Developer may allocate space or built-up area or provide infrastructure services to the approved units in accordance with the agreement entered by him with the entrepreneurs of such units. - Section 3(13) of SEZ Act, 2005.

Application for the Approval of Authorised Operations:

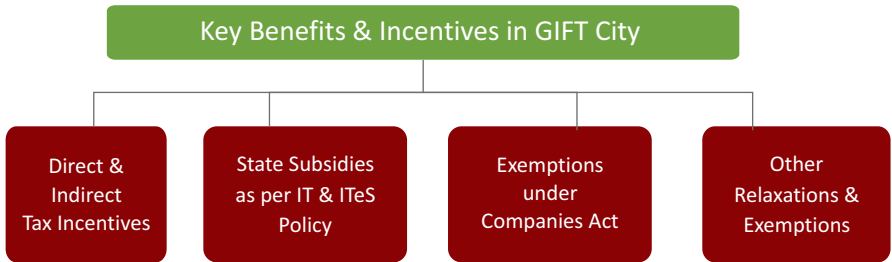
1. The Developer shall [submit in **Form C7** to the Development Commissioner who within a period of fifteen days, shall forward it to the Board with his recommendations,] the details of operations proposed to be undertaken in the Special Economic Zone for obtaining authorization. - Rule 9 of SEZ Rules, 2006

General Conditions of the Letter of Approval (Form C) – Rule 12 of SEZ Rules, 2007:

1. The Developer shall make an application, after obtaining approval for the authorized operation under rule 9, to the Development Commissioner along with the list of goods and services, including machinery, equipment's and construction materials required for the authorized operations, duly certified by a Chartered Engineer for approval by the Approval Committee. (**Form C7**).
2. The Developer shall execute a Bond-cum-Legal Undertaking in **Form D**, jointly with the Development Commissioner and Specified Officer, with regard to proper accountal and utilization of goods for the authorized operations within a period of one year or such period, as may be extended by the Specified Officer.
3. The Developer shall maintain a proper account of the import or procurement, consumption and utilization of goods [and services] and submit quarterly and half-yearly returns to the Development Commissioner in **Form E** for placing the same before the Approval Committee for consideration.
4. The Developer shall submit a half-yearly certificate for the period ending 31st March and 30th September of every financial year regarding utilization of [goods and services from an Independent Chartered Engineer or Independent Chartered Accountant or Cost Accountant as the case may be], other than the one who has given a certificate for the purpose of sub-rule (2), to Development Commissioner and Specified Officer and every certificate under this sub rule shall be filed within thirty days of the period specified, as the case may be.
5. The Developer shall not remove goods from the Special Economic Zone to the Domestic Tariff Area except with the permission of the Specified Officer and on payment of duty applicable on such goods.

Benefits & Incentives for units located in an International Financial Services Centre (IFSC)

- There are two areas in which government has made path breaking initiatives to position GIFT CITY as the future of commercial activities in the world.
 1. The Regulatory Reforms with Multiple regulatory interfaces.
 2. The Incentivized and Simplified Tax Regime & exemptions.
- Under the various acts IFSC is given a special recognition and is provided with various benefits.
- In case of Non-IFSC Units, benefits & incentives will be available to those entities which are incorporated on or before Dt. 31-03-2020

**1. Direct Tax Incentives**

No.	Tax Incentives	
1.	Tax Holiday for units in IFSC - Deductions in respect of certain incomes	<p>IFSC Units can avail 100% deduction from its Gross Total Income arising from business u/s 80LA of Income Tax Act, 1961</p> <ul style="list-style-type: none"> • Offshore Banking Units (OBU) of IFSC can avail 100% deductions for 10 years. • Other units of IFSC can avail 100% deductions for any 10 consecutive years out of 15 years period
2.	Reduced MAT (Minimum Alternate Tax)	Section 115JB of the Income Tax Act, 1961 provides that units of an IFSC which derives income solely in convertible foreign exchange, MAT shall be applicable at the rate of 9% Instead of rate of 15%.
3.	Reduced Corporate Tax Rate	<p>Section 115BAA of the Income Tax Act, 1961 provides Domestic Companies may opt for Concessional corporate tax rate of 25.17% (Inclusive of Surcharge & cess) provided that certain specified deductions/benefits are not taken. However, a specific exemption has been provided that units in IFSC opting for lower tax rate would be eligible to claim deduction under Section 80LA of the Income Tax Act, 1961.</p> <p>Also, MAT does not apply to companies which opts for this concessional regime.</p>

No.	Tax Incentives	
4.	Tax on Distributed Income	Section 115R of the Income Tax Act, 1961 provides that No additional income tax is chargeable in respects of amount of income distributed on or after 01.09.2019 by specified Mutual Fund, out of the income derived from transactions made on Recognised Stock Exchange (RSE) located in any IFSC and where the consideration for such transactions is paid or payable in convertible foreign exchange.
5.	Concessional withholding tax on Interest Income from logn-term bonds or rupee denominated bonds	<ul style="list-style-type: none"> • Presently, interest income received by non-resident from specified bonds issued prior to 01.07.2023 and which are listed only on IFSC stock exchanges are taxed at the rate of 4%. • w.e.f. 01-07-2023, interest income received by non-resident on specified bonds issued on or after 1 July 2023 and listed only on IFSC exchange will be chargeable to tax at the rate of 9%.
6.	Concessional rate of tax on capital gains	Section 112A & 111A of the Income Tax Act, 1961 provides that long-term capital gains or short-term capital gains arising out of sale of equity share or units of equity-oriented funds or units of a business trust on a RSE established in IFSC where consideration for sale is received in foreign exchange, shall be taxed at the concessional rate of 10% and 15% respectively, irrespective of payment of STT.
7.	Exemption of certain income of Category-III AIF in IFSC	<p>Section 10(4D) of the Income Tax Act, 1961 exempts the income accrued or arisen to or received by a Category-III AIF in IFSC as a result of transfer of the Specified Securities, on RSE located in IFSC where consideration for such transfer is paid in convertible foreign exchange, to the extent such income accrued or arisen to, or is received in respect of units held by non-resident.</p> <p>This exemption is available only to Category-III AIF located in IFSC of which all units are held by non-residents other than units held by sponsor or manager.</p>
8.	Exemption from capital gains tax from transfer of specified securities.	<p>Section 47(viiab) of the Income Tax Act, 1961 exempts any transfer of specified securities made by non-residents on RSE in IFSC and where the consideration for such transaction is paid or payable in foreign currency, from capital gains tax.</p> <p>Specified Securities include: -</p> <ol style="list-style-type: none"> a. Bond or Global depository receipts b. Rupee denominated bonds of an Indian company c. Derivatives d. Foreign currency denominated bond. e. Unit of a Mutual Fund. f. Unit of a business trust. g. Foreign currency denominated equity shares of a company. h. Unit of Alternative Investment Fund (AIF) and i. other specified securities as may be notified by the Central Government.

No.	Tax Incentives	
9.	No Surcharge & Cess on certain incomes earned by specified fund in IFSC	<ul style="list-style-type: none"> • Surcharge and cess shall not be applicable while computing advance tax on the prescribed income (i.e. any income other than capital gains) earned by the Specified Fund (specifically defined under the Act). • Applicable only for entities set up as a trust. Funds set up as LLP / Company / body corporate and foreign IBUs (being corporate structure) not covered within ambit of relaxation.
10.	Taxability of dividend income received by non-resident from unit in IFSC	Dividend income received by a non-resident from an IFSC (currently taxable at the rate of 20% plus surcharge and cess) shall be taxable at the rate of 10% plus surcharge and cess.
11.	Exemption to Offshore Derivative Instrument (ODI) holders	Income distributed on ODIs to NRs will be exempt to the extent such income is chargeable to tax in the hands of the IBU registered as FPI.
12.	Exemption on certain income received by non-resident outside India	<p>Following income received in an account maintained with Offshore Banking Unit in IFSC will be exempt.</p> <ul style="list-style-type: none"> - Income earned from portfolio managed by a portfolio manager in IFSC which was accruing or arising outside India - Income from such activities carried out by specified persons as may be notified by the Central Government.
13.	Exemption provided to Aircraft leasing entities in IFSC	<ul style="list-style-type: none"> • Sale of equity shares of an IFSC unit engaged in aircraft leasing to a non-resident or another IFSC unit engaged in aircraft leasing shall be exempt provided: <ul style="list-style-type: none"> - The operations of the domestic company in IFSC shall have commenced on or before 31 March, 2026; - The capital gains should have arisen within a period of 10 years from the year in which the domestic company has commenced operations or AY 2034-35, whichever is later. • Dividend income received by a unit in IFSC engaged in aircraft leasing from another unit in IFSC also engaged in aircraft leasing shall be exempt.
14.	Tonnage tax regime to ship leasing entities in IFSC	Ship leasing entities in IFSC will be able to opt for tonnage tax regime within 3 months from the end of their tax holiday period.

No.	Relief in Direct Tax Compliances	
1.	Exemption from filing income-tax return	<p>The CBDT has exempted</p> <ol style="list-style-type: none"> i) a non-resident, not being a company, or ii) a foreign company <p>having income chargeable under the Income Tax Act, 1961 from any investment in an investment fund (i.e., Category - I / Category - II AIF) set up in an IFSC located in India, from filing of income-tax return in India.</p> <p>However, such exemption is available only if tax has been appropriately deducted and deposited to the government by the IFSC AIF as per provisions of the Income Tax Act, 1961.</p>
2.	Exemption from obtaining PAN	<p>The CBDT has recently granted exemption to a non-resident, not being a company or a foreign company, investing in Category-I / Category-II IFSC AIF from obtaining a permanent account number ("PAN"), provided certain conditions are being satisfied.</p>

2. Indirect Tax Incentives

No.	Benefits & Incentives	
1.	Customs Duty	Exemption from Customs Duty for all goods imported in the SEZ used for authorized operations. However, any removal of goods from SEZ into Domestic Tariff Area ("DTA") would attract customs duty.
2.	Central Excise Duty	Exemption from Central Excise Duty on domestic procurement to carry out authorized operations. However, any removal of goods from SEZ into Domestic Tariff Area ("DTA") would attract Central Excise duty.
3.	Duty Drawback	Duty Drawback and such other benefits on goods brought into the SEZ. Goods supplied to SEZ regarded as export for customs purpose.
4.	Goods and Service Tax (GST)	<ul style="list-style-type: none"> • No GST on, <ul style="list-style-type: none"> - Services received by unit in SEZ/IFSC - Services provided to SEZ/IFSC units or offshore clients • No GST on transactions carried out in IFSC exchanges • Supply of goods or services from DTA to a unit located in SEZ unit is regarded as a zero-rated supply as defined in Section 16 of IGST Act (irrespective of the currency in which payment is made). • Supply of goods or services by SEZ to DTA are treated as imports. • GST is applicable on services provided to DTA by SEZ units.
5.	Central Sales Tax (CST)	Exemption from Central Sales Tax on inter-state procurement of goods used for authorized operations. (Entails compliance of issuing 'Form I' by the SEZ unit to the supplier of goods).

Note : No exemptions, concessions or drawback of indirect taxes shall be admissible for Non-Processing Area.

3. Exemptions Under the Companies Act,2013 for Companies Set up in IFSC (vide Notifications issued by MCA, GOI u/s 462 of Companies Act, 2013 Dated 04.01.2017)

Exemptions Granted to Specified IFSC Private Company

No.	Provisions of Companies Act	Exemptions/Relaxations
1.	Appointment of Directors	The requirement to have at least one director who has stayed in India for a total period of not less than 182 days in the previous calendar year will apply to Specified IFSC private company in the second financial year from the date of its incorporation.
2.	Management and administration	Exempted from complying with secretarial standards with respect to general and board meetings as specified by Institute of Company Secretaries of India. The board of directors of a Specified IFSC private company can exercise powers by passing certain resolutions through circular resolution, which otherwise require passing such resolutions in a physical meeting only.
3.	Audit and auditors	Relaxation from requirement of internal audit by the Company, subject to provisions contained in the articles of association and exempted from the provisions on the time limit on rotation and appointment of auditors. In case of removal of auditor where central government approval is required exemption is granted with respect to the time for the Central Government to respond on an application for removal and provision for deemed approval in case of no response within the prescribed time.
4.	Corporate social responsibility (CSR)	Provisions relating to CSR will be applicable after five years from the commencement of business of a Specified IFSC private company.
5.	Relaxation in Timelines	The timelines for submitting the following forms and returns have increased from the prescribed timeline under the Act : <ol style="list-style-type: none"> 1. Notice of change of the situation of the registered office. 2. Intimation to Registrar of Companies for appointment of auditors. 3. Appointment and resignation of the directors and the key managerial personnel. 4. Registration of creation of charge.
6.	Administrative flexibility	Flexibility to Specified IFSC private companies granted amongst others, with respect to the following <ol style="list-style-type: none"> 1. removal of requirement to attach an extract of the annual return in as part of the board's report. 2. holding extraordinary general meeting at any place within or outside India and at any time. 3. holding the first meeting of the board of directors within 60 days of its incorporation and holding at least one meeting of the board of directors in each half of a calendar year 4. exemption from restriction of making investment through not more than two layers of investment companies

Exemptions Granted to Specified IFSC Public Company

No.	Provisions of Companies Act	Exemptions/Relaxations
1.	Appointment of Directors	<ul style="list-style-type: none"> • Exemptions from appointment of a woman director and independent directors. • The requirement to have at least one director who has stayed in India for a total period of not less than 182 days in the previous calendar year to apply to Specified IFSC public company in the second financial year from the date of its incorporation. • Exemptions from provisions relating to retirement of directors by rotation and filling of casual vacancies of directors • Relaxation to provisions relating to requirement for proposing candidature of persons to be appointed as director, subject to provisions of articles of association.
2.	Management and administration	Exempted from complying with secretarial standards with respect to general and board meetings as specified by Institute of Company Secretaries of India. The board of directors of a Specified IFSC private company can exercise powers by passing certain resolutions through circular resolution, which otherwise require passing such resolutions in a physical meeting only.
3.	Audit and auditors	Relaxation from requirement of internal audit by the Company, subject to provisions contained in the articles of association and exempted from the provisions on the time limit on rotation and appointment of auditors. In case of removal of auditor where central government approval is required exemption is granted with respect to the time for the Central Government to respond on an application for removal and provision for deemed approval in case of no response within the prescribed time.
4.	Corporate social responsibility (CSR)	Provisions relating to CSR will be applicable after five years from the commencement of business of a Specified IFSC public company.
5.	Committees	Exemptions from constituting an audit committee, nomination and remuneration committee & stakeholders' relationship committee.
6.	Relaxation in Timelines	<p>The timelines for submitting the following forms and returns have increased from the prescribed timeline under the Act :</p> <ol style="list-style-type: none"> 1. Notice of change of the situation of the registered office. 2. Intimation to Registrar of Companies for appointment of auditors. 3. Appointment and resignation of the directors and the key managerial personnel. 4. Registration of creation of charge.

No.	Provisions of Companies Act	Exemptions/Relaxations
7.	Administrative flexibility	<p>Flexibility to Specified IFSC public companies granted amongst others, with respect to the following</p> <ol style="list-style-type: none"> 1. removal of requirement to attach an extract of the annual return in as part of the board's report. 2. holding extraordinary general meeting at any place within or outside India and at any time. 3. holding the first meeting of the board of directors within 60 days of its incorporation and holding at least one meeting of the board of directors in each half of a calendar year 4. exemption from restriction of making investment through not more than two layers of investment companies
8.	Other exemptions	<p>Other exemptions granted to Specified IFSC public companies are amongst others, with respect to the following</p> <ol style="list-style-type: none"> 1. Financial year of the subsidiary being same as the holding company 2. passing ordinary resolution in case of scheme of employees' stock option 3. restrictions on purchase by company or giving of loans by it for purchase of its shares 4. removal of conditions on acceptance of deposits from its members 5. exemption from applicability of proviso which prohibits a member of the company to vote on resolution approving any contract or arrangement which may be entered into by the company, if such member is a related party.

4. Other Exemptions

No.	Exemptions
1.	Exemption from Securities Transaction Tax (STT)/Commodities transaction tax (CTT) in respect of transactions carried out on IFSC exchanges.
2.	Stamp duty not chargeable in respect of the instruments of transaction in Recognised Stock Exchange and depositories established in IFSC.
3.	<p>Aircraft leasing and financing:</p> <p>The Government of Gujarat in exercise of the powers conferred by clause 9 of the Gujarat Stamp Act, 1958 issued notification dated August 4, 2020, for exemption of stamp duty chargeable under the Gujarat Stamp Act in connection with establishment / incorporation / setting up or carrying out or availing, providing any services or acquisition of moveable or immoveable property for the purpose of and in relation to aircraft / aircraft engine / helicopter financing or refinancing or insurance, reinsurance business in or from SEZ Including IFSC at GIFT City, Gandhinagar for the period of 10 years.</p>

5. State Subsidies as per IT & ITeS Policy (2022 - 2027)

Objectives of IT/ITeS Policy

- To promote the Information Technology Industry in GIFT City Gujarat and to attract entrepreneurs to set up units in Gujarat, the Government of Gujarat has declared the IT Policy 2022-27 G.R. dated 07th February 2022.
- The Department of Science & Technology (DST) undertakes following activities for implementation of this policy:
 - I. Registration of units as 'New' / 'Expansion' Unit.
 - II. Facilitation of investments including coordination with key infrastructure support providers.
 - III. Monitoring of investment progress and feedback reporting to the government.
 - V. To provide much needed impetus to the Start-ups.

The Operative Period of the Policy

- The Policy is effective from the date of G.R. and will remain in force till 31st March 2027 or till the declaration of a new or revised Policy. Only eligible entities who have applied for assistance on or before 31st March 2027 and who have commenced operation on or before 31st March 2028 will be eligible for incentives being provided through the Policy.

IT enabled Services ('ITeS') and who all are covered under the Policy

- The ITeS can be defined as any service, which results from the use of any IT software over a system of IT products for realizing the value addition service rendering through the application of IT.

IT enabled Services ('ITeS') covered under the Policy

Call Centers

Bio-informatics

Medical transcription

HR & Payroll Processing

Insurance claim Processing

GIS – Enabled services

Knowledge Process Outsourcing (KPO)

IT support centers

Website services

Financial and Accounting Processing

Back Office Operation/ Business Process Outsourcing (BPO)

Revenue Accounting and other ancillary operations

Web/Digital Content Development/ ERP / Software and Application Development

Emerging Technologies such as Cyber security, Big data, Artificial Intelligence, Block Chain, Machine Learning etc

Eligible IT/ITeS Unit

- Any IT/ITeS unit with minimum 10 employees on its payroll, setting up its operations in Gujarat during the operative period of this policy or an existing IT/ITeS unit in Gujarat undertaking expansion having minimum 15 employees on its payroll after expansion will be eligible for availing incentives under this policy.

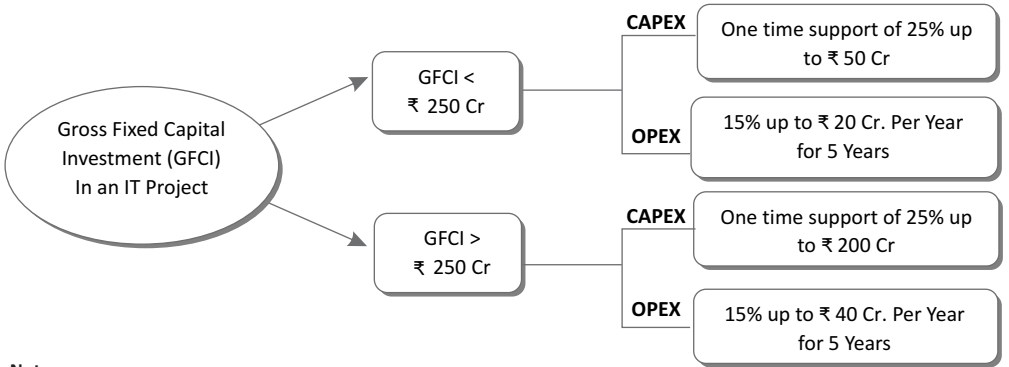
Note: -

I. A new unit shall mean

- IT/ ITeS unit that has or had obtained registration under the Companies Act/ LLP Act/ Partnership/ Proprietorship and is setting up or commenced its commercial operations in Gujarat during the operative period of the Policy; and
- An existing unit outside Gujarat State carrying out new investment in IT/ ITeS industry at any location in Gujarat and commences commercial operation during the operative period of the Policy.

II. An expansion unit means an existing unit in Gujarat undertaking expansion such that the headcount of employees on its payroll increase by 50 per cent of the existing or by 1,000 employees, whichever is lower, during the operative period.

1. Fiscal Incentives - The CAPEX-OPEX Model



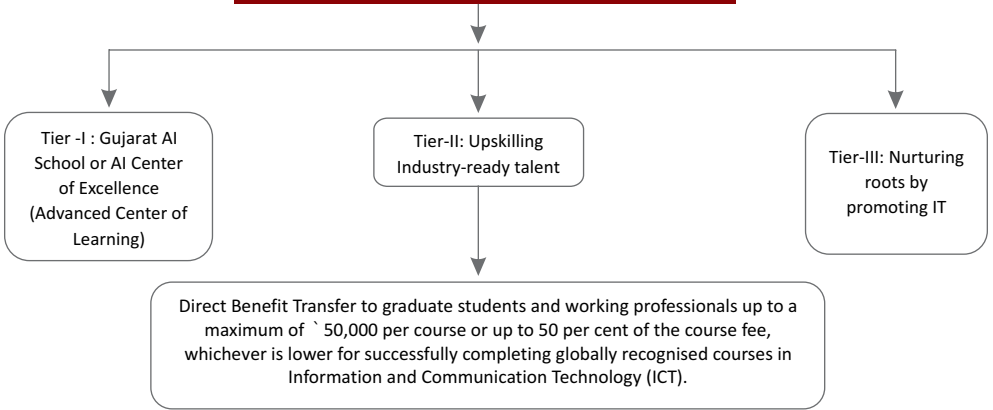
Note: -

- GFCI means the expenditure made in the construction of the building, computers, software, networking related hardware and other related fixed assets, excluding the cost of land and expenditure on purchase of the building required to produce products or services by the eligible unit.
- Also, it is to be noted that expenditure incurred under GFCI towards the construction of new buildings shall be capped at ₹ 3,000/sq. ft. of built-up area (applicable for a total built-up area computed at 60 sq. ft. of built-up area per employee on the payroll of the eligible IT/ITeS unit).

2. Special Incentives for IT/ITeS Units

No.	Incentive Category	Description	
1	Employment Generation Incentive ('EGI')	One-time support for every new local employee hired and retained for a minimum period of one year	
		Male Employee	50% of one month's CTC up to ₹ 50,000
		Female Employee	50% of one month's CTC up to ₹ 60,000
2	Interest Incentive	Interest subsidy at 7% on term loan or the actual interest paid, whichever is lower with a ceiling of ₹ 1 Cr. per annum For a maximum period of five years will be provided to the eligible IT/ITeS units.	
3	Atmanirbhar Gujarat Rojgar Sahay	Reimbursement of the employer's statutory contribution under Employees' Provident Fund will be provided for a period of five years	
		Male Employee	75% reimbursement
		Female Employee	100% reimbursement
		There will be a per employee ceiling of 12% of the basic salary plus Dearness Allowance and retaining allowance. In case of expansion unit, this assistance will be available for incremental employee count beyond that existed before undertaking expansion.	
4	Electricity Duty Incentive ('EDI')	Eligible units will be allowed to claim the entire amount of electricity duty paid by them to the government of Gujarat for a period of five years	
5	Stamp Duty & Registration / Conversion fee	<ul style="list-style-type: none"> No Stamp duty or registration / conversion fee Wherever cost is incurred 100% reimbursement of Stamp Duty and Registration Fee paid 	

3. Skill Development Exercise by Government of Gujarat

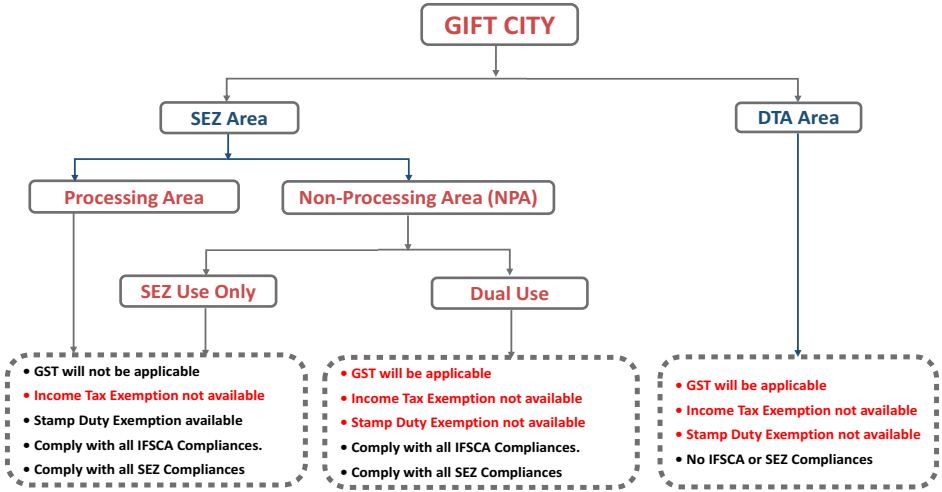


4. Non-Fiscal Incentives

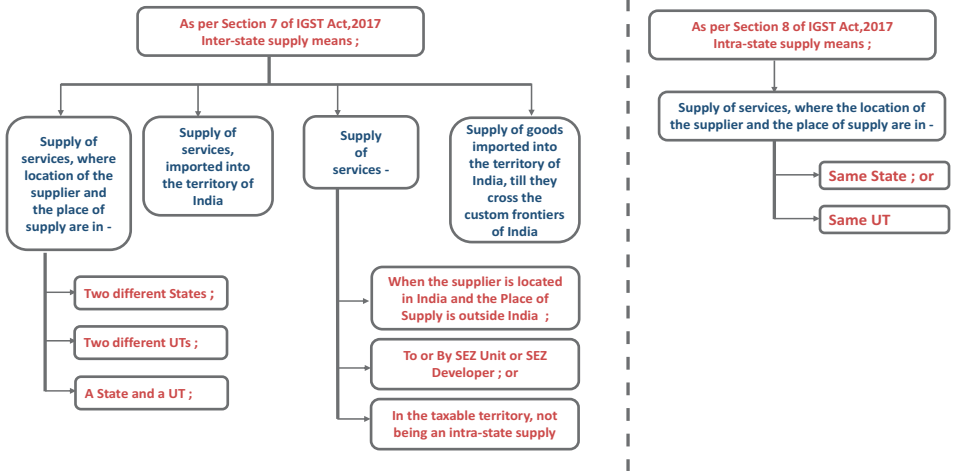
No.	Incentive Category	Description of Support
1	Facilitate the allotment of land	The government will duly facilitate the allotment of land for eligible projects subject to availability and fulfillment of eligibility criteria;
2	Self-certification	IT/ ITeS units will be allowed self-certification without the inspections under act, such as Factory Act, Maternity Act, Minimum Wages Act, etc.
3	Investor Facilitation Center	A common platform will be created to link all types of industries and a centralized helpdesk call center on a 24x7 basis will be developed.
4	Preferential Market access	The government will offer unique opportunities to the IT/ ITeS units to tap into the government market by way of encouraging Gujarat-based companies of the IT/ ITeS sect or to take part in public tenders for government-owned/ funded projects for the procurement of IT products and services as per the discretion of the respective government departments and the prevailing procurement Policy of the government of Gujarat.

5. Other Incentives

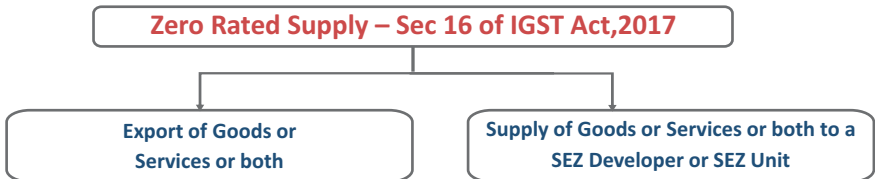
No.	Incentives	Description of Support											
1	Incentives provided for the IT City/ Township	<p>a) Relaxation in zoning and land use laws, such as permission for mixed land use.</p> <p>b) Assistance in obtaining other necessary statutory clearances.</p> <p>c) Relaxation in Floor Space Index norms for IT office space; and</p> <p>d) Utilities/ infrastructure support up to the doorstep.</p> <p>In addition, all eligible applicants are entitled to one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of ₹ 100 cr. and the disbursement will be done in 20 equal quarterly installments.</p>											
2	Monthly rental support provided to the eligible IT/ ITeS units opting to start their operations under Co-working space model	<p>The government has incentivized eligible IT/ITeS units opting to start their operations under Government facilitated/empanelment Co-working space model for the following fiscal support for a period of five years from the date of start of commercial operations/ in-principle approval, whichever is later:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th style="width: 40%;">Monthly rental support to IT/ ITeS units (per seat basis)</th> <th style="width: 20%;">Period</th> <th style="width: 40%;">Fiscal incentive limit per seat per month (INR)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50 per cent of monthly rental</td> <td style="text-align: center;">First 2 years</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td style="text-align: center;">25 per cent of monthly rental</td> <td style="text-align: center;">Three to five years</td> <td style="text-align: center;">5,000</td> </tr> </tbody> </table>	Monthly rental support to IT/ ITeS units (per seat basis)	Period	Fiscal incentive limit per seat per month (INR)	50 per cent of monthly rental	First 2 years	10,000	25 per cent of monthly rental	Three to five years	5,000		
Monthly rental support to IT/ ITeS units (per seat basis)	Period	Fiscal incentive limit per seat per month (INR)											
50 per cent of monthly rental	First 2 years	10,000											
25 per cent of monthly rental	Three to five years	5,000											
3	Incentives provided for enabling cloud ecosystem	<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th style="width: 10%;">No.</th> <th style="width: 15%;">Support For</th> <th style="width: 55%;">CAPEX Support</th> <th style="width: 20%;">OPEX Support</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">Cloud ecosystem</td> <td>One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 20 cr. and the disbursement will be done in 20 equal installments.</td> <td rowspan="2" style="text-align: center; vertical-align: middle;">Power tariff subsidy of INR 1 per unit for period of five years</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Data Centers</td> <td>One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 150 cr. and the disbursement will be done in 20 equal installments.</td> </tr> </tbody> </table>	No.	Support For	CAPEX Support	OPEX Support	1	Cloud ecosystem	One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 20 cr. and the disbursement will be done in 20 equal installments.	Power tariff subsidy of INR 1 per unit for period of five years	2	Data Centers	One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 150 cr. and the disbursement will be done in 20 equal installments.
No.	Support For	CAPEX Support	OPEX Support										
1	Cloud ecosystem	One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 20 cr. and the disbursement will be done in 20 equal installments.	Power tariff subsidy of INR 1 per unit for period of five years										
2	Data Centers	One time support up to 25 per cent of the eligible CAPEX expenditure subject to maximum ceiling of ₹ 150 cr. and the disbursement will be done in 20 equal installments.											
4	Support for R&D	R&D institutes/ R&D Centers established by educational institutes recognized by AICTE can avail one-time CAPEX support for the purchase of equipment for setting up of R&D Center/ laboratory at 60 per cent of the cost for machinery and equipment, hardware and software subject to maximum of ₹ 5 cr. provided that the institute is acknowledged by Council of Scientific & Industrial Research/ Department of Scientific and Industrial Research for conducting research into the desired field.											



Taxable Supply : Inter-state/Intra-state - GIFT City







Zero Rated Supply



- Credit of input tax may be availed for making zero-rated supplies as per GST regulations.
- Refund available under either of the following options :
 - Supply of goods or services or both under bond or LUT ; or
 - Supply of goods or services or both on payment of IGST.

Note : Separate GST Registration is required for SEZ unit as per the GST Law

Circular	Eligibility	Permissible Activities
Framework for FinTech Entity in the International Financial Services Centres		
<p>F.No. 521/ IFSCA/ FinTech/ FE Framework/ 2022-23 dated 27-04-2022</p> 	<ul style="list-style-type: none"> - An entity registered with Department for Promotion of Industry and Internal Trade (DPIIT) as a start-up entity relating to FinTech - An entity incorporated as a Company or LLP or as a branch of Indian Company or LLP in IFSC – An entity working directly or indirectly in the ecosystem regulated by domestic financial sector regulator - IF applicant is o/s India then an entity from FATF compliant countries/jurisdictions 	<p>1. For Authorization :</p> <ul style="list-style-type: none"> - Provide a financial technology (FinTech) solution which results in new business models, applications, process, or products in financial services regulated by the Authority. An illustrative list is at Annexure-I of this circular - Provide an advanced or emerging technology solution in allied areas/activities which aid and assist activities in relation to financial products, financial services and financial institutions (TechFin). An illustrative list of allied areas/activities is at Annexure-I of this circular. <p>2. For Sandbox</p> <ul style="list-style-type: none"> - Test FinTech ideas or solutions in IFSCA FinTech Regulatory Sandbox; or - Develop and test FinTech ideas or solutions in IFSCA FinTech Innovation Sandbox; or - Test FinTech ideas or solutions in Inter-Operable Regulatory Sandbox (IoRS); or - Provide FinTech ideas or solutions in the Overseas Regulatory Referral mechanism/ FinTech Bridge offered by IFSCA.
Framework for enabling Ancillary services at International Financial Services Centres		
<p>F. No. 206/ IFSCA/ Anc. Aux/ 2020-21 dated 10-02-2021</p> 	<ul style="list-style-type: none"> - Any existing or newly incorporated entity set up in the IFSC or - Any Indian or foreign incorporated entity by establishing a branch or a subsidiary - The entity may be set up in the IFSC in the form of a company or a limited liability partnership or a registered partnership firm, their branch thereof or any other form as may be approved by the IFSCA; 	<p>Permissible ancillary services :</p> <ul style="list-style-type: none"> (i) Legal, Compliance and Secretarial; (ii) Auditing, Accounting, Bookkeeping and Taxation Services; (iii) Professional & Management Consulting Services; (iv) Administration, Assets Management Support Services and Trusteeship Services; (v) Any other services as approved by IFSCA from time to time.
<p>F. No. 206/ IFSCA/ Anc. Aux/ 2020-21 dated 10-06-2021</p> 	<p>F. No. 206/ IFSCA/ Anc. Aux/ 2020-21 dated 06-04-2023</p> 	

Circular	Eligibility	Permissible Activities
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Framework for Aircraft Lease

F. No. 172/ IFSCA/ Finance Company Regulations/ 2022-23/ 01 dated 18-05-2022



- Meet the eligibility criteria and other requirements as specified under the Finance Company Regulations including the following:

(a) The applicant shall set-up operations in IFSC in the form of a Company or a Limited Liability Partnership (LLP) or a Trust or in any other form as may be specified by the IFSCA from time to time.

(b) In case the applicant is a company, the ‘promoter’, as defined in the Companies Act, 2013, of the applicant shall be located in a Financial Action Task Force compliant jurisdiction. In case the applicant is an LLP or a Trust, the partners or the trustees, as the case may be, shall also comply with this requirement.

- Capital requirement for Operating lease
 (1) Min. Capital of USD 200,000
 (2) IFSCA may prescribe higher capital

- Capital requirement for Financial lease :
 (1) Min. Capital of USD 3,000,000
 (2) IFSCA may prescribe higher capital

Permissible activities for Operating Lease:

(i) Operating lease for an aircraft lease arrangement including sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to aircraft lease;

(ii) Operating lease for an aircraft ground support equipment;

(iii) Asset Management Support Services for assets owned or leased out by the entity or by its wholly owned subsidiary (ies) set up in IFSCs in India;

(iv) any other related activity with the prior approval of the IFSCA.

Permissible activities for Financial Lease:

(i) Financial lease or a hybrid of financial and operating lease for an aircraft lease arrangement including sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to aircraft lease;

(ii) Financial lease or any hybrid of financial and operating lease for an aircraft ground support equipment;

(iii) Permitted activities as stated at clause 5 (E) of this framework;

(iv) any other related activity with the prior approval of the IFSCA.

Framework for setting up of International Trade Financing Services Platform (ITFS)

F. No. 206/ IFSCA/ Anc. Aux/ 2020-21 dated 10-06-2021



- Exporters, Importers, Financiers and Insurance/Credit Guarantee Institutions and other eligible entities will be the direct participants in the ITFS.



- The entities, their promoters / promoter groups should be domiciled and regulated or registered in jurisdiction not identified in the public statement of Financial Action Task Force as ‘High Risk Jurisdictions’ subject to a ‘Call for Action’ or from any jurisdiction/ country specified by the Government of India by an order or by way of agreement or treaty with other sovereign governments.

- Separate Master Agreements shall be executed amongst the participants i.e., between Financiers and ITFS, between ITFS and Exporters and between ITFS and Importers on or before entering into any transactions on ITFS.


The parties to the ITFS shall be permitted to undertake or participate in International Trade Finance related activities which, inter-alia, includes Export Invoice Trade Financing, Reverse Trade Financing, Bill discounting under Letter of Credit, Supply Chain Finance for Exporters, Export Credit (Packing Credit), Insurance / Credit Guarantee, Factoring system and any other trade product.








Circular	Eligibility	Permissible Activities
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Framework for Ship Leasing


<p>F. No. 496/ IFSCA/ FC/ SLF/ 2022-23/ 001 dated 16-08-2022</p> 	<ul style="list-style-type: none"> - Meet the eligibility criteria and other requirements as specified under the Finance Company Regulations including the following: <ul style="list-style-type: none"> (a) The applicant shall set-up operations in IFSC in the form of a Company or a Limited Liability Partnership (LLP) or a Trust or in any other form as may be specified by the IFSCA from time to time. (b) In case the applicant is a company, the ‘promoter’, as defined in the Companies Act, 2013, of the applicant shall be located in a Financial Action Task Force compliant jurisdiction. In case the applicant is an LLP or a Trust, the partners or the trustees, as the case may be, shall also comply with this requirement. 	<p>Permissible activities for Operating Lease:</p> <ul style="list-style-type: none"> (i) Operating lease; (ii) Voyage Charters, Contract of Affreightments, employment in shipping pools and all other legal commercial transactions for employment of ships; (iii) Asset Management Support Services for assets owned or leased out by the lessor or by any of its Group Entities set up in IFSCs in India; (iv) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to ship lease; (v) any other related activity with the prior approval of the IFSCA
<p>F. No. 496/ IFSCA/ FC/ SLF/ 2022-23/ 002 dated 22-03-2023</p> 	<ul style="list-style-type: none"> - All entities set up in IFSC for carrying out permitted activities as envisaged in the Framework shall comply with all requirements, exceptions, regulations and conditions imposed by any applicable statute including the Merchant Shipping Act, 1958 (“Shipping Act”), and shall also include circulars and notifications issued by competent authorities established under the Shipping Act or other applicable statutes, by the Ministry of Shipping or Director General of Shipping. - Capital requirement for Operating lease <ul style="list-style-type: none"> (1) Min. Capital of USD 200,000 (2) IFSCA may prescribe higher capital - Capital requirement for Financial lease : <ul style="list-style-type: none"> (1) Min. Capital of USD 3,000,000 (2) IFSCA may prescribe higher capital 	<p>Permissible activities for Financial Lease:</p> <ul style="list-style-type: none"> (i) Financial lease; (ii) Hybrid of financial and operating lease; (iii) Permitted Activities for operating lease; (iv) any other related activity with the prior approval of the IFSCA.






IFSCA (FUND MANAGEMENT) REGULATIONS, 2022







<p>Notification No. IFSCA/2021-22/GN/REG024, dated 19th April, 2022</p> 	<p>For the purpose of grant of a certificate of registration, the applicant has to fulfill the conditions as specified in Notification such as :</p> <ul style="list-style-type: none"> - Legal form of applicant - Track Record and Reputation of Fairness - Appointment of Principal Officers and Key managerial personnel(s) (KMP) - Net worth requirements - Fit and proper requirements - Infrastructure Requirements - Furnishing of Information - Terms and conditions of registration 	<p>Various activities as mentioned in Notification for following schemes :</p> <ul style="list-style-type: none"> - Venture Capital Schemes - Restricted Schemes (Non-Retail Schemes) - Retail Schemes - Special Situation Funds - Exchange Traded Funds <p>Other Fund Management Activities :</p> <ul style="list-style-type: none"> - PORTFOLIO MANAGEMENT SERVICES - Investment Trust - Family Investment Funds
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No.	Subject	QR Code
1.	IFSCA Banking Handbook Conduct of Business Directions- v 4.0 (COB)	
2.	The IFSCA Banking Handbook Prudential Directions- V 3.0 (PRU)	
3.	The IFSCA Banking Handbook General Directions- V 3.0 (GEN)	
4.	Standard Operating Procedure for Qualified Jewellers importing gold through India International Bullion Exchange	
5.	Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)	
6.	Reporting of Foreign Exchange Transactions by IBUs for India's External Account Statistics	
7.	Standard Operating Procedure for Inter-operable Regulatory Sandbox (IoRS)	

No.	Subject	QR Code
8.	Framework for issue of Depository Receipts	
9.	List of permissible Jurisdictions and International Exchanges for issue of Depository Receipts	
10.	Framework on computation of Exposure Ceiling for Finance Companies (FC) / Finance Units (FU)	
11.	Recognition as Custodian of assets/securities	
12.	Framework for Regulatory Sandbox	
13.	Guidance framework on Sustainable and Sustainability linked lending by financial institutions	
14.	Guidelines for Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer	

No.	Subject	QR Code
15.	Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) for Market Infrastructure Institutions (MIIs)	
16.	Distribution of Capital Market Products and Services under IFSCA (Capital Market Intermediaries) Regulations, 2021	
17.	Disclosures by Fund Management Entities for Environmental, Social or Governance (ESG) Schemes	
18.	Clarifications in relation to Family Investment Funds	
19.	Clarifications in relation to Fund Management Entities and Schemes set up in IFSCs by Sovereign Wealth Funds	
20.	Guidelines for execution of block deals on bullion exchange	
21.	Circular prescribing net worth for bullion exchange and bullion clearing corporation	
22.	Sensitising Authorised Dealer (AD) branches of Indian banks about facilities in IFSC	

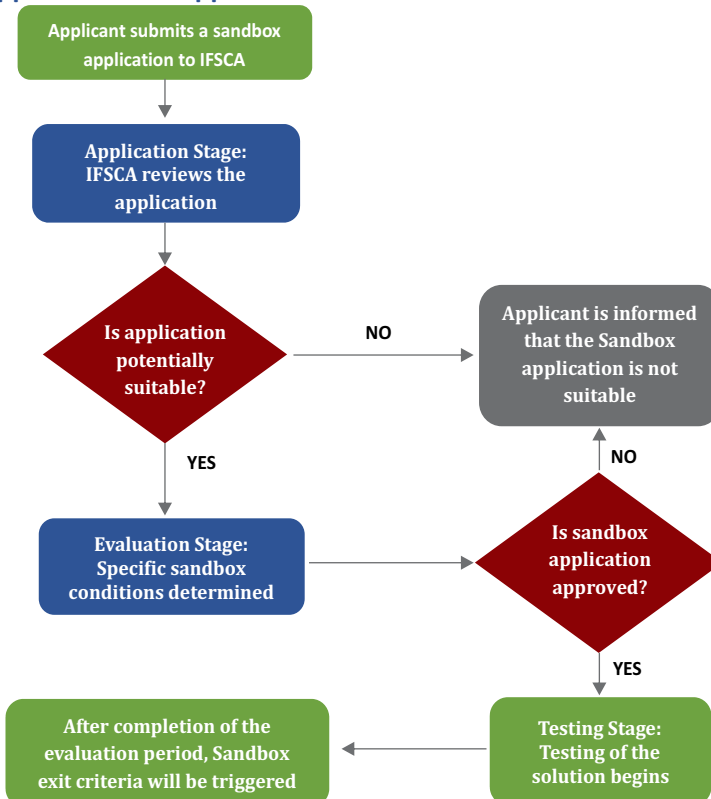
No.	Particulars	QR Code
1.	Application Form for Banking Units	
2.	Application Form for Approved Individuals	
3.	Application form for ITFS	
4.	Application form for Finance Company/Unit	
5.	Application form for FME Registration	
6.	Application form for Ancillary Service Provider	

No.	Particulars	QR Code
7.	Application form for Inter-operable Regulatory Sandbox (IoRS)	
8.	Scheme Application Form for Scheme or Fund for registered FMEs	
9.	Application form for setting up of International Branch Campus or Offshore Education Centre in IFSC	
10.	Stock Exchange – MAR	
11.	Stock Exchange – MDR	
12.	Bullion Exchange – MDR	

Sandbox-The experimental gateway to India

- The IFSCA, with an objective to develop a world class FinTech hub at the IFSC located at GIFT City in Gandhinagar (Gujarat, India), endeavors to encourage the promotion of financial technologies ('FinTech') initiatives in financial products and financial services across the spectrum of banking, insurance, securities and fund management. As a step towards attaining this vision, the IFSCA has introduced a framework for "Regulatory Sandbox for FinTech Companies".
- Under this sandbox framework, entities operating in the capital market, banking, insurance and financial services space are granted certain facilities and flexibilities to experiment with FinTech solutions in a live environment with a limited set of real customers for a limited time frame.
- It also provides "Innovation Sandbox", which will be a testing environment where FinTech firms can test their solutions in isolation from the live market, based on market related data made available by the Market Infrastructure Institutions (MIIs) operating in IFSC.
- Key eligibility criteria for Sandbox:
 - Genuineness of innovation;
 - Genuine need to test;
 - Limited Prior testing;
 - Direct benefits to users;
 - No risk to financial system;
 - Testing readiness of the solution and deployment post testing.
- Eligible entities get a chance to provide products and services which do not fall under the definition of "financial services" and/or "financial products" under the IFSCA Act.

Sandbox Application and Approval Process Flowchart



Person Resident Outside India

- One of the most salient features of the GIFT City is that any entity set up here would be treated as a Person Resident Outside India under the Foreign Exchange Management Act, 1999. Thus, even though the unit is physically incorporated in India, it would be treated as if it is a non-resident under the FEMA.
- A financial institution set up in the GIFT City must conduct business only in foreign currency and not in Indian Rupees.
- Any SEBI-registered intermediary may provide financial services relating to the securities market in the IFSC without forming a separate company.

Foreign Portfolio Investors

Meaning

- SEBI has liberalised the regime for foreign investors operating in the GIFT City as well as for FPIs to operate in it. Any applicant incorporated in the GIFT City shall be deemed to be appropriately regulated for the purposes of being registered as an FPI with SEBI. Hence, such an entity can apply for registration as a Category-I FPI
- Eligible Foreign Investors (EFIs) operating in IFSCs / GIFT City shall not be treated as entities regulated by SEBI. Further, SEBI-registered FPIs shall be permitted, without undergoing any additional documentation and / or prior approval process, to operate in the IFSC.

Eligibility norms

- The investor is not resident in India,
- The investor is not resident in a country identified in the public statement of the Financial Action Task Force as a deficient jurisdiction, and
- The investor is not prohibited from dealing in the securities market in India.

KYC norms

An intermediary operating in an IFSC needs to ensure that the records of its clients are maintained as per the Prevention of Money-Laundering Act, 2002 and the rules made thereunder. The following KYC norms may be made applicable to EFIs :

- In case of participation of an EFI, not registered with SEBI as an FPI but desirous of operating in the IFSC, a trading member of the recognised stock exchange in the IFSC may rely upon the due diligence carried out by a bank which is permitted by RBI to operate in the IFSC during the account opening process of the EFI.
- In case of EFIs that are not registered with SEBI as FPIs and also not having bank accounts in the IFSC, KYC as applicable to Category-II FPI as per the new FPI categorisation shall be made applicable. However, PAN shall not be applicable for KYC of EFIs in the IFSC.
- In case of participation of FPIs in the IFSC, due diligence carried out by a SEBI-registered intermediary during the time of account opening and registration shall be considered

Segregation of accounts

- FPIs who operate in the Indian securities market and also propose to operate in the IFSC shall be required to ensure clear segregation of funds and securities.
- The custodians shall, in turn, monitor compliance of this provision for their respective FPI clients.
- Such FPIs shall keep their respective custodians informed about their participation in the IFSC.

Overseas Investment in IFSC by Indian Resident

Foreign Exchange Management (Overseas Investment) Rules, 2022, was introduced on 22.08.2022. Schedule V of the said Rules specifies provisions relating to Overseas Investment in IFSC by person resident in India. Key Features of the said provisions are as under:

- ODI in IFSC - Requisite approval by the financial services regulator concerned shall be decided within 45 days of application
- Indian entity, not engaged in financial services, may make ODI in IFSC without meeting the net profit condition
- Resident person allowed to invest in the units of investment fund or vehicle setup in an IFSC as OPI
- Resident individual allowed to make ODI in foreign entity engaged in financial service sector (except banking / insurance) in IFSC if such entity does not have subsidiary or step down subsidiary outside IFSC where the resident individual has control in the foreign entity

No.	Particulars	Time Limit
FinTech Entity		
1	Duly certified copy of its audited annual financial statements	Within 30 days of its finalization
2	Details of regulatory action, if any	Within 15 days from the date of receipt of notice
ITFS Entity		
1	Annual Performance Report	Within 30 days from the date of finalisation of its annual financial statement
2	Confirmation of compliance with the applicable regulations, circulars, guidelines and directions issued by the IFSCA	
3	Details of material regulatory action, if any, against the persons(s) controlling the ITFS.	
Aircraft or Ship Leasing Entity		
1	Audited Annual financial statements	Within 15 days from the finalisation of annual financial statements
2	Confirmation of compliance with the applicable regulations, circulars, guidelines and directions issued by the IFSCA	
3	Confirmation of compliance with capital requirement and details thereof	
4	Details of material regulatory action, if any, against the Promoters, Key Managerial Persons or persons controlling the Lessor	
Ancillary Service Providers		
1	Annual Performance Report	No time limit specified
2	Confirmation of compliance with the applicable regulations, circulars, guidelines and directions issued by the IFSCA	
3	Details of material regulatory action, if any, against the persons(s) controlling the ITFS.	

Note :

- (1) Every registered entity shall submit the financial information to IFSCA in US Dollars
- (2) For other entities kindly refer to respective frameworks.

Compliances before starting operations

No.	Compliance	Details	Frequency	Appx. Timeline
1.	Acceptance of Letter of Approval (LOA)	Unit has to confirm acceptance of LOA terms & condition to the Development Commissioner (DC) within 45 days of issuance of Letter of Approval from DC Office	One Time	within 45 days from LOA date
2.	Bond cum Legal undertaking	The Unit shall execute a Bond-cum-Legal Undertaking in Form H, immediately after issuance of LOA. It will act as a permission to operate including availing exemption, drawbacks and concession.	Everytime when there is increase in volume of duty free transaction than projected i.e in case of shortfall in the BLUT amount a fresh or Additional BLUT should be submitted.	within 45 days from LOA date
3.	Certificate for Fiscal benefits (Eligibility Certificate)	All SEZ units shall obtain approval of the Development Commissioner to avail exemption from all taxes, cess, & duties, fees or any other levies under the State law as under section 21(1) and (2) of the Act for that the SEZ unit has to apply to the Development Commissioner's office for Eligibility Certificate (state) for state stamp duty Exemption.	One Time (Premises)	Immediately after BLUT
4.	GST Registration	Every Unit in SEZ has to opt for GST Registration.	One Time	Prior to any inward/outward supply of transaction
5.	Import Export Certificate (IEC)	An IEC is a 10-digit number allotted to a person that is mandatory for undertaking any export/import activities. The application is to be made online. Detailed information available on www.dgft.gov.in Note: 1. Details of IEC must be uploaded on https://www.sezonline-ndml.com/	One Time	Prior to any inward outward supply of transaction

No.	Compliance	Details	Frequency	Appx. Timeline
6.	Registration cum Membership Certificate (RCMC)	After issuance of LOA, unit has to approach "Export Promotion Council for EOU & SEZ" (EPCES) for issuance of RCMC. It is a mandatory criteria for availing any SEZ exemption & drawback. No duty exempted SEZ transaction must be initiated before issuance of RCMC. Note: 1. Registration process is mention in detail at https://www.epces.in/how-to-become-a-member-of-epces.php . 2. After registration on EPCES portal, the RCMC number must be updated on SEZ Online portal too.	One Time	Prior to any inward outward supply of transaction
7.	Registration in SEZ webportal	All SEZ operations / transactions will be executed through https://www.sezonline-ndml.com/ . Hence one time registration and System usage charges (annual) is must in the webportal to carry any transaction.	Annual	Registration mandatory immediately after getting issues Letter of Approval from the Office of Development Commissioner
8.	LUT (RFD 11)	All exporters who wish to supply the Goods or services without payment of IGST must require Bond/ LUT. The same is executed through GST login portal.	Every Financial Year	Prior to Export of services
9.	Issuance of Identity Cards of employees	Recruitment of employees in the new unit is required. It is mandatory for issuance of Identity Card, to all employees, from the Office of Customs, GIFT SEZ prior to commencement of Operations from GIFT SEZ	Validity of Identity Card is 3 years for on role employees & 6 months for off role employees	Prior to starting operations
10.	Purchase of assets in the name of new entity	New Assets like Computer, Laptops, furniture, servers etc must be purchased on the name of new unit prior to commencement of operations.	Prior to getting operational	Prior to starting operations
11.	Intimation of approval received from IFSC authority to DC	In case of IFSC entities, on getting the approval from IFSC authority, the same must be intimated to the Office of Development Commissioner with a copy to the Developer. It is must prior to commencement of operation.	Prior to getting operational	Immediately on getting IFSC approval

No.	Compliance	Details	Frequency	Appx. Timeline
12.	Commencement of Operations (COO)	<p>The Letter of Approval shall be valid for one year within which period the Unit shall commence production / service activity and intimate the date of Commencement of Operation (COO) to DC.</p> <p>COO means Export of Services. Thus the date of COO means the date on which the first Export of Services takes place from the SEZ premises.</p> <p>Also ensure to get Commencement Certificate from the Development Commissioner that they have taken the Commencement of Operation date on records. (Mandatory)</p> <p>Note:</p> <p>1. Must be applied online also on https://www.sezonline-ndml.com/</p>	One Time	Immediately after commencement of Operations
13.	Lease Deed	<p>Copy of the registered lease deed shall be furnished to the Development Commissioner concerned within six months from the issuance of the LOA and failure to do so, the Approval Committee may take action to withdraw the LOA.</p> <p>Must be executed for a minimum period of 5 years.</p> <p>Note:</p> <p>1. Details of Lease Deed must be uploaded on https://www.sezonline-ndml.com</p>	Depends upon the Lease Deed period	Copy of registered Lease deed must be submitted within 6 months from the date of LOA.
14.	Extension of Letter of approval	<p>To apply for LOA Extension to the DC, if Commencement of Operations (COO) was not started within 1 year from the date of issuance of LOA.</p> <p>Note:</p> <p>1. Online Application is also required through https://www.sezonline-ndml.com/.</p> <p>2. LOA extension procedure mentioned at https://www.sezonline-ndml.com/downloads.htm</p>	Annual, if COO not started	If COO not started, than 2 month prior to expiry of LOA, LOA extension request letter must be submitted with required documents.
15.	Mandatory Condition	<p>If the Unit has not commenced production or service activity within the validity period or the extended validity period, the Letter of Approval shall be deemed to have been lapsed with effect from the date on which its validity expired.</p>	To Ensure validity of LOA	To Ensure validity of LOA

Compliances after starting operations

No.	Compliance	Details	Frequency	Appx. Timeline
16.	Service Export Reporting Form (SERF)	Mandatory Report, must be filled by all units, on https://www.sezonline-ndml.com/ before 5th of every month reporting the previous month service Export details. Note: 1. Procedure of filing SERF is available at same website in tab > Download > Manual File & format > Manual File & format > SERF	Every month	Every month before 5th
17.	Monthly Report of Investment & Employment	Units are required to report the figure of previous month Investment & Employment to Customs Preventive Officer by 5th of every month.	Every month	Every month before 5th
18.	Annual Performance Report (APR)	The Unit shall submit Annual Performance Reports in Form I, dully certified by independent Chartered Accountant, to the Development Commissioner and the Development Commissioner shall place the same before the Approval Committee for consideration. Note: (1) Must be filed online at https://www.sezonline-ndml.com/ .	Annual	(1) Before 30th September every year for previous FY. (2) Required to be submitted after COO.

No.	Compliance	Details
1.	Procurement of Goods Directly from DTA	<ul style="list-style-type: none"> • Submit Appointment Letter, Purchase Order/Work Order, Bill Of Quantity to Authorised Officer / Specified Officer. • Tax Invoice mentioning supply to SEZ Unit & with/without payment of Tax. Performa as per Image - 1
2.	Appointment of Third-party contractor	<ul style="list-style-type: none"> • Submit Appointment Letter, Purchase Order/Work Order, Bill Of Quantity to Authorised Officer / Specified Officer. • Keep Delivery Challan and Purchase Bills of contractor (back to back invoice) while taking goods to GIFT SEZ.
3.	Procedure on Goods inward	<ul style="list-style-type: none"> • When goods are entered into GIFT SEZ, delivery challan/tax invoice will be stamped. The copy of the said delivery challan/tax invoice must be submitted online on SEZ Online Portal within 45 days. • When services are procured from DTA the tax invoice must be submitted online on SEZ Online Portal within 45 days. • Separate approval required from DC for bringing sand for Civil Works. • Timings for material inwards are 9.00 am to 6.00 pm from Monday to Saturday.
4.	Excess/Unused Material outward	<ul style="list-style-type: none"> • Letter must be submitted to Authorised Officer / Specified Officer for excess/unused material return. • The performa of the said letter is given in the folder.
5.	Temporary Removal of Goods	<ul style="list-style-type: none"> • Damaged goods can be temporarily removed out of GIFT SEZ for repairing / jobwork without payment of duty. • Unit have to apply online on SEZ Online portal for the same. • Afterwards take print out of the said document and submit it to customs officer. • The said goods must be returned withing 120 days.
6.	Misc. procedures	<ul style="list-style-type: none"> • Make an application for issuance of ID card of permanent employees to Authorised Officer / Specified Officer along with applicable form and govt photo ID proof (Aadhar preferable). • Prior permission of Authorised Officer / Specified Officer must be taken for daily in-out of personal laptop. • Prior permission required for Work From Home. Work From Home permitted under SEZ Rules. However, no such provisions given under IFSCA. • Each and every document submitted physically must be uploaded on SEZ Online Portal.

- 1) Union Budget 2023 has empowered GIFT IFSC by delegating the registration / approval power that earlier lied with SEZ authorities to the IFSCA.**
 - Detailed guidelines/notifications yet to come
- 2) A single-window registration system will be in place.**
 - It will simplify the approval process and boost ease of doing business. Detailed guideline/notifications yet to come.
- 3) Non-applicability of surcharge and cess on certain incomes earned by Specified Fund in International Financial Services Centre (IFSC)**
 - Surcharge and cess shall not be applicable while computing advance tax on the prescribed income (i.e. any income other than capital gains) earned by the Specified Fund (specifically defined under the Act).
 - Applicable only for entities set up as a trust. Funds set up as LLP / Company / body corporate and foreign IBUs (being corporate structure) not covered within ambit of relaxation.
- 4) Taxability of dividend income received by non-resident from unit in IFSC**
 - Dividend income received by a non-resident from an IFSC (currently taxable at the rate of 20% plus surcharge and cess) shall be taxable at the rate of 10% (plus surcharge and cess).
- 5) Relaxation of condition prescribed for tax exemption of Offshore Derivative Instrument (ODI) holders**
 - Income distributed on ODIs to NRs will be exempt to the extent such income is chargeable to tax in the hands of the IBU registered as FPI.
- 6) Concessional tax rate on interest income on specified bonds listed on IFSC stock exchange**
 - Presently, interest income received by non-resident from specified bonds issued prior to 1 July 2023 and which are listed only on IFSC stock exchanges are taxed at the rate of 4%.
 - w.e.f. 01-07-2023, interest income received by non-resident on specified bonds issued on or after 1 July 2023 and listed only on IFSC exchange will be chargeable to tax at the rate of 9%.
- 7) Exemption on certain income received by non-resident outside India, in a bank account maintained with IBU in IFSC**
 - Currently, exemption is provided to non-resident on income earned from portfolio managed by a portfolio manager in IFSC which was accruing or arising outside India and was received in an account maintained with Offshore Banking Unit in IFSC.
 - Now, above exemption is extended to such activities carried out by specified persons as may be notified by the Central Government.

8) Expansion of definition of Original Fund in case of relocation

- To encourage migration of offshore funds to IFSC, currently, a tax exemption is available to offshore funds (referred to as 'original fund') and its unit holders / shareholders on transfer of capital assets pursuant to relocation.
- Definition of Original Fund expanded to include:
 - Investment vehicle in which Abu Dhabi Investment Authority (ADIA) is direct/ indirect sole shareholder/ unitholder/ beneficiary and it is wholly owned and controlled by ADIA or Government of Abu Dhabi.
 - Any fund as may be notified by Central Government satisfying the conditions that may be specified.

9) Tax Holiday extension to Offshore banking unit (OBUs) in SEZ

- Presently, tax holiday is provided to OBU in SEZ on their income to the extent of:
 - 100% of the income for 5 consecutive years from the year in which RBI approval for set-up of OBU was obtained; and
 - 50% of the income for next 5 years.
- To bring parity in tax for OBUs set up prior to 1 April, 2020, tax holiday of 100% of profits shall be provided to such OBUs for their remaining period of tax holiday out of 10 years.

10) Exemption provided to Aircraft leasing entities in IFSC









- Sale of equity shares of an IFSC unit engaged in aircraft leasing to a non-resident or another IFSC unit engaged in aircraft leasing shall be exempt provided:
 - The operations of the domestic company in IFSC shall commence on or before 31 March, 2026;
 - The capital gains should have arisen within a period of 10 years from the year in which the domestic company has commenced operations or AY 2034-35, whichever is later.
- Dividend income received by a unit in IFSC engaged in aircraft leasing from another unit in IFSC also engaged in aircraft leasing shall be exempt.

11) Availability of tonnage tax regime to ship leasing entities in IFSC

- Ship leasing entities in IFSC will be able to opt for tonnage tax regime within 3 months from the end of their tax holiday period.

12) TCS provisions on LRS remittances extended to IFSC

- Tax Collected at Source (TCS) on foreign remittances under LRS by resident individuals is increased from 5% to 20% without any threshold, excluding remittances for education and medical treatment.
- Further, currently TCS is applicable on remittances made under LRS outside India. It is now expanded the scope of remittance subjected to TCS by covering all remittance made under LRS and not just remittances made "out of India" (thus including remittance to IFSC), with effect from July 1, 2023.

Website	Link	QR Code
Reserve Bank of India (RBI)	https://www.rbi.org.in/	
Securities and Exchange Board of India (SEBI)	https://www.sebi.gov.in/	
Insurance Regulatory and Development Authority (IRDAI)	https://www.irdai.gov.in/	
Pension Fund Regulatory and Development Authority (PFRDA)	https://www.pfrda.org.in/	
India International Exchange (BSE IFSC)	http://www.indiainx.com/	
NSE IFSC	https://www.nseifsc.com/	
RoC	http://www.mca.gov.in/MinistryV2/registrarofcompanies.html	
SEZ MoCI GOI	http://sezindia.nic.in/	

Source of Content

Website	Link	QR Code
International Financial Services Centres Authority	https://www.ifsc.gov.in/	
GIFT City Gujarat	https://www.giftgujarat.in/	
GIFT SEZ	https://www.giftsez.com/	
SEZ Online	https://www.sezonline-ndml.com/	
SEZ - Online Application	https://www.sezonline-ndml.co.in/	
India International Bullion Exchange IFSC Ltd. (International Bullion Exchange at GIFT City, Gujarat)	https://www.iibx.co.in/index.aspx	

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Inbound / Outbound Investments

- Setup of 100% Indian Subsidiary of a Foreign Corporation
- Setting up of Overseas Subsidiary of Indian Corporation
- Migration of HNIs abroad
- Indo-US Estate Taxation Planning

GIFT City

- Unit setup at GIFT SEZ / IFSC
- Advisory / Compliance Services



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- Filing of Ex-Patriate Returns
- DTAA related services
- Income Tax

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- Estate Planning

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- IT / ITeS
- Textile / Food / Drug Park

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