

JP Chawla & Co. LLP

# DOING BUSINESS IN GIFT CITY

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# “GIFT City: India’s Future-Ready Hub for Global Business and Innovation!”



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# Foreword



In recent years, the global economic landscape has witnessed unprecedented transformations driven by innovation, globalization, and the integration of financial systems. As countries strive to position themselves at the forefront of international finance, India's Gujarat International Finance Tec-City (GIFT City) emerges as a beacon of modernity, opportunity, and potential. GIFT City is not just a visionary project, but a testament to India's aspiration to lead on the global financial stage.

Located in the heart of Gujarat, GIFT City offers a unique platform that integrates the best global practices in the fields of finance, technology, and infrastructure. As the first International Financial Services Centre (IFSC) in India, it serves as a vital hub for institutions, investors, and businesses looking to expand and thrive in a competitive and technologically advanced environment. With its state-of-the-art infrastructure, regulatory framework, and strategic location, GIFT City is fast becoming a focal point for financial services, fintech innovation, and international trade.

Beyond infrastructure, GIFT City is built on a foundation of fiscal benefits designed to attract global players. Businesses and investors stand to benefit from a range of tax incentives, including exemptions. These policies not only make GIFT City an attractive financial center but also allow companies to thrive in a tax-efficient environment. Complementing these national tax advantages, the government of Gujarat offers additional state incentives, providing further financial motivation for businesses and investors to establish a presence in this vibrant ecosystem.

This booklet is designed to provide an insightful overview of GIFT City's offerings, from its cutting-edge facilities to its business-friendly regulatory environment. It will guide you through the myriad of opportunities available, whether an investor seeking new avenues, or a corporation looking to establish a base in India, or a professional exploring career prospects within this burgeoning financial ecosystem.

GIFT City is not just about finance or infrastructure—it is about the future. A future where financial excellence, innovation, and sustainability converge to create a thriving ecosystem. As you delve into the pages of this booklet, I invite you to imagine the possibilities that GIFT City holds, not only for India but for the world.

GIFT City—where the future of international finance and allied activities begins.

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# INTRODUCTION TO INDIA

CHAPTER

1

India is an attractive destination for business owing to its large and growing consumer market, robust economic growth, and favorable and rapidly improving ease-of-doing-business environment. The country boasts a young and dynamic population of over 1.4 billion people, with a significant portion of its demographic under 35. This youthful population offers a vast and growing consumer market and a labor force known for its adaptability and skill, making India an ideal place for businesses looking to expand.

## Benefits of Doing Business in India

India presents numerous benefits for businesses looking to expand, invest, or establish operations in India.



### Massive and Diverse Market:

India, with a population surpassing 1.4 billion, has a diverse and extensive consumer market. This diversity results in a wide range of consumer needs and preferences, offering extensive opportunities across diverse sectors. As the middle class expands, increasing purchasing power further fuels market potential.



"According to the United Nations' World Population Prospects 2022, India's population is expected to reach 1.67 billion by 2050."

## **Cost-Effective Manufacturing:**

India offers a competitive edge in production costs, with lower labor expenses than developed countries, making it an appealing destination for manufacturing businesses. Additionally, government incentives for establishing manufacturing units in special economic zones (SEZs) help to reduce operational costs further.

## **Growing Economy:**

India, the world's fastest-growing major economy, is projected to reach a GDP of USD 7 trillion by 2030, making it the third-largest economy globally. This rapid economic growth creates a stable and dynamic environment for businesses to thrive. The Indian government actively invests in infrastructure development and promotes entrepreneurship, fostering a positive business climate.

## **Service Sector:**

The service sector in India includes trade, aviation, telecommunications, shipping, ports, finance, insurance, transportation, real estate, business services, software services, IT-BPM, and more. It continues to be the engine of growth for India's economy, contributing 55% to India's Gross Value Added (GVA) in FY24.

## **Government Policies:**

Doing business in India was once hindered by repetitive tasks, multiple touchpoints, strict capital ceilings, and stringent tax regulations. However, with the introduction of Ease of Doing Business 2.0 and substantial business-friendly reforms that streamlined processes, integrated departments, and simplified compliance, the business environment has seen remarkable improvement. According to the World Bank's Doing Business Report (DBR), India's Ease of Doing Business ranking climbed from 142<sup>nd</sup> in 2014 to 63<sup>rd</sup> in 2020.

## **Skilled Workforce:**

India has a large pool of young, talented, and well-educated professionals. The country boasts a robust education system, producing graduates in engineering, technology, commerce, and various other fields. This readily available workforce provides businesses with access to skilled personnel at competitive rates.



### Why India and Why Now?

The Indian economy has witnessed remarkable growth over the last few decades. Projections suggest that the Indian economy will surpass those of Germany and Japan within the next three years and is expected to reach over USD 7 trillion by the end of this decade.

By 2025, one-fifth of the world's working-age population will be Indian. Additionally, India will have over 850 million internet users by 2030, significantly enhancing its digital economy and global influence in the coming years.

Driven by the country's robust economic growth, over 100 million Indians are expected to earn more than USD 10,000 annually by 2027, improving consumers' purchasing power. As a result, no other market over the next 20 years will offer more growth opportunities for businesses than India, making it an unparalleled destination for investment and expansion.

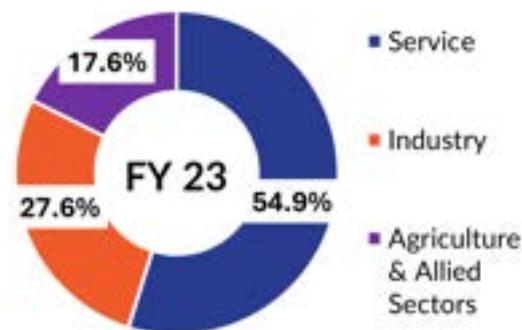


India's IT-BPM sector is expected to reach USD 350 billion by 2025.

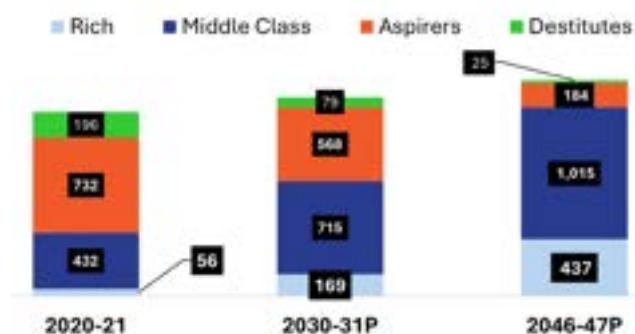


By 2030, the fintech sector is projected to reach a value of USD 1.5 trillion.

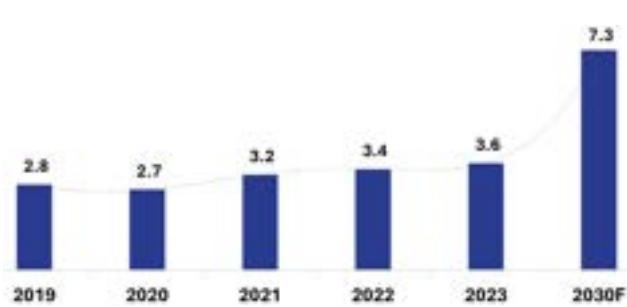
India Sector Wise Gross Value Added (%)



India Income Pyramid (Million)



India's GDP (USD Trillion), 2019-2030F



Source: *Economics Times*



### Foreign Exchange Reserves

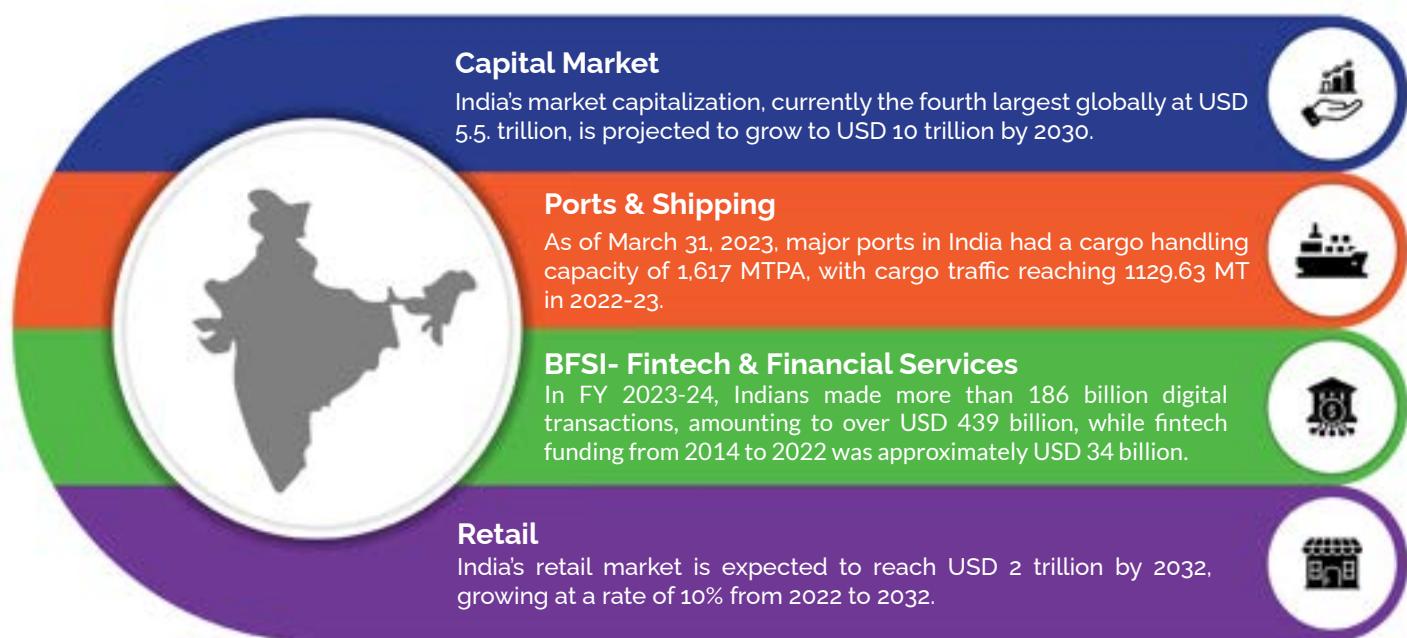
As of June 2024, India's foreign exchange reserves amounted to USD 655.82 billion.

### GST

In May 2024, the gross GST (Goods and Services Tax) revenue collection was Rs. 1.73 lakh crore (USD 20.7 billion).

### Core Industries Index

The combined index of eight core industries reached 157.8 for FY24 (April-March), up from 146.7 in FY23. In April 2024, the index stood at 160.5.



## Introduction

### India's Emerging Global Financial and Technology Hub, GIFT City

In April 2015, India established its pioneering International Financial Services Centre (IFSC) at Gujarat International Finance Tec-City (GIFT City). This ambitious project aimed to create a globally competitive financial hub to facilitate international financial services and transactions.

Strategically located in Gujarat, GIFT City is envisioned as a world-class smart city, providing a robust infrastructure, advanced technology, and regulatory support to foster a vibrant financial ecosystem. The IFSC at GIFT City spans 886 acres (3.6 million square meters) and is designed to attract global financial institutions and, Global In-house Centres (GICs), Back Offices, and professionals, enhancing India's position in the international financial landscape.

The GIFT City streamlines the process with single-window clearances and approvals, offering ready-to-use infrastructure that enables businesses to grow rapidly. The two corporate companies that operate GIFT City are Gujarat International Finance Tec-City Company Ltd. (GIFTCL) and GIFT SEZ Ltd.

GIFT City features a Multi-Service SEZ (261 acres) and a Domestic Tariff Area (625 acres), along the Sabarmati River between Ahmedabad and Gandhinagar. It offers seamless transport and international connectivity via Ahmedabad International Airport, just 20 km away.

The city boasts advanced infrastructure, including a District Cooling System (DCS), an Automated Waste Collection System (AWCS), and an Underground Utility Tunnel. Social amenities include an international school, medical facilities, a proposed hospital, metro rail connectivity and more.

## GIFT City Location

GIFT City is the heart of a tri-city approach, situated on the banks of the Sabarmati River between Ahmedabad and Gandhinagar, each just a 30-minute drive away. Ahmedabad embodies a rich historical legacy. Gandhinagar is the pivotal center for policy and decision-making, while GIFT City emerges as the economic powerhouse. These cities offer unique and complementary ecosystems, providing easy access to the past, present, and future within a short distance.



Alongside National Highway 48



15 minutes from the upcoming bullet train terminus

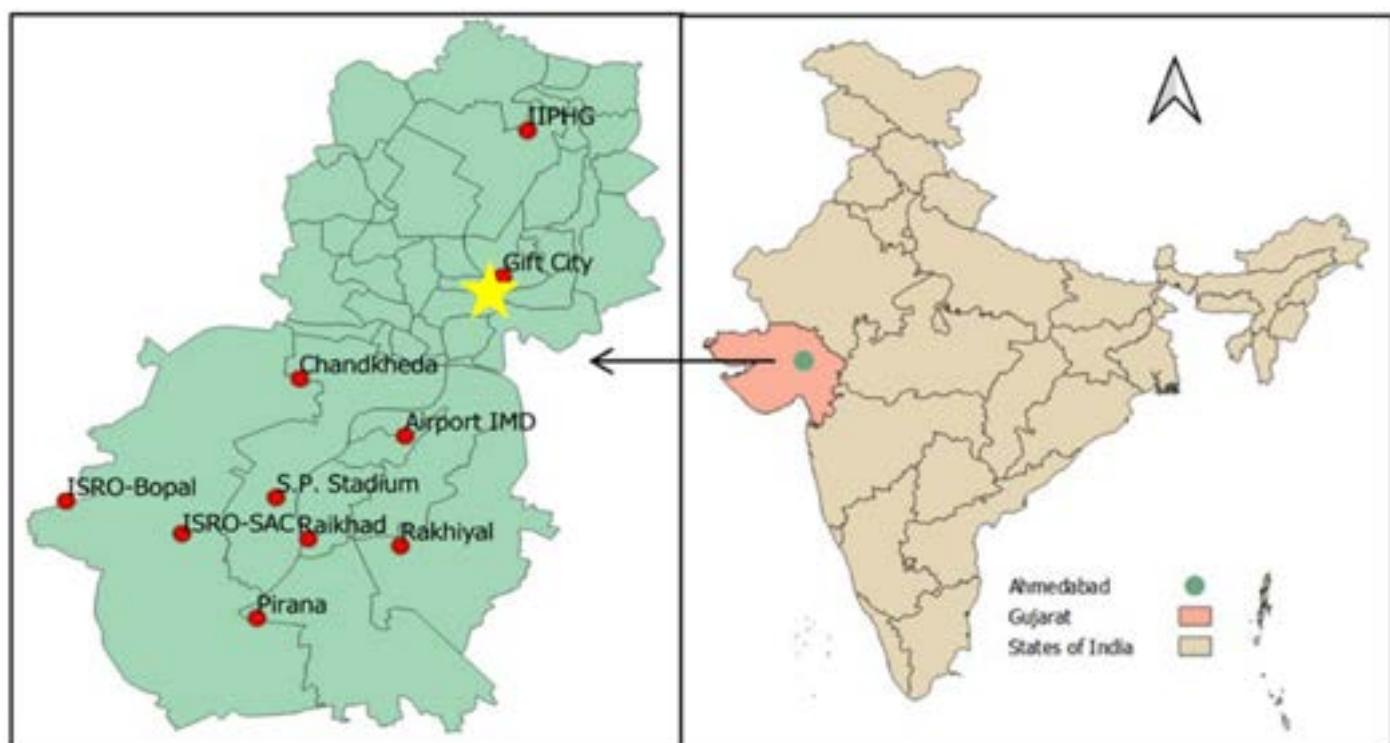


Metro connectivity to Ahmedabad



20 minutes from Ahmedabad International Airport

## GIFT City Location



## Hub For International & Domestic Business



### Global IT & Finance Hub

A premier global destination



### Advance Infrastructure

Next gen urban planning, integrated spaces including institutional spaces



### International Financial Service Center

India's first & only operational IFSC



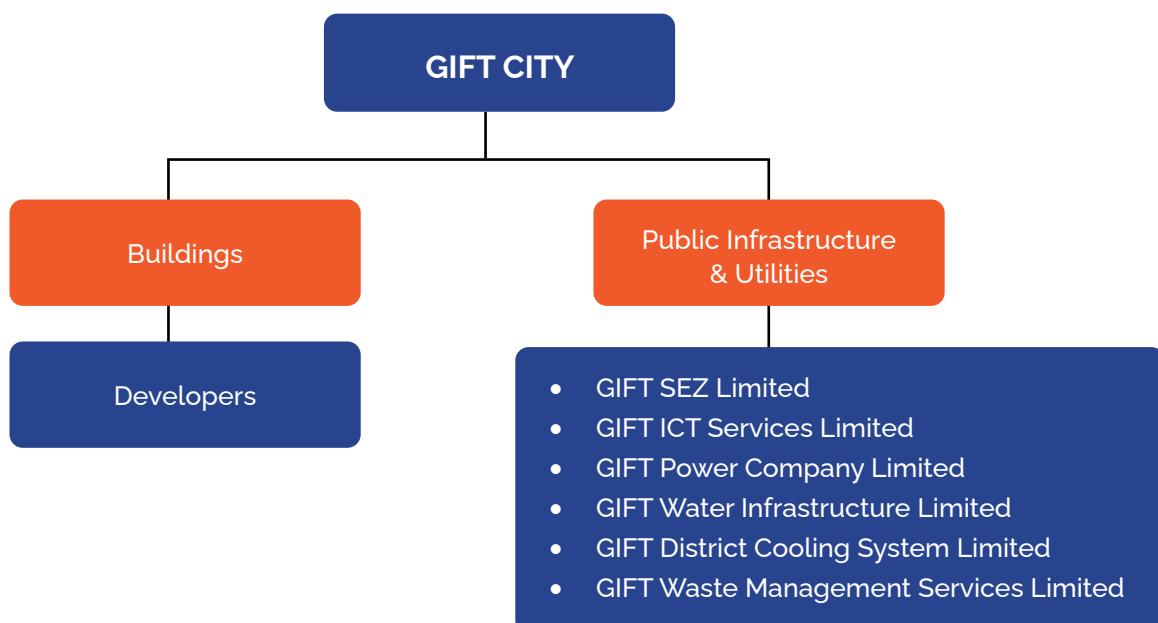
### Ease of Doing Business

Conducive Regulatory Environment

## GIFT City Comparison with Major Financial Districts in the world.

	France Paris (La Defense)	Japan Tokyo (Shinjuku)	UK London (Dockyards)	China Pudong (Lujiazui)	GIFT City
Land Area (sq km)	1.6	1.6	1.05	1.7	3.58
Construction Scale (in mn sq m)	2.5	1.6	1.1	4.5	8.5
Greenbelt (in thousand sq m)	40	120	50	363	1,183
Permissible Height (m)	200	250	250	490	410

## GIFT City Infrastructure and Utilities Governance



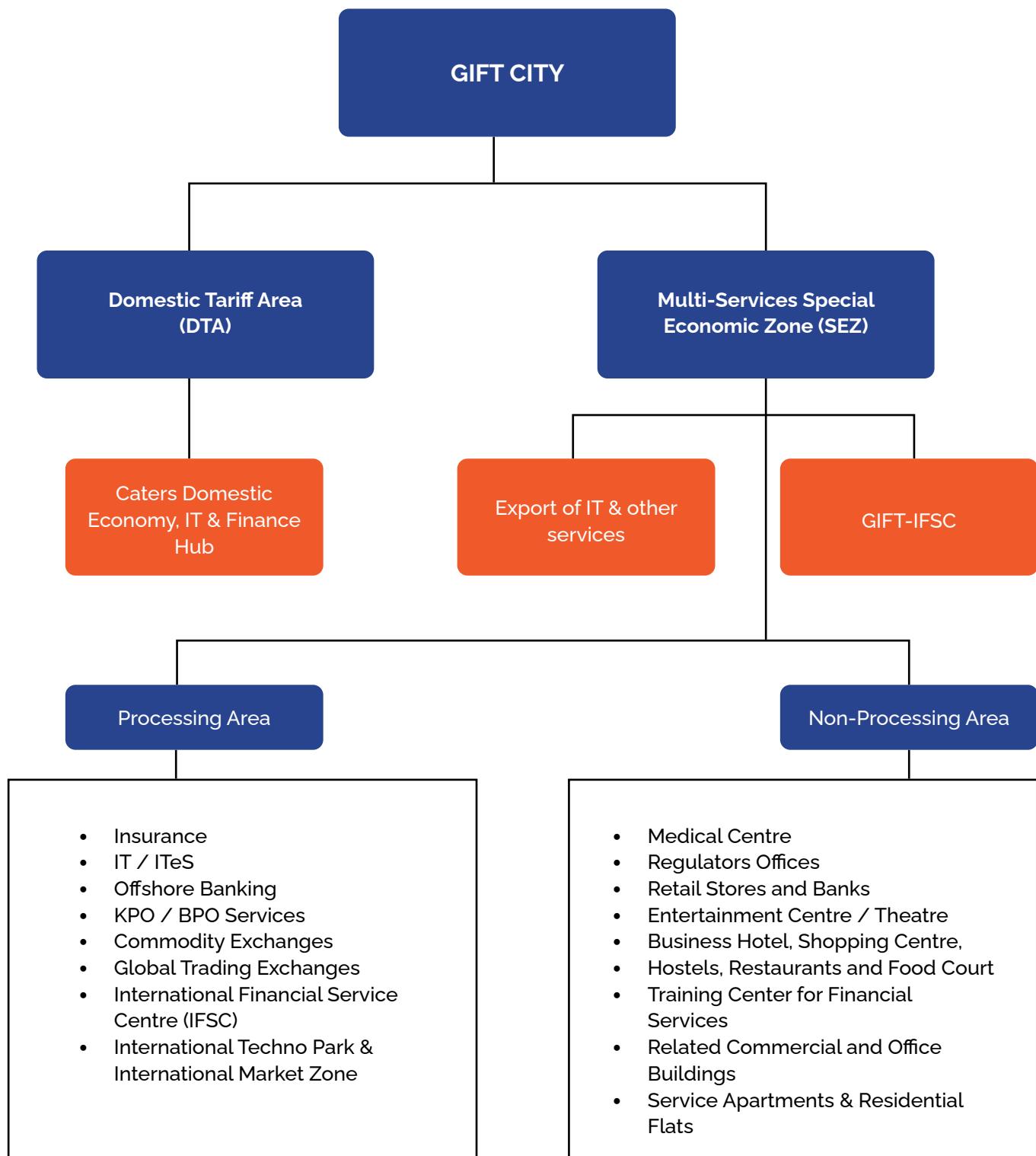
## Target Business Sectors

Banking	Financial	IT & AI
Fintech	Capital Market	Maritime Cluster
Insurance	Engineering Back Office	Automobiles Back Office
Pharmaceuticals Back Office	Foreign University	Biotech Back Office
Accounting & Bookkeeping		



## Understanding GIFT City: Domestic Tariff Area (DTA) vs. Multi-Services SEZ with IFSC

In Gift City, businesses can choose between the Domestic Tariff Area (DTA) and the Multi-Services Special Economic Zone (SEZ) with IFSC status.



## 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) with Focus on Export of Services
- Government of Gujarat IT/ITeS Policy Incentives
- 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

## Domestic Tariff Area (DTA):

1. Accessibility to the vast Indian market, facilitating seamless trade and commerce within the country's borders.
2. Adherence to standard domestic taxation regulations creates a conducive environment for diverse sectors, from financial to information technology.
3. It is ideal for businesses focused on nurturing local partnerships, meeting the demands of Indian consumers, and fostering grassroots innovation.



## Comparison between Domestic Tariff Area (DTA) and Multi-Services SEZ at GIFT City

Particulars	GIFT SEZ	GIFT DTA
<b>Area Distribution</b>	216 acres designated as Multi-Service SEZ in GIFT City	625 acres designated as DTA area in GIFT City
<b>Area of Operations</b>	Within the SEZ area	Within the DTA area
<b>Approval of Authority</b>	<ol style="list-style-type: none"> <li>IFSC regulations by IFSC Authority</li> <li>SEZ regulations by the Development Commissioner of the SEZ</li> </ol>	IFSC regulations by IFSC Authority
<b>Imports</b>	All imports are duty-free (BCD, SWS, IGST, Cess, etc.)	Imports are subject to applicable customs duties
<b>Export</b>	IGST is payable with a refund option	IGST is payable with a refund option
<b>Procurement from DTA</b>	Procurements can be made without GST (under LUT) or with GST (refundable)	GST payable on procurements (ITC available)
<b>DTA Clearances</b>	DTA clearances require customs duties; a Bill of entry is needed	GST is payable on clearances; only tax invoices are required
<b>Authorities to Deal With</b>	SEZ Authority, IFSC Authority, GST Authorities, Customs Authorities, Income Tax Authorities	GST Authorities, Customs Authorities, Income Tax Authorities
<b>Compliances</b>	Compliance with SEZ laws (APRs, QPRs, MPRs, ID Cards) and regular DTA rules	Compliance with GST, ROC, and Income Tax laws
<b>Applicable Laws</b>	SEZ Act, IFSC Regulations, Income Tax Act, GST Act, Customs Act, Companies Act	Income Tax Act, GST Act, Customs Act, Companies Act
<b>Income Tax Benefits</b>	Various benefits and relaxations are available	No benefits
<b>STT (Securities Transaction Tax) &amp; CTT (Commodities Transaction Tax)</b>	Exemption from STT/CTT for IFSC exchange transactions	No STT/CTT exemption
<b>Stamp Duty</b>	No stamp duty for transactions in RSE and depositories in IFSC	No exemption from stamp duty
<b>ROC Relaxations</b>	Various relaxations for ROC compliance	No relaxations
<b>Currency for Transactions</b>	Indian Rupees for administrative/statutory expenses; foreign currency for other transactions	All transactions in Indian Rupees

**RSE:** Recognized Stock Exchange, **BCD:** Basic Customs Duty, **IGST:** Integrated Goods and Services Tax

**SWS:** Social Welfare Surcharge, **ROC:** Registrar of Companies, **APRs:** Annual Performance Reports

**QPRs:** Quarterly Progress Reports, **MPRs:** Monthly Progress Reports

The choice between the DTA and Multi-Services SEZ depends on a company's strategic goals, market conditions, and growth strategy. Each zone provides unique opportunities tailored to diverse business needs and goals.

## India's first IFSC – GIFT City

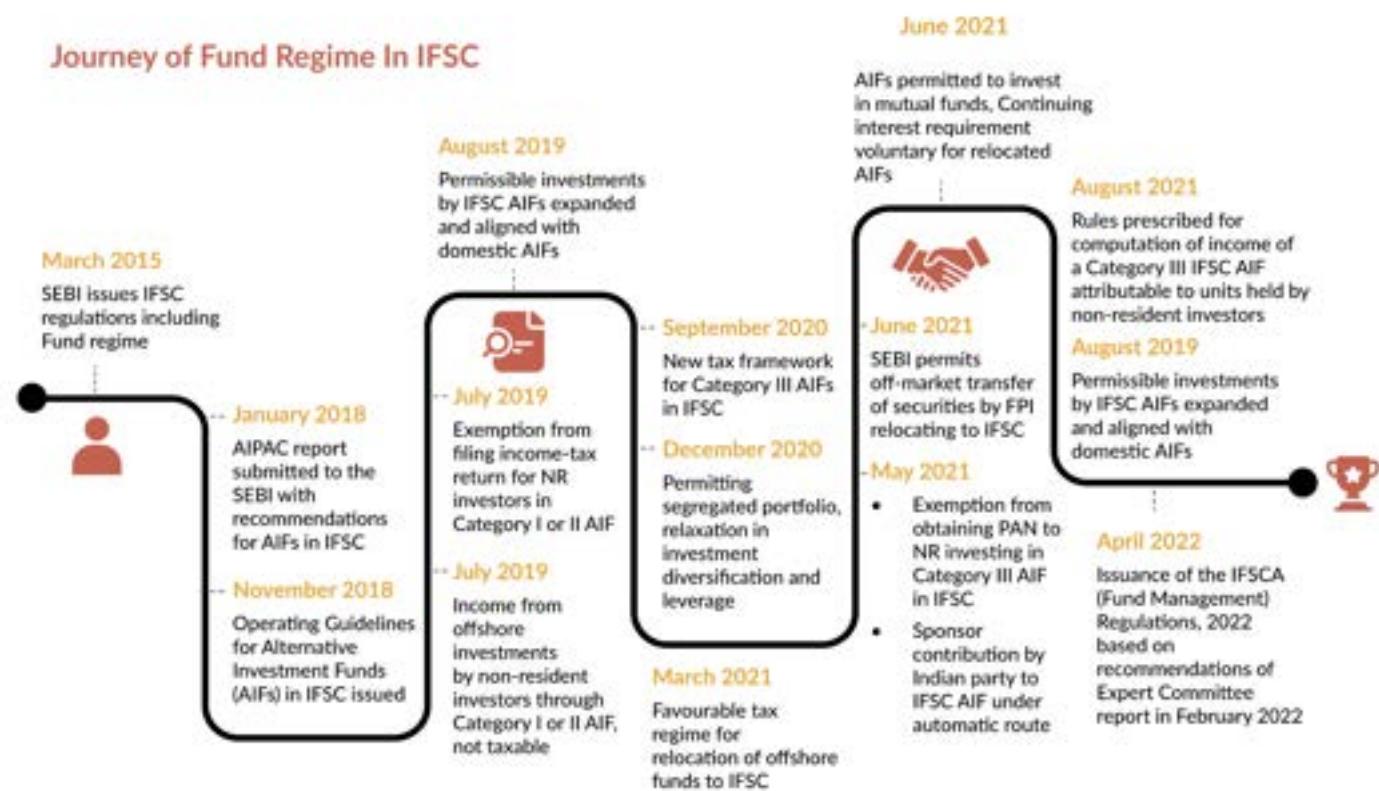
### What is an IFSC?

- An International Financial Services Centre (IFSC) serves clients outside the domestic economy and manages cross-border financial flows, products, and services.
- In the Indian context, an IFSC is a jurisdiction that provides financial services to both non-residents and resident institutions in currencies other than Indian Rupees (INR). It is established to facilitate financial transactions typically carried out abroad by international financial institutions and the overseas branches or subsidiaries of Indian financial institutions.

### IFSC in India

- The Government regulates an IFSC in India under the Special Economic Zones Act of 2005.
- IFSC units are classified as non-residents under existing Foreign Exchange Management regulations.
- The launch of the IFSC at GIFT City aims to return international financial services transactions to India.
- GIFT City has been approved as a Multi Services Special Economic Zone (GIFT SEZ) and designated as India's IFSC. Apart from IFSC the GIFT city also supports other non-finance sectors such as Back Offices, Foreign Universities, Aircraft & Ship Leasing, etc.

### Journey of Fund Regime In IFSC



## Regulatory Framework for units in IFSC



A leader in tax-friendly policies among international financial services centers worldwide, GIFT IFSC is a standout example. Its dedication to enabling success for business enterprises is demonstrated by its provision of a favorable taxation framework. The following tax perks and exemptions are provided by the GIFT ISFC, which are outlined below:

## Direct Tax Benefits

### Units in IFSC:

- Income Tax Exemption – 100% tax exemption for 10 consecutive years out of the first 15 years.
- MAT / AMT @ 9% of book profits applies to Company / others setup as a unit in IFSC. MAT not applicable to companies in IFSC opting for new tax regime.
- From 01 April 2020, dividend income distributed by Company in IFSC to be taxed in the hands of the shareholder.
- Dividend received by non-residents from an IFSC unit taxable at a concessional rate of 10% plus applicable surcharge and cess.
- Surcharge and health and education cess not applicable on certain incomes earned by specified funds in the IFSC.

### Investors in IFSC

- Interest income paid to non-residents on loans to IFSC units is not taxable.
- Interest on long-term bonds and rupee-denominated bonds listed on a recognized stock exchange in the IFSC:
  - Issued before 1 July 2023: Taxable at 4%
  - Issued on or after 1 July 2023: Taxable at 9%.
- Transfer of specified securities listed on IFSC exchanges by non-residents or Category III AIFs in IFSC is not considered a transfer; gains are not taxable in India. Specified securities include bonds, GDRs, foreign currency-denominated bonds, rupee-denominated bonds of Indian companies, derivatives, units of mutual funds, business trusts, AIFs, and foreign currency-denominated equity shares.
- Income of non-residents from the transfer of non-deliverable forward contracts, offshore derivative

instruments, or over-the-counter derivatives with an Offshore Banking Unit of an IFSC is tax-exempt.

- Income received by non-residents from a portfolio managed by an Offshore Banking Unit of an IFSC is exempt from tax, provided the income accrues outside India and is not deemed to accrue in India.

## Indirect Tax Benefits:

- No GST on services received by unit in IFSC.
- GST applicable on services provided to DTA.
- No GST on transactions carried out in IFSC exchanges.

Exemption from Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), and stamp duty in respect of transactions carried out on IFSC exchanges.

## Detailed discussion of Direct Tax Benefits

GIFT IFSC provides various tax incentives as a leader in tax friendly policies for its dedication to provide advantageous taxation framework to enable the success for both individuals and organizations.

The tax incentives are summarized below:

### 1. Tax Holiday Period:

- a. Section 80LA of the Income Tax Act 1961 provides the deduction of 100% for the income earned by the unit of International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone.
- b. The deduction is available for a period of 10 years from the block of 15 years.
- c. The deduction is available only when the tax audit report under Form 10CCF is furnished by the entity along with the Income Tax Return.

2. **Reduction in Minimum Alternate Tax (MAT) and Alternative Minimum Tax (AMT)**
  - a. Minimum Alternate Tax (MAT) is the special tax applicable on the Companies. The tax under MAT is calculated on the book profits @ 15%. In the case of units established in International Financial Services Centre, the applicable tax rate is 9%.
  - b. Alternative Minimum Tax (AMT) is the special tax rate applicable on the Income tax assesses other than Companies who are claiming specific deduction or exemptions in their Income Tax Return. The tax is calculated on the adjusted gross total income @ 18.5%. In the case of units established in the International Financial Services Centre, the applicable tax rate is 9%.
3. **Interest Income exempt in hands of Investor**

Section 10(15)(ix) of Income Tax Act, 1961 provides for exemption of interest income earned by a "Non-Resident" for the money lent to the International Financial Services Centre on or after September 2019.
4. **Tax Exemption for Specified Funds Under Section 10(4D)**

Section 10(4D) of the Income Tax Act provides for an exemption from tax for specified funds in respect of income accrued or arisen or received by them which is attributable to a non-resident's holding (not being a permanent establishment in India) or the investment division of offshore banking unit. The exemption is allowed for certain incomes such as income from the transfer of securities, income from securities issued by a non-resident, and income from a securitization trust chargeable under the head 'Profits and gains from business or profession', among others.

The term "specified fund" includes the Investment Division of an Offshore Banking Unit, which is a unit of a non-resident banking entity located in the International Financial Services Centre (IFSC) and having a registration certificate as a Category-I Foreign Portfolio Investor and an Alternative Investment Fund (AIF) established or incorporated in India as a trust, company, LLP or body corporate and granted a certificate of registration as Category-III AIF and located in an IFSC. All the units of such AIF must be held by non-residents except units held by sponsor or manager. Certain other conditions also need to be fulfilled to claim this exemption.
5. **Tax Exemption on Non-Deliverable Forward Contracts (Sec 10(4E))**

Section 10(4E) of the Income-tax Act, 1961 (IT Act) provides for tax exemption on income accruing or arising to or received by a non-resident as a result of transfer of non-deliverable forward contracts entered into with an Offshore Banking Unit (OBU) of an IFSC. This exemption is not extended to income accrued or arisen to or received by a non-resident as a result of transfer of 'offshore derivative instruments' or 'Over-the-counter derivatives' entered into with an OBU of an IFSC.
6. **Royalty Tax Exemption on Aircraft/Ship Leasing to IFSC Units (Sec 10(4F))**

Section 10(4F) of the Income Tax Act provides for exemption of royalty income received by a non-resident on account of leasing of aircraft or ship to an International Financial Services Centre (IFSC) unit if the unit is eligible for deduction under section 80LA and has commenced its operations on or before 31st March 2024. However, it is important to note that this exemption is available only in respect of the royalty income and not any other income arising from such leasing activity.
7. **Tax Exemption on Foreign Portfolio Income in IFSCs (Sec 10(4G))**

Section 10(4G) provides an exemption to any income received by a non-resident from a portfolio of securities, financial products, or funds managed or administered by any portfolio manager on behalf of such non-resident. The exemption is applicable only if the income arises in an account maintained with an offshore banking unit in any International Financial Services Centre. However, the exemption is limited to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India. This provision was introduced to promote investment in India's financial sector and attract foreign investors to IFSCs in India.
8. **Capital Gains Tax Exemption for Aircraft Leasing Units in IFSCs (Sec 10(4H))**

Section 10(4H) is to exempt income of a non-resident or a unit of an IFSC engaged primarily in the business of leasing of an aircraft, by way of capital gains, arising from transfer of equity shares of a domestic company being a unit of an IFSC engaged in the business of leasing aircraft which has commenced operations on or before 31 March 2026.

## 9. **Dividend Tax Exemption for Aircraft Leasing Units in IFSCs (Sec 10(34B))**

The Finance Act 2023 has introduced a new clause (34B) in Section 10, which will come into effect from the assessment year 2024-25. This exempts dividend income earned by an IFSC unit primarily engaged in aircraft leasing business. However, the exemption is subject to the condition that the company paying the dividend should also be an IFSC unit and engaged in the aircraft leasing business

## 10. **Exemption from Thin Capitalization Rules for IFSC Finance Companies (Sec 94B)**

Finance companies set up in the IFSC will also be exempted from Section 94B of the Income Tax Act, popularly referred to as thin capitalization rules. It pertains to the deduction of interest expenditure incurred by an Indian company or a permanent establishment of a foreign company.

## GST Benefits of GIFT City

The Gujarat International Finance Tec (GIFT) City is broadly divided into 2 zones as per GST perspective:

- Special Economic Zone (SEZ)
- Domestic Tariff Area (DTA)

### Special Economic Zone (SEZ)

Section 2(19) of IGST Act 2017 provides that "SEZ shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005"

SEZ is a designated area where one can set up units to carry specific manufacturing and trading activities and provide certain services which is governed by Special Economic Zone Act, 2005 in India. The entity registered as SEZ supplier shall be considered a foreign territory which means that any goods and services going into SEZ shall be treated as exports (Zero Rated Supply) and goods and services coming from the SEZ as imports.

Sec 16(1) of IGST Act 2017 provides that zero-rated supply means any of the following supplies of goods or services or both, namely: -

- a. Export of goods or services or both; or
- b. Supply of goods or services or both for authorized operations to a Special Economic Zone developer or a Special Economic Zone unit."

Sec 16(2) of IGST Act 2017 provides that "Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply."

Sec 16(3) of IGST Act 2017 provides that "A registered person making zero rated supply shall be eligible to claim refund of unutilized input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed"

The International Financial Service Centre (IFSC) is a multi-service SEZ in Gift City to enhance the business of Banking, Finance, Capital Market, Asset Management, Insurance etc. in India. The IFSC is considered as SEZ unit which is exempted from GST by virtue of exemption provided to SEZ units under GST regulations.

A SEZ unit is not liable to pay tax on its outward supplies subject to certain conditions however it is eligible for full input tax credit on the inward supplies received in India and later may claim refund of the same by following the procedure laid down in the GST rules.

### Domestic Tariff area units

The Supplies of Units in Domestic Tariff area treated as per normal GST regulations applicable to local Indian entity.

## State Government Incentives

In addition to the benefits offered by the GIFT City SEZ and the IFSC, the Government of Gujarat offers additional incentives to specific business sectors and types of organizations for further ease of doing business. These incentives are in the form of capital/fiscal incentives and non-fiscal incentives. Moreover, the state government of Gujarat has formulated a special policy for IT/ITeS companies to further promote investment in the sector in Gujarat. In addition to the IT/ITeS policy, the state government has also released separate policies for Industries and Startups & Innovators. These state incentives are available to the DTA units and the SEZ units.

### 1. Gujarat IT & ITeS Policy 2022-2027

**Included Business Sectors:** IT & ITeS and FinTech.

#### Objective

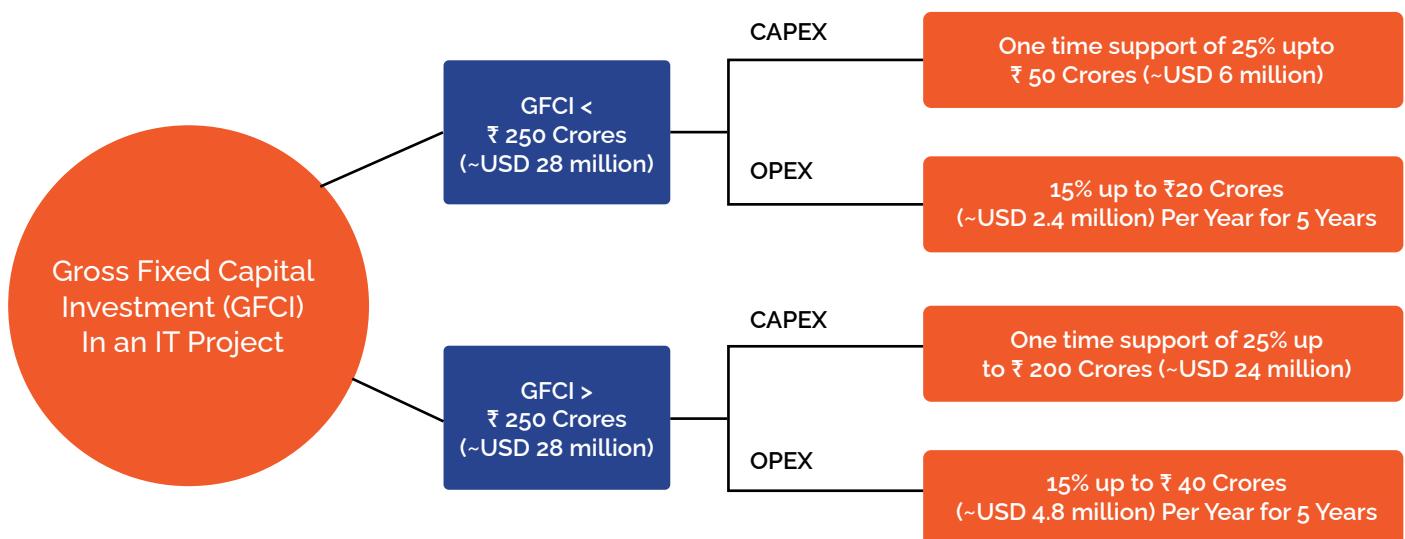
1. Registering units as 'New' or 'Expansion' units.
2. Facilitating investments and coordinating with infrastructure support providers.
3. Monitoring investment progress and reporting to the government.
4. Providing support to start-ups for growth.

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

- |   |  |
|---|--|
| 1. Call Centers   | 12. Emerging Technologies:<br>• Cybersecurity<br>• Big Data<br>• Artificial Intelligence (AI)<br>• Blockchain<br>• Machine Learning (ML) |
| 2. Bioinformatics   | 13. Revenue Accounting and Other Ancillary Operations  |
| 3. Medical Transcription                                      | 14. Web/Digital Content Development  |
| 4. HR & Payroll Processing                                    | 15. ERP/Software and Application Development   |
| 5. Insurance Claim Processing                                 |  |
| 6. GIS-Enabled Services                                       |  |
| 7. Knowledge Process Outsourcing (KPO)                        |  |
| 8. IT Support Centers   |  |
| 9. Website Services   |  |
| 10. Financial and Accounting Processing                       |  |
| 11. Back Office Operations/Business Process Outsourcing (BPO) |  |

## Benefits under Gujarat IT / ITeS Policy 2022-2027 for IT/ITeS Units

### 1. Fiscal Incentives - The CAPEX-OPEX Model



#### Note:

- GFCI (Gross Fixed Capital Investment):** This refers to the expenditure on constructing buildings, computers, software, networking hardware, and other related fixed assets required for producing products or services by an eligible unit. It excludes the cost of land and the expenditure on purchasing buildings.
- Capping of GFCI for New Buildings:** Under GFCI, expenditures on constructing new buildings are capped at ₹3,000 per square foot of built-up area. This cap applies based on a built-up area computation of 60 square feet per employee on the payroll of the eligible IT/ITeS unit.



## 2. Non-Fiscal Incentives for IT/ITeS Units

No.	Incentive Category	Description
1	Employment Generation Incentive ('EGI')	<p>Special incentives for IT/ITeS units that hire and retain new local employees for at least one year. One-time financial support for hiring new employees:</p> <ul style="list-style-type: none"> <li>• Male Employee: 50% of one month's CTC (Cost to Company) up to ₹ 50,000 (~USD 600)</li> <li>• Female Employee: 50% of one month's (~USD 600) CTC up to ₹ 60,000 (~USD 700)</li> </ul>
2	Interest Incentive	Eligible IT/ITeS units will receive an interest subsidy of 7% on term loans or the actual interest paid, whichever is lower, with a ceiling of 1 Crores (~USD 120,000) per annum for a maximum period of five years.
3	Atmanirbhar Gujarat Rojgar Sahay (Gujarat Self-Sufficiency Employment Support)	<p>Reimbursement of employer's contribution to Employees' Provident Fund (EPF) for five years.</p> <ul style="list-style-type: none"> <li>• Male Employee: 75% reimbursement</li> <li>• Female Employee: 100% reimbursement</li> <li>• There will be a per-employee ceiling of 12% of the basic salary plus the Dearness Allowance and retaining allowance. In the case of an expansion unit, this assistance will be available for an incremental employee count beyond that existed before undertaking expansion.</li> </ul>
4	Electricity Duty Incentive (EDI)	Eligible units can claim the entire electricity duty paid to Gujarat's government for five years.
5	Stamp Duty & Registration / Conversion fee	<ul style="list-style-type: none"> <li>• No Stamp duty or registration/conversion fee</li> <li>• Wherever cost is incurred, 100% reimbursement of Stamp Duty and Registration Fee paid</li> </ul>

### Additional Definitions:

1. **EPF:** Employees' Provident Fund is a retirement benefits scheme provided by the Employees' Provident Fund Organization (EPFO). The employee and the employer contribute to the EPF India scheme monthly in equal proportions of 12% of the basic salary and dearness allowance.
2. **Basic Salary:** Basic Salary refers to the amount of money an employee receives before any extras are added or payments are deducted. It excludes bonuses, overtime pay, or any other potential compensation from an employer.
3. **Dearness Allowance:** The government offers dearness allowance as a cost-of-living adjustment to public sector employees. It is a component of an employee's salary that helps fulfill the accommodation requirements. Only public sector employees are eligible for dearness allowance.
4. **Stamp Duty:** Stamp duty is a tax paid to the government on executing legal documents, such as property transactions, agreements, and share transfers. The duty is proof of the transaction's legality and ensures the document is legally enforceable.

### 3. Special Incentives for IT Infrastructure & Ancillary IT Services

To further develop the ancillary and support services for the IT/ITeS Sector, namely Cloud Ecosystem, Data Centers, and IT-focused infrastructure, the Government of Gujarat has earmarked special incentive.

#### a. Fiscal Support for Cloud Ecosystem

Sr. No	Support for	Capex Support	OPEX Support
1	Cloud Ecosystem	One-time support up to 25 percent of the eligible CAPEX expenditure subject to a maximum ceiling of INR 20 crore (~USD 2.4 million). the disbursement will be done in 20 equal installments.	A power tariff subsidy of INR 1 per unit (~₹ 1.2) unit for a period of five years
2	Data Centers	One-time support of up to 25 percent of the eligible CAPEX expenditure is subject to a maximum ceiling of INR 150 crore (~USD 18 million). the disbursement will be done in 20 equal installments.	

#### b. Fiscal Support for IT City/Township

Sr. No	Support for	Capex Support	OPEX Support
1	IT City/Township	<p>One-time support up to 25 percent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 20 crores (~USD 2.4 million).</p> <p>The disbursement will be made in 20 equal installments.</p>	<ul style="list-style-type: none"> <li>If the project is developed in a single phase, then 2 years from the receipt of Occupancy Certificate / Building Use (BU) permission for the IT Office building or 31 March 2028, or earlier.</li> <li>If the project is developed in a phased manner, then 2 years from the receipt of Occupancy Certificate / Building Use (BU) permission for the IT Office building in the last phase or 31 March 2028, Whichever is earlier.</li> </ul>

**Note:** The Start of commercial operations for IT City/Township is determined by the receipt of BU permission / Occupancy certificate for the IT Office space, and such certification must be obtained before the end of the operative period of the Policy.

#### 4. Non-Fiscal Incentives for all IT/ITeS units

No.	Incentive Category	Description of Support
1	Facilitation for 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 can self-certify without inspections under the Factory Act, Maternity Act, Minimum Wages Act, etc.
3	Investor Facilitation Center	A common platform will link all industries, and a 24/7 centralized helpdesk call center will be developed.
4	Preferential Market Access	The government will offer unique opportunities to IT/ ITeS units to tap into the government market by encouraging Gujarat-based companies of the IT/ ITeS sector 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. Scheme for assistance for Startups/ Innovation – Gujarat Industrial Policy 2020

##### a. For Innovators

To provide impetus to innovation in the state, the Gujarat Government has devised a special scheme for innovators across sectors and industries to help them kick-start their businesses. An innovator is defined as an individual who undertakes an innovative project and demonstrates a novel idea/innovation. However, the innovator has to register their innovation project as a startup in order to avail themselves of this assistance.

The assistance under this scheme shall be provided for innovative projects in any sector or any faculty/ branch of science/technology/ agriculture/healthcare, and other non-sectoral innovations, effectively making this a sector-agnostic scheme.

##### I. Sustenance Allowance

Benefit Details	INR 10,000 (~USD 120) - per month will be provided to the innovator as a sustenance allowance for one year.
Eligibility Criteria	Any individual or group of individuals with an innovative idea or concept will be eligible whose project is recommended and approved by the institution's Screening Committee.
Application Procedure	<ul style="list-style-type: none"> <li>Obtain a recommendation from a recognized institution for your innovative idea/concept proposal.</li> <li>Apply online for monetary benefit by filling out a standard form online.</li> <li>The Committee will screen and approve the idea/concept of an individual or group of individuals duly recommended by the institution.</li> <li>Innovators whose proposal is approved by the committee will be eligible for a one-year sustenance allowance, and the Industries Commissioner will pay it.</li> </ul>

## II. Infrastructure Allowance

Benefit Details	Innovators can use facilities available in the recognized institutions for startups.
Eligibility Criteria	Any individual/group with an innovative idea/concept will be eligible if the project is recommended and approved by the institution's screening committee.
Application Procedure	<ul style="list-style-type: none"> <li>Obtain a recommendation from a recognized institution for your innovative idea/concept proposal.</li> <li>Apply online for monetary benefit by filling out a standard form online.</li> <li>The Committee will screen and approve idea/concept of an individual or group of individuals duly recommended by the institution.</li> </ul>

## III. Mentoring Allowance

Benefit Details	<ul style="list-style-type: none"> <li>Recognized institutions will provide mentorship to innovators</li> <li>Govt. will support selected innovators for free access to Universities/Libraries/ Govt. Laboratories/SDCs(GIDC)/CoE/PSUs to have more clarity on his innovative ideas/concept</li> </ul>
Eligibility Criteria	Any individual/group with innovative ideas/Concepts will be eligible for whose project is recommended and approved by the institution's Screening Committee.
Application Procedure	<ul style="list-style-type: none"> <li>Obtain a recommendation from a recognized institution for your innovative idea/concept proposal.</li> <li>Apply online for the benefit by filling out a standard form online.</li> <li>The Committee will screen and approve idea/concept of an individual or group of individuals duly recommended by the institution.</li> </ul>

## IV. Marketing Allowance

Benefit Details	Marketing/publicity assistance of up to INR. 10.00 lakhs (~USD 120,000) will be provided for the introduction of innovative product in the market.
Eligibility Criteria	Any individual or group with an innovative idea or concept will be eligible if the project is recommended and approved by the institution's screening committee.
Application Procedure	<ul style="list-style-type: none"> <li>Obtain a recommendation from a recognized institution for your innovative idea/concept proposal.</li> <li>Apply online for monetary benefit by filling out a standard form.</li> <li>The Committee will screen and approve the idea/concept of an individual or group of individuals duly recommended by the institution.</li> <li>Innovators whose proposal is approved by the committee shall apply to Industries Commissioner for marketing allowance.</li> </ul>

## b. For Nodal Institutions

For better governance of the startup schemes, the government also offers special assistance to nodal institutes that are involved with innovation. In practice, a Nodal Institute is an institute that intend to nurture and develop startups through resources, mentorship, networking, and other common services such as infrastructure, equipment and facilities available in the institute.

### I. Sustenance Allowance

#### a. For Incubators

Benefit Details	Eligible incubators shall receive support for recurring expenses as operational assistance up to 50% of actual expenses, up to a limit of INR. 5 lakhs (~USD 6,000) per year.
Eligibility Criteria	The host institute seeking a grant from the state government to set up incubators has to register with the nodal agency.

#### b. For Mentoring Services

Benefit Details	Up to INR. 5 Lakhs (~USD 6,000) assistance will be provided to the institution for mentoring service annually.
Eligibility Criteria	Universities/education institutions, Incubation centres/PSUs/R&D Institutions/ Private and other establishments will be eligible as an institution to support and mentor innovators as approved by the Committee.
Application Procedure	<ul style="list-style-type: none"><li>Submit a proposal to the Industries Commissioner's office for approval of the Committee as Nodal Institute</li><li>Apply online for the monetary benefit by filling a standard form</li><li>Submit a proposal to the Industries Commissioner's office to avail assistance in providing mentoring services</li><li>The committee will sanction the assistance based on the number of innovators</li><li>Assistance to the Nodal Institution will be released by Industries Commissioner</li></ul>

### II. Infrastructure Assistance

#### a. For Capacity Development and Expansion

Benefit Details	Eligible Host institutes shall be provided with a capital grant of up to 50% of the Fixed cost of Investment (Investment made in plant, machinery, and equipment but shall exclude land and building) for setting up an incubator, subject to a maximum of INR. 50 Lakhs (~USD 60,000). The same limit shall be extended to existing incubators for capacity expansion subject to capacity utilization of the existing incubator for 2 years.
Eligibility Criteria	The host institute in quest of grant from state government to set up incubators has to be registered with the nodal agency.
Application Procedure	Apply to Nodal Agency

b. For Product Development

Benefit Details	Up to INR. 10.00 Lakhs (~USD 120,000) assistance will be provided for Cost of Raw Material/Components & other related equipment required for the innovative process for the new product development.
Eligibility Criteria	Universities/education institutions, Incubation Centre/PSUs/R&D Institutions/ Private and other establishments will be eligible as an institution to support and mentor to innovators as approved by Committee.
Application Procedure	<ul style="list-style-type: none"> <li>Submit a proposal to Industries Commissioner's office for approval of Committee as Nodal Institute</li> <li>Apply online for the monetary benefit by filling a standard form</li> <li>Submit proposal to Industries Commissioner to avail assistance for Cost of Raw material/ components &amp; other related equipment required for innovation</li> <li>The committee will sanction the assistance based on number of innovators</li> <li>Industries Commissioner will release assistance to the Nodal Institution</li> </ul>



Despite being an IFSC, the GIFT City offers a multitude of opportunities for investment across various industry segments. However, we at J P Chawla & Co. LLP have analyzed a few high-growth sectors that are well-suited for operations in the GIFT City:

1. IT & ITES Sector
2. Corporate Ancillary Services
3. Fintech in GIFT IFSC
4. University in GIFT City, India
5. Global Inhouse Centers
6. Fund Management Entity

## Business Proposition for these opportunities

### 1. IT/ITeS Sector

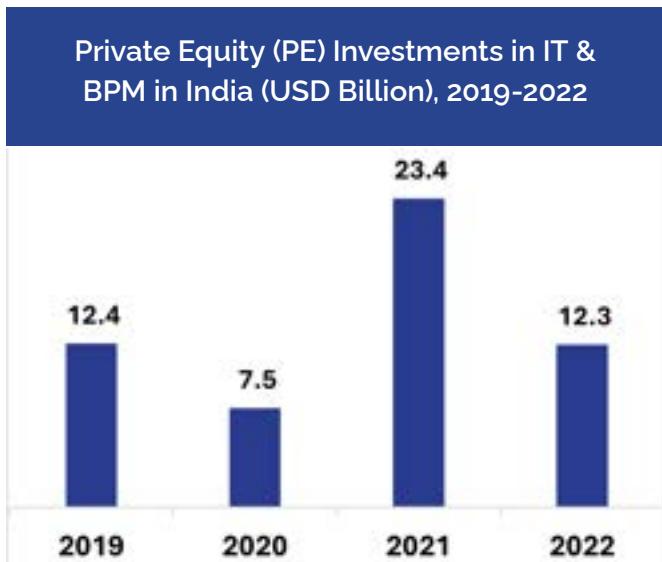
India is emerging as a global hub for "Digital Skills," with its IT/ITeS sector playing a key role in driving employment and creating economic value on the world stage. Gujarat's GIFT City is committed to accelerating the growth of the IT/ITeS industry by fostering a dynamic, inclusive ecosystem and providing robust infrastructure.

To further boost the Information Technology sector within GIFT City and attract entrepreneurs to establish their businesses in Gujarat, the Government of Gujarat introduced the IT Policy 2022-27, effective February 7, 2022. This policy will remain in force until March 31, 2027, or until a new or revised policy is declared, whichever comes first.

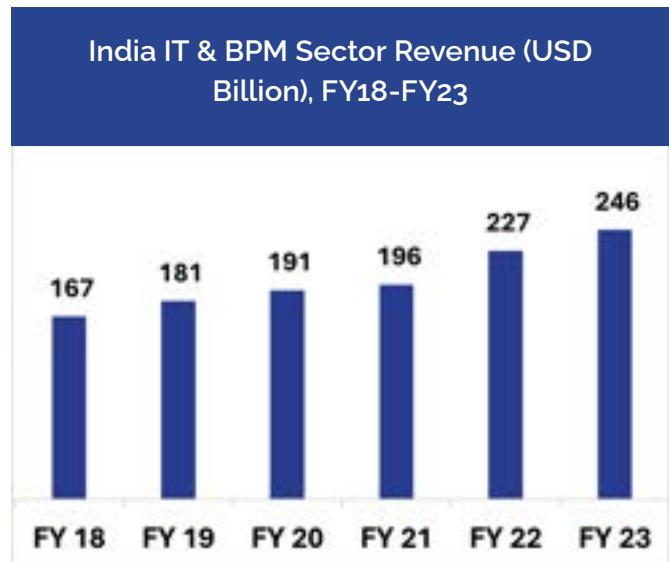
GIFT City presents abundant opportunities for IT and IT-enabled services (IT/ITES) companies looking to expand or establish operations in India. Here are the key highlights:

### Business Outlook

- **Robust Market:** India's IT industry is projected to reach USD 350 billion by 2026, contributing 10% to its GDP. Furthermore, IT spending in India is projected to grow by 11.1% in 2024, reaching USD 138.6 billion, up from USD 124.7 billion the previous year.
- **Global Delivery Center:** Accelerated adoption of digital technologies continues to reshape business operations, customer interactions, and industry landscapes. Organizations increasingly invest in cloud computing, AI, cybersecurity, and digital platforms to enhance agility, efficiency, and competitiveness.
- **Focus on Digital Transformation:** Businesses across all sectors increasingly embrace digital transformation, driving demand for IT services like enterprise application services, data analytics, and cloud migration.



Source: IBEF



Source: IBEF

### Benefits of Setting Up in GIFT City

- **Strong Policy Support:** In 2022, the Gujarat government introduced the Gujarat IT/ITeS Policy 2022-2027, aiming to boost investments and create employment opportunities.
- **World-Class Infrastructure:** State-of-the-art IT infrastructure with high-speed internet connectivity and secure data centers, supporting robust and efficient operations.
- **Talent Pool:** The availability of a skilled workforce with expertise in IT, software development, data science, and related fields provides a competitive edge.
- **Business Ecosystem:** Proximity to leading financial institutions and potential clients within GIFT City, fostering a collaborative and innovative environment.
- **Dedicated IT & ITES SEZ:** A dedicated Multi-services SEZ within GIFT City caters to IT/ITES businesses. This zone provides several benefits, including tax advantages and streamlined regulations.
- **Favorable Regulatory Framework & Tax Advantages:** The International Financial Services Centers Authority (IFSCA) offers a more flexible and innovation-friendly regulatory framework than traditional Indian regulations. Additionally, Companies operating within GIFT City may enjoy tax benefits on profits earned from export activities.

### Opportunities for IT/ITeS Companies in the GIFT SEZ Area

- Setting up Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) units
- Engaging in Web/Digital Content
- Establishing Research and Development (R&D) facilities for IT companies
- Setting up Vertical IT/ITeS Parks
- Launching operations for E-Commerce companies through a Global In-house Center of a Global Capability Center (GIC/GCC)

## 2. Corporate Ancillary Services

GIFT City provides an ideal environment for the growth of ancillary services such as professional and management consulting, legal activities, accounting, bookkeeping, and more, catering to the diverse needs of businesses within its boundaries.

### Permissible Ancillary Services

1. Legal activities and Compliance and Secretarial Services
2. Accounting, Auditing, Bookkeeping & Taxation Services
3. Professional and Management Consulting Services
4. Administration, Trusteeship, Assets Management Support Services

### Business Outlook

1. **Market Growth:** India's expanding business landscape fuels demand for critical services such as accounting, auditing, and advisory, supporting its ambition of achieving a trillion-dollar economy.
2. **Huge Export Market:** India's exports of professional and management consulting services amounted to USD 36.95 billion in 2021-22. SEPC reports that FDI equity inflows into the Indian consulting services industry reached a milestone of USD 1.05 billion in FY 2020, contributing to USD 8.7 billion in investments from April 2000 to March 2023.
3. **Cost-Effectiveness:** Compared to developed economies, India offers competitive access to a skilled workforce, making ancillary service providers cost-effective for businesses.
4. **Increasing Complexity:** Businesses are navigating increasingly complex legal, regulatory, and tax environments. This requires specialized expertise that ancillary service providers can offer.

India Consulting Services Export Trends in 2021-22		
S.No	Sectors	Export Value (USD Million)
1.	Professional & management consulting services	36,995
a.	Legal services	1,052
b.	Accounting, auditing, book-keeping services	1,753
c.	Business and management consultancy and public relation services	21,301
d.	Advertising, trade fair services	4,507
e.	Architectural services	416
f.	Engineering Services	7,666
g.	Tax consulting services	261

Source: Reserve Bank of India

## Benefits of Setting Up in GIFT City

**Targeted Clientele:** GIFT City houses a concentration of financial institutions, IT/ITES companies, and other businesses operating within a globalized framework. This provides a readily available client base for ancillary services.

**Regulatory Advantages:** GIFT City's regulatory framework is designed to be more flexible and internationally aligned compared to the broader Indian market. This simplifies business operations and can attract international clients.

**Favorable Regulatory Framework & Tax Advantages:** The International Financial Services Centers Authority (IFSCA) offers a more flexible and innovation-friendly regulatory framework than traditional Indian regulations. Additionally, Companies operating within GIFT City may enjoy tax benefits on profits earned from export activities.

### 1. Legal services, Compliance & Secretarial Services:

- **Legal Services:**

- **Legal advisory services:**

Legal advisory services shall include tendering legal opinions, drafting legal documents, including pleadings, and representing before IFSCA or entities regulated by it. It shall also include research and other work for the preparation of a non-judicial case (e.g., researching legal documentation and reviewing reports) and the execution of post-litigation work.

- **Legal documentation and certification services:**

Preparation, drawing up, and certification services of legal documents. These services comprise related legal services, including the provision of advice and the execution of various tasks necessary to draw up or certify documents, including commercial contracts, business charters, etc.

- **Other legal advisory and information services:**

Advisory services to clients related to their legal rights and obligations and providing information on legal matters not classified elsewhere. This includes services such as escrow and settlement services.

- **Compliance & Secretarial Services:**

Compliance Services means providing advice, consultancy, assistance, or other related services for fulfilling legal obligations/compliances under various laws for the time being in force;

- Secretarial services about any applicable law, including laws of foreign jurisdictions.

### 2. Accounting, Auditing, Bookkeeping & Taxation Services:

- **Accounting and auditing services:**

- **Financial auditing services:**

Examination of an organization's accounting records and other supporting evidence to express an opinion as to whether the organization's financial statements present its financial and operational position fairly on a given date, according to generally accepted accounting principles.

- **Accounting review services:**

We are reviewing services of annual and interim financial statements and other accounting information. The scope of a review is less than that of an audit, and therefore, the level of assurance provided is lower.

- **Compilation of financial statements services:**

This includes a compilation of financial statements from information provided by the client. No assurances regarding the accuracy of the resulting statements are provided. This service shall also include the preparation services of business tax returns when supplied as a bundle with the preparation of financial statements for a single fee.

- **Other accounting services:**

Other accounting services include attestations, valuations, preparation services of pro forma statements, etc.

- **Bookkeeping services, except tax returns:**

Bookkeeping services consist of classifying and recording business transactions in terms of money or some unit of measurement in the books of account.

- **Taxation Services:**

- **Business Tax Planning and Consulting Services:**

Advisory services to enterprises to do tax planning.

- **Business Tax Preparation and Review Services:**

Services consist of preparing or reviewing various returns and reports required for compliance with income tax laws and regulations and representing them before the tax authorities. This may also include tax planning and control.

- **Other Tax Related Services:**

Services consist of assisting entities in tax planning and preparing all documentation required by law.

### **3. Professional and Management Consulting Services:**

- **Professional Services:**

**Professional Services provided by any of the service providers about the following:**

- a. Advisory Services to entities within IFSC about a financial product or any other advisory services as required in connection with their business in IFSC or their business with an Indian company or an overseas company;
- b. Advisory Services to companies/entities outside India about their business or investment activity, including in India or in IFSC;
- c. Advisory services are provided to companies/entities in India about their business or investment activities outside India or in IFSC.

- **Management Consulting Services:**

- **General management consulting services:**

Advisory, guidance, and operational assistance services concerning business policy and strategy and an organization's overall planning, structuring, and control. More specifically, general management consulting assignments may deal with one or a combination of policy formulation, determination of the organizational structure (decision-making system) that will most effectively meet the objectives of the organization, legal organization, strategic business plans, defining a management information system, development of management reports and controls, business turnaround plans, management audits, development of profit improvement programs and other matters which are of particular interest to the higher management of an organization.

- **Financial management consulting services (except business tax)**

Advisory, guidance, and operational assistance services concerning financial-in-nature decision areas, such as working capital and liquidity management, determining an appropriate capital structure, analyzing capital investment proposals, developing accounting systems and budgetary controls, business valuations prior to mergers and/or acquisitions, etc.

- **Marketing management consulting services:**

Advisory, guidance, and operational assistance services are provided concerning an organization's marketing strategy and operation. Marketing consulting assignments may deal with one or a combination of analysis and formulation of a marketing strategy, formulation of customer service and pricing policies, sales management and staff training, organization of distribution channels (sell to wholesalers or directly to retailers, direct mail, franchise, etc.), organization of the distribution process, package design and other matters related to the marketing strategy and operations of an organization.

- **Administration, Assets Management Support Services and Trusteeship Services:**

- **Administration Services:**

Offering support services about safeguarding and administering assets consisting of financial products belonging to another person or agreeing to do so.

- **Assets Management Support Services:**

Offering support services to Asset Management Companies. Providing services for maintaining various physical assets belonging to or used by another person.

- **Trusteeship Services:**

Trusteeship services related to debentures, bonds, management of private trust, external commercial borrowing, facility and escrow agent, safe keeping, and other related financial services.

#### **Eligibility Conditions:**

The following entities are eligible to act as a service provider so as to provide permissible ancillary services pertaining to activities in relation to financial products, financial services and financial institutions in the IFSC:

- Any existing or newly incorporated entity set up in the IFSC or
- Any Indian or foreign incorporated entity by establishing a branch or subsidiary.

#### **Approvals:**

Approvals required to be obtained for setting up a unit as an Ancillary Service Provider in the IFSC are as follows:

- Approval from SEZ authorities (not required in case of existing entity in IFSC)
- Approval from the IFSC Authority

#### **Service Recipients:**

Service providers can provide permissible services to any one or more of the following:

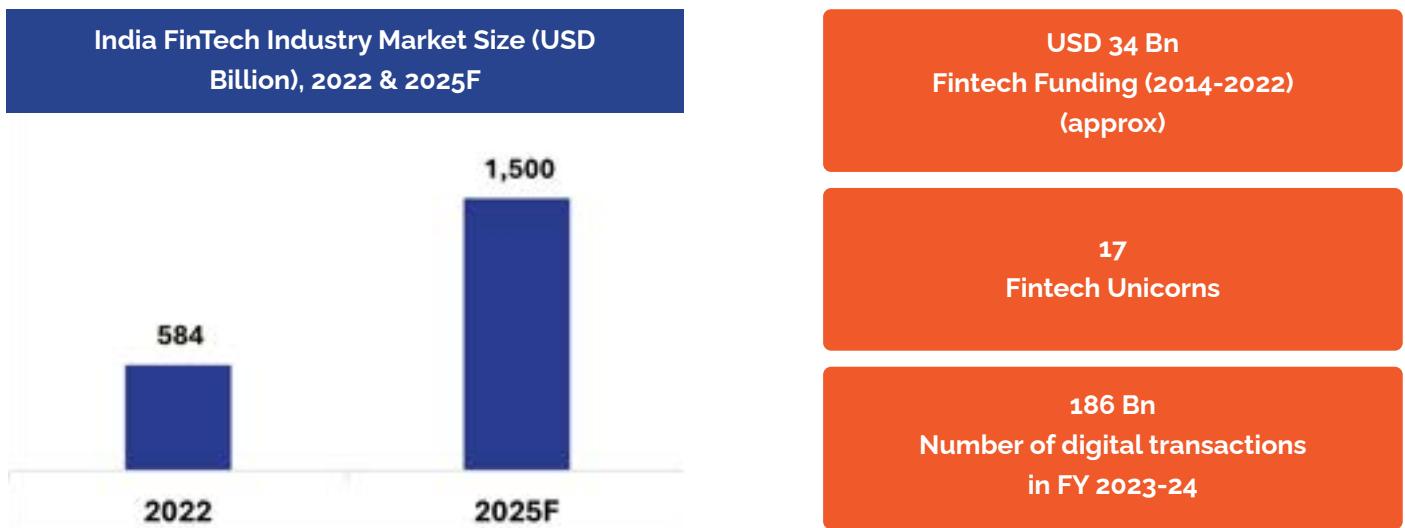
- Entity(ies) set up in the IFSC;
- Financial services entities from foreign jurisdictions for various activities in the IFSCs in India or other related activities overseas;
- Indian entities who propose to open, set up or carry out operations in IFSCs or foreign jurisdiction, provided consideration is received in freely convertible foreign currency.

### 3. Fintech

India's fintech sector is experiencing phenomenal growth, fueled by a large and tech-savvy population, increasing internet and mobile penetration, and a supportive government framework.

#### Business Outlook

- Growing Digital Payments:** By 2025, daily transactions on the UPI platform could reach 1 billion, reflecting a 76% rise in transaction volume and a 91% increase in transaction value observed in 2022.
- Increasing Internet & smartphone penetration:** India currently ranks second globally in terms of smartphone users and Internet users, with projections indicating approximately 1 billion Internet users by 2026. The number of households with Internet access is expected to rise by 46%, reaching 233 million by 2026, up from 160 million in 2021.
- Favorable Demographics:** 68% of India's population is young, with 55% aged between 20 and 59, projected to rise to 56% by 2025. By 2030, India is set to add 140 million middle-income and 21 million high-income households, fueling growth in the FinTech sector.



#### Benefits of Setting Up in GIFT City

- Regulatory Sandbox:** GIFT City provides a regulatory sandbox environment allowing controlled experimentation with new fintech products and services before a full-scale launch.
- Favorable Regulatory Framework & Tax Advantages:** The International Financial Services Centers Authority (IFSCA) offers a more flexible and innovation-friendly regulatory framework than traditional Indian regulations. Additionally, Companies operating within GIFT City may enjoy tax benefits on profits earned from export activities.
- Skilled Talent Pool:** GIFT City attracts a growing pool of professionals with expertise in finance and technology, aiding talent acquisition.

**Proximity to Financial Institutions:** GIFT City's location fosters collaboration and networking with banks, insurance companies, and other financial institutions.

**Strong Government Support:** The IFSCA FinTech Incentive Scheme 2022 provides financial grants to domestic and foreign FinTechs in GIFT IFSC, aiming to spur innovation, attract investment, and enhance the sector's growth.

Fintech includes financial technology solutions that result in new business models, applications, processes, or products in financial services regulated by the Authority or advanced/innovative technology solutions that aid and assist activities in relation to financial products, financial services, and financial institutions.

Fintech or Techfin's business structure is broadly divided into direct authorization of FinTech, TechFin, and FinTech Sandbox. The direct Authorization process streamlines FinTechs' entry into GIFT IFSC, fostering innovation and growth in the ecosystem.

Further, the following are the permissible FinTech areas/activities for Direct Authorization: -

- a. A financial technology solution that results in new business models, applications, processes, or products in financial services regulated by the Authority; and/or
- b. An advanced or emerging technology solution in areas/activities that aid and assist activities about financial products, financial services, and financial institutions.

**Framework for Direct Authorization to Fintech Business:**

**Eligibility:** An Applicant shall be required to meet the following eligibility criteria to make an application to IFSCA for Authorization:

I. Where the Applicant is from India:

- a. An entity registered with the Department for Promotion of Industry and Internal Trade (DPIIT) as a start-up entity relating to FinTech;  
or
- b. An entity incorporated as a company under the Companies Act 2013, or as a Limited liability Partnership (LLP) under the Limited liability Partnership Act, 2008 or a 'Branch' of an Indian company or LLP in IFSC;  
or
- c. An entity working directly or indirectly in the ecosystem regulated by a domestic financial sector regulator.

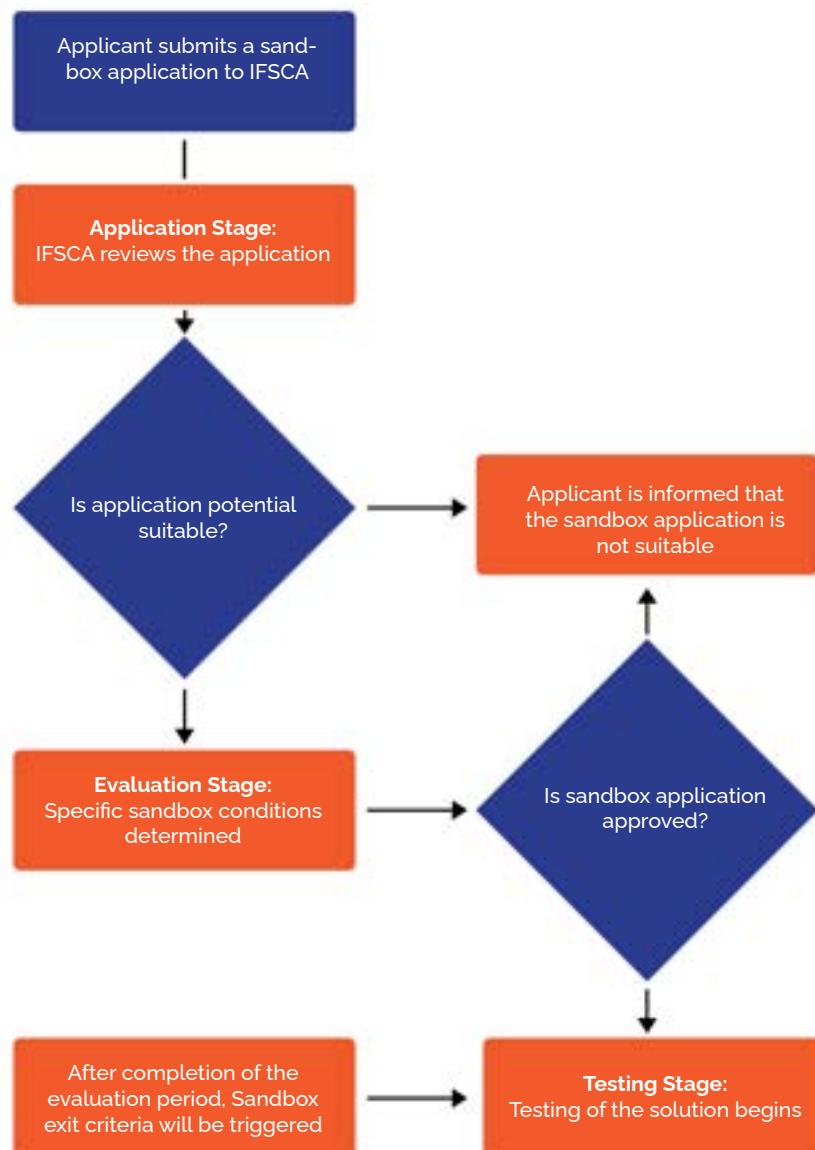
## II. Where the Applicant is from Outside India - An entity from FATF compliant Countries/jurisdictions;

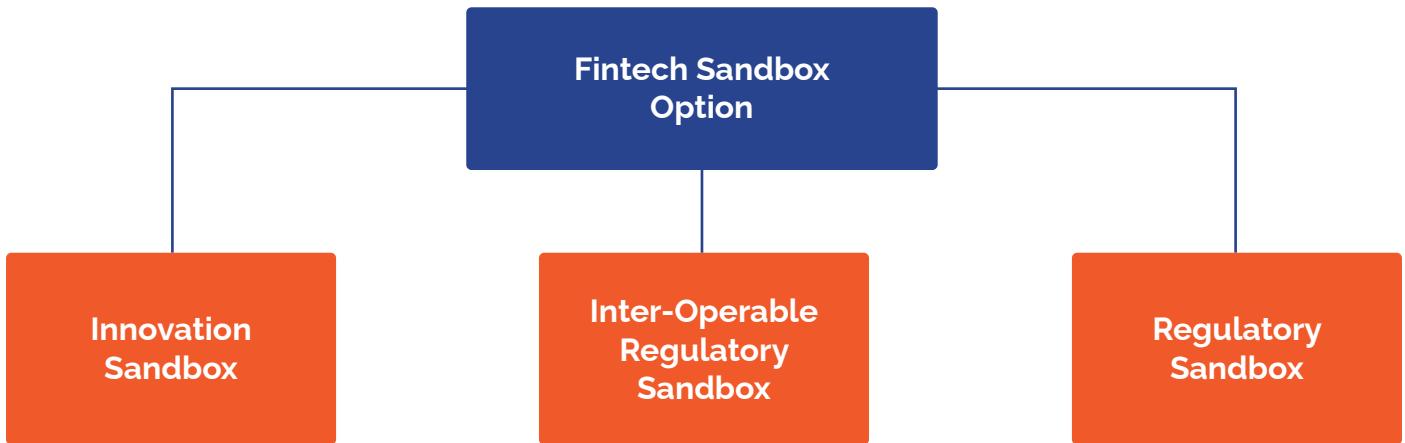
1. The Applicant proposes to use technology in its core product or service, business model, distribution model, or methodology to solve the problem being targeted.
2. The Applicant must have:
  - a. a deployable solution/working product; and
  - b. a revenue-earning track record in at least one of the last three financial years.

### What is FinTech Sandbox?

A fintech sandbox is a controlled environment provided by regulatory authorities where startups and companies can experiment with innovative financial products, services, or business models. It allows these entities to test their solutions in a secure and regulated space without fully complying with the standard regulatory requirements during the trial phase.

#### Sandbox Application and Approval.





In addition to the above, there is one more option term, "Overseas Regulatory Referral Mechanism," which refers to a cooperation mechanism between the authority and any overseas financial sector regulator for facilitating Fintechs that would like to operate in each other's jurisdiction.



## Framework for Sandbox

Basis	Regulatory Sandbox	Inter-Operable Regulatory Sandbox (IORS)	Innovation Sandbox
Highlights	<p>This means a live environment with a limited set of real customers for a limited timeframe wherein entities operating in the capital market, banking, insurance and other financial services space in IFSC shall be granted certain exemptions/ relaxations from the applicability of certain regulatory provisions for experimenting FinTech Ideas and solutions;</p>	<p>Refers to the testing environment for innovative hybrid financial products/ services falling within the regulatory horizon of more than one domestic financial sector regulator.</p>	<p>means a testing environment where Fintech Entities can test ideas that add value to their financial products or services offered in IFSC.</p>
Eligibility entities	<p>a. Applicant from India:</p> <ol style="list-style-type: none"> <li>1. An Entity registered with the Department for promotion of Industry and Internal Trade(DPIIT) as a start-up entity relating to FinTech</li> </ol> <p>or</p> <ol style="list-style-type: none"> <li>2. An entity incorporated as a Company under the Companies Act, 2013 or as a Limited Liability Partnership (LLP) under the Limited Liability Partnership Act, 2008 or a Branch of an Indian Company or LLP in IFSC</li> <li>3. An entity working directly or indirectly in the system regulated by domestic financial sector regulator.</li> </ol> <p>b. Applicant from Outside India-An incorporated entity or a branch of an incorporated entity from FATF compliant countries/jurisdictions.</p>	<p>-do-</p>	<p>-do-</p>

	<p>This means a live environment with a limited set of real customers for a limited timeframe wherein entities operating in the capital market, banking, insurance and other financial services space in IFSC shall be granted certain exemptions/relaxations from the applicability of certain regulatory provisions for experimenting FinTech Ideas and solutions;</p>	<p>Refers to the testing environment for innovative hybrid financial products/ services falling within the regulatory horizon of more than one domestic financial sector regulator.</p>	<p>means a testing environment where Fintech Entities can test ideas that add value to their financial products or services offered in IFSC.</p>
Eligibility criteria for conduct testing	<p>Proposed solution must include following:</p> <ol style="list-style-type: none"> <li>1. Genuineness of Innovation</li> <li>2. Genuine need to test.</li> <li>3. Limited prior testing</li> <li>4. Direct benefits to users.</li> <li>5. No risks to the financial system.</li> <li>6. Testing readiness of the solution.</li> <li>7. Deployment post testing</li> </ol>	-do-	<ul style="list-style-type: none"> <li>• All entities registered with the Securities &amp; Exchange Board of India ('SEBI'), Reserve Bank of India ('RBI'), Insurance Regulatory Development Authority ('IRDA') and Pension Fund Regulatory and Development Authority ('PFRDA');</li> <li>• All startups registered with Startup India and meeting the criteria of a start-up as defined in the Gazette notification of the Department for Promotion of Industry and Internal Trade;</li> <li>• Companies incorporated and registered in India;</li> <li>• Companies incorporated and regulated in Financial Action Task Force ('FATF') compliant jurisdictions by a financial services or banking or capital market or insurance or pensions regulator and who are having subsidiaries/ branch offices/ representative offices in IFSC;</li> <li>• Individual citizens of India; and</li> <li>• Individuals from FATF compliant jurisdiction.</li> </ul>
Application process	<p>Application meeting all the eligibility criteria and duly signed by authorized representative shall be submitted to IFSCA at fe-sandbox@ifsc.gov.in</p>	-do-	-do-

## **Permissible Activities:**

- a. Financial Technology (FinTech) solutions resulting in new business models, applications, processes, or products in financial services regulated by the authority, such as Digital lending, robo advisory, Crowd Lending, and Open Banking.
- b. Techfin solution, which provides assistance regarding financial products, services, and financial institutions, such as Agritech, Regulatory Tech, Supervisory Tech Artificial Intelligence, etc.

## **Application and Authorization Process**

Application complete in all respect and duly signed by an authorized person of the applicant shall be submitted at [fe-sandbox@ifsc.gov.in](mailto:fe-sandbox@ifsc.gov.in) for the evaluation process and authority on being satisfied concerning eligibility criteria grant authorization, subject to the conditions that the Applicant:

- a. separately incorporates an entity in the IFSC; or
- b. establishes a branch or a subsidiary of an Indian or Foreign incorporated entity in IFSC.

## **Compliances:**

Fintech Entities are required to submit the following information to the IFSCA:

- a. Duly certified copy of its audited annual financial statements within 30 days of its finalization.
- b. Details of regulatory action, if any, within 15 days from receipt of notice for initiation of regulatory action.
- c. Every Fintech Entity shall submit the financial information to IFSCA in US Dollars unless otherwise specified by the IFSCA.
- d. The Fintech Entity shall appoint an authorized person to represent the Fintech Entity before the Authority.
- e. The Fintech Entity shall transact in freely convertible foreign currency only.

## **The process involved in setting up Fintech company in GIFT City**

The Scheme aims to provide financial incentives to the following category of FinTechs:

- a. Domestic FinTech firms wanting to go global Foreign Fintech firms who wish to come to GIFT IFSC;
- b. Domestic FinTech firms aim to grow their Indian business or want to explore operations under regulatory sandboxes, Proof of Concept (PoC), etc., in IFSCs.

## **IFSCA Fintech Regulatory Sandbox**

- Submission of application to IFSCA in the prescribed format
- Pre-screening (eligibility, relevance, priority, etc.)
- Initial Screening (includes pitch by FinTech applicant)
- Evaluation Committee (Makes recommendation to final approving Authority)
- Approval process within Sandbox
- Limited Authorization for testing in the Regulatory Sandbox
- Successful testing will result in authorization as a FinTech entity in IFSC.

## **Direct Fintech Authorization**

Direct Authorization Process for FinTech and TechFins

- Submission of application to IFSCA in the prescribed format
- Pre-screening (eligibility, relevance, priority, etc.)
- Initial Screening includes pitch by FinTech applicant
- Evaluation Committee makes a recommendation to final approving Authority.
- Authorization to operate in GIFT IFSC

## 4. Foreign Universities

The Indian government has opened its doors to foreign universities, creating a potential market for setting up International Branch Campuses (IBC) or offering online programs. This caters to the growing demand for high-quality international education in India. Furthermore, Deakin University and the University of Wollongong have already established campuses in GIFT City.

### Business Outlook

1. India is witnessing a rising demand for international education, especially in specialized fields aligned with GIFT City's focus areas, such as finance, technology, and law. According to industry reports, approximately 1 million Indian students enrolled in foreign universities in 2023, with around 85% of them choosing to study in the US, Canada, Australia, and the UK.
2. Potential to attract students from across Asia and Africa seeking a globally recognized degree within a vibrant financial hub. According to the All-India Survey of Higher Education (AISHE) report from 2021-22 (latest edition), about 47,000 students from over 170 countries were studying in India. This number has grown by 35% between 2013-14 and 2021-22.
3. Opportunity to partner with financial institutions and businesses in GIFT City for internships, research collaborations, and placements, such as Amazon, Bank of America, Capgemini, Cognizant, Google, LIC, SBI, TCS, Wipro, etc., as well as Banks, Aircraft and Ship Leasing Companies, Finance Companies, FinTech, Insurance Companies, Stock Exchanges, and prominent AIFs, which are setting up their base within GIFT City.

### Eligibility for Foreign Universities to Open a Campus in GIFT City

1. Ranked in the top 500 universities in the world by a list approved by the University Grants Commission (UGC) India.
2. Permissible Subject Areas: Offer courses and research in Financial Management, FinTech, and STEM fields.
3. Demonstrable financial resources to establish and maintain operations.

### Benefits of Setting Up in GIFT City

1. **Liberalized Regulatory Framework:** Compared to the rest of India, GIFT City offers a more liberal regulatory environment. This can expedite approvals and simplify the setup process.
2. **Tax Advantages:** Foreign universities in GIFT City enjoy exemption from income tax for 10 out of the first 15 years.
3. **Focus on International Finance and Technology:** GIFT City's focus on financial services and technology provides a unique opportunity to develop specialized academic programs in these areas.



## The Process Flow for Registration of IBC in GIFT City

- I. The applicants shall submit the application to IFSCA in the prescribed format and parallelly submit a proposal and presentation to the Committee of Experts set up by GIFT City.
- II. The application submitted to the Authority will be referred to the Committee of Experts by GIFT City
- III. The Committee, on receipt of the proposal and application, will set up a meeting with the applicant for presentation of their proposal and implementation plan.
- IV. Based on the evaluation of the proposal, the Committee will issue a recommendation letter to the IFSCA.
- V. IFSCA will grant an in-principal approval to the applicant.
- VI. The applicant shall set up all required infrastructure, engage necessary manpower, etc., within 180 days of issuance of in-principal approval.
- VII. The applicant shall parallelly file application to Ministry of Corporate Affairs for setup of Private Limited Company/Limited Liability Partnership or Branch of parent (foreign entity.) Also, with the Reserve Bank of India for necessary approval in case of setting up a Branch of parent (foreign entity)
- VIII. The applicant shall apply for PAN, GSTIN.
- IX. The applicant shall identify a space for establishing the campus in GIFT SEZ and obtain a Provisional Letter of Allotment.
- X. On receiving the Provisional Letter of Allotment, the applicant shall make an application to the SEZ Authority in Form-F to "The Office of Development Commissioner (DC)", GIFT SEZ;
- XI. The IFSCA on being satisfied that the applicant fulfills all the conditions for the grant of registration, may issue a Certificate of Registration, with or without condition. The registration, once granted, shall be valid for a period of five years.

## International Branch Campus Registration Fee in GIFT City

Entities	Application Fees	License / Registration / Authorisation Fees		Recurring Fees				Activity based fee	Processing Fees	
				Flat		Conditions				
International Branch Campus & Offshore Education Centre	\$1,000	Type of Fee	Amount	Type of Fee	Amount	Basis of Fee	Amount		Modification of terms & conditions of grant of License/ Registration/ Authorisation, etc (of substantive nature)	Registration/ Waiver of provision of applicable Regulations, Circulars, etc. and/ or Removing difficulties
		Registration	\$25,000	Annual (2nd Year Onwards)	\$10,000	N.A.	NIE	NIE	20% of Registration Fee	\$30,000

## 5. Global Inhouse Centers

Global In-house Centers (GICs) are operational units set up by multinational corporations (MNCs) in foreign locations to manage specific business functions such as IT, finance, or human resources.

### Business Outlook

- High Demand:** According to CBRE South Asia Pvt. Ltd, GICs (Global In-house Centers) accounted for ~37% of India's total office leasing in H1 2024, with BFSI and tech firms making up 45% of GICs leases. GICs leased 11.9 million sq. ft. from January to June 2024.
- Lower Labor Cost:** India provides a significant cost advantage over developed nations in terms of employee salaries and operational expenses. This makes it an attractive destination for companies looking to cut costs in functions like IT, finance, and HR.
- Strong Government Policies:** The Indian government actively promotes the establishment of GICs through various initiatives, such as tax breaks, simplified regulations, and the development of special economic zones (SEZs) like GIFT City.

### Major sectors attracting GICs

- Corporate and Investment Banking
- Private Equity & Asset Management
- Wealth Management
- Blockchain and Cryptocurrency Services
- Fund Management & Hedge Funds
- Risk Management and Compliance

- Scalability and Growth: GIFT City's infrastructure and supportive ecosystem facilitate scalability, allowing GICs to expand their operations seamlessly as needed

### Eligibility Criteria:

### Major sectors attracting GICs

- Tax Advantages:** GICs in GIFT City may benefit from tax exemptions on profits earned from exports and certain IT services.
  - Favorable Business Environment:** GIFT City offers a streamlined business environment with single-window clearances and efficient regulatory processes, expediting GIC setup and operations.
- Proximity to Financial Services:** For GICs focused on finance or treasury operations, GIFT City's proximity to the International Financial Services Centre (IFSC) provides convenient access to financial institutions and markets.

- An applicant shall require meeting the following criteria:

- It shall exclusively cater to its financial services group wherein the entities served must be located in Financial Action Task Force compliant jurisdictions; and
- The support services provided to its financial services group should be for the purpose of carrying out a financial service in respect of a financial product.

#### **Form in which GIC can be set-up:**

GIC can be set up as a Company or LLP or Branch or any other form of entity.

#### **Approval/Application Process:**

An application in the format prescribed to be submitted to International Financial Services Centers Authority (IFSCA). A separate approval under the SEZ Act 2005 shall also be required from the Development Commissioner SEZ

#### **Permissible Services and Activities:**

- I. GIC shall provide services to non-resident entities only.
- II. Subject to prior approval of the Authority, relocation of employees from an existing entity in the domestic area in India shall be permissible with respect to supervisory personnel only, upto a maximum of twenty percent of the strength in such category.

#### **Currency for operation:**

Only foreign currencies that are easily convertible may be transacted in a global in-house center. By keeping

an INR account, it can use that money to pay for its administrative costs

Following annual membership fee is applicable for the GICs

- I. GICs with less than 2,500 employees : USD 5,000
- II. GICs with 2,501-5,000 employees : USD 7,500
- III. GICs with more than 5,000 employees: USD 10,000

#### **Post Registration Compliances**

The registered entity shall be required to submit the following documents annually:

1. Annual financial statements
2. List of the financial services group entities served by the IFSC GIC during the year
3. Confirmation of compliance with the regulations as issued under International Financial Services Centers Authority (Global In-house Centres) Regulations, 2020.

## **SETTING UP GIC UNIT IN GIFT IFSC**

**GIC may conduct business as company/branch/any other mode permitted by IFSCA**

Submission of application for SEZ approval

Submission of registration application to IFSCA

Grant of SEZ approval

Grant of registration by IFSCA

**Commencement of business by GIC unit**

## 6. Fund Management Entities

### What are Fund Management Entities?

Fund management entities are companies or organizations responsible for managing investment funds on behalf of clients, including individuals, institutions, or governments. These entities pool together capital from multiple investors and use that combined capital to invest in a diversified portfolio of assets such as stocks, bonds, real estate, or other securities.

### Types of Fund Management Entities Permissible in GIFT City

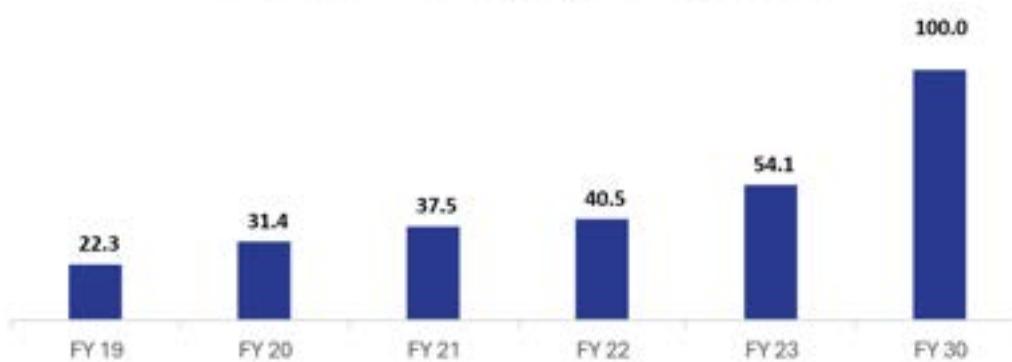
A Fund Management Entity (FME) for GIFT City is an entity registered with the Authority under one of the categories specified in regulation 3(4) of the IFSCA (Fund Management) Regulations, 2022 ("Regulations"), for undertaking the business of fund management in an International Financial Services Centre (IFSC). The fund management entity is registered with the authority to have direct oversight over the fund manager and ensure that the fund management entity is in line with the best-in-class global practices. This also facilitates the FME's undertaking of a host of activities related to fund management under a single registration. India's fund management sector is witnessing significant growth, driven by a booming economy, a growing middle class, and increasing investor awareness.

- Authorised Fund Management Entity (FME)
- Registered Fund Management Entity (Non-Retail)
- Registered Fund Management Entity (Retail)
- Portfolio Management Services
- Investment Trust
- Family Investment Fund

### Business Outlook

1. Larger Investor Base: A burgeoning middle class and rising disposable incomes create a large pool of potential investors seeking wealth management solutions. Furthermore, as per Goldman Sachs, around 100 million people in India will earn more than USD 10,000 annually by 2027.
2. Diversified Investment Options: There is demand for a wide range of investment products, including mutual funds, alternative investment funds (AIFs), and private equity funds.
3. Growing Capital Markets: India's capital markets are experiencing rapid growth, providing a fertile ground for fund managers to invest and generate returns. The country is projected to become the third-largest economy by 2027, with a market cap expected to reach USD 7 trillion by 2030.
4. Liberalization of Regulations: The Indian government is actively liberalizing regulations related to fund management, making it easier for foreign entities to enter the market.

India Mutual Fund Industry Size (Lakh Crore), FY19-FY30



Categories of FMEs Provided under Regulation 3(4) of the IFSCA (Fund Management) Regulations, 2022 (“Regulations”):

Key Attributes	Authorized FME	Registered FME (Non-Retail)	Registered FME (Retail)
Legal Structure	Company, limited liability partnership (LLP) or branch thereof	Company, limited liability partnership (LLP) or branch thereof	Company
Minimum number of directors for setting-up FME	-	-	4 (At least 50% to be independent and not associated with FME)
Pooling of Money	Pooling of money from accredited investors or investors investing above USD 250,000	Pooling of money from accredited investors or investors making capital commitments above USD 150,000	Pooling of money from all investors or including retail investors
Permitted Schemes to be launched	Invest in start-ups or early-stage Ventures through Venture Capital Schemes (including Angel Funds). Also manages Family Investment Fund.	Company, limited liability partnership (LLP) or branch thereof	Mutual Funds, Exchange Traded Funds, Schemes, public offer of Real Estate Investment Trust and Infrastructure Investment Trust, schemes permitted to Authorised FME and Registered FME
Permitted Schemes to be launched	USD 75,000	USD 500,000	USD 1,000,000

**Eligibility:** The eligibility conditions required to be fulfilled by the applicant seeking registration as a FME from the IFSCA. The eligibility conditions comprise of the following criteria:

Criteria/ Condition	Authorised FME	Registered FME (Non- Retail)	Registered FME (Retail)
Track record and reputation of fairness	Are required to employ such employees who have relevant experience as specified below		FME or its holding company shall not have less than five (5) years of experience in managing Assets under Management (AUM) of at least USD 200 million with more than twenty-five thousand (25,000) investors or at least one (1) person in control of the FME holding more than twenty-five percent (25%) shareholding in the FME be carrying on business in financial services for a period of not less than five (5) year
Staffing and competency requirements	A KMP is designated as "Principal Officer" who shall be responsible for overall activities of the FME (including but not limited to fund management, risk management and compliance).		
1. Appointment of Principal Officer	-	An additional KMP is designated as a "Compliance and Risk Manager" responsible for compliance with the Regulations and ensuring suitable risk management policies and practices at the FME.	
2 (i). Appointment of other KMPs			
(ii). Additional KMP	-		An additional KMP is assigned with the responsibility of fund management.
3. Experience and professional qualification of Principal officer & other KMPs	A 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 recognized university/ institution or a certification from any organization/institution/ association/ stock exchange which is recognized/ accredited by the IFSCA or a regulator in India or Foreign Jurisdiction; and  <b>Experience:</b> At least 5 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.		

Infrastructure requirements	<ol style="list-style-type: none"> <li>1. The entity has the necessary infrastructure like adequate office space, equipment, communication facilities and manpower to effectively discharge its activities under these regulations and circulars issued thereunder. The infrastructure requirements should be commensurate to the size of its operations in IFSC.</li> <li>2. The office should be dedicated, secured and accessible only by authorized person(s) of the FME.</li> </ol>	-do-	-do-
Fit and proper requirement KMP	<ol style="list-style-type: none"> <li>1. The applicant and its principal officer, directors/ partners/ designated partners, key managerial personnel and controlling shareholders shall be fit and proper persons, at all times.</li> <li>2. For the purpose of sub-regulation (1), a person shall be deemed to be a fit and proper person if:- <ol style="list-style-type: none"> <li>a. such person has a record of fairness and integrity, including but not limited to- <ol style="list-style-type: none"> <li>i. financial integrity;</li> <li>ii. good reputation and character; and</li> <li>iii. honesty.</li> </ol> </li> <li>b. such person has not incurred any of the following disqualifications – <ol style="list-style-type: none"> <li>i. the person has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against securities laws;</li> <li>ii. a recovery proceeding has been initiated against the person by a financial regulatory authority and is pending;</li> <li>iii. an order for winding up has been passed against the person for malfeasance;</li> <li>iv. the person has been declared insolvent and not discharged;</li> <li>v. an order, restraining, prohibiting or debarring the person from accessing or dealing in financial products or financial services, has been passed by any regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;</li> <li>vi. any other order against the person, which has a bearing on the securities market, has been passed by the Authority or any other regulatory authority, and a period of three years from the date of the order has not elapsed;</li> <li>vii. the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;</li> <li>viii. the person is financially not sound or has been categorized as a willful defaulter;</li> <li>ix. the person has been declared a fugitive economic offender; or</li> <li>x. any other disqualification as may be specified by the Authority</li> </ol> </li> </ol> </li> </ol>		
Minimum Net worth	USD 75,000	USD 500,000	USD 1,000,000

**Application Fee:** The statutory fee involved in registration of FME is mentioned as follows :-

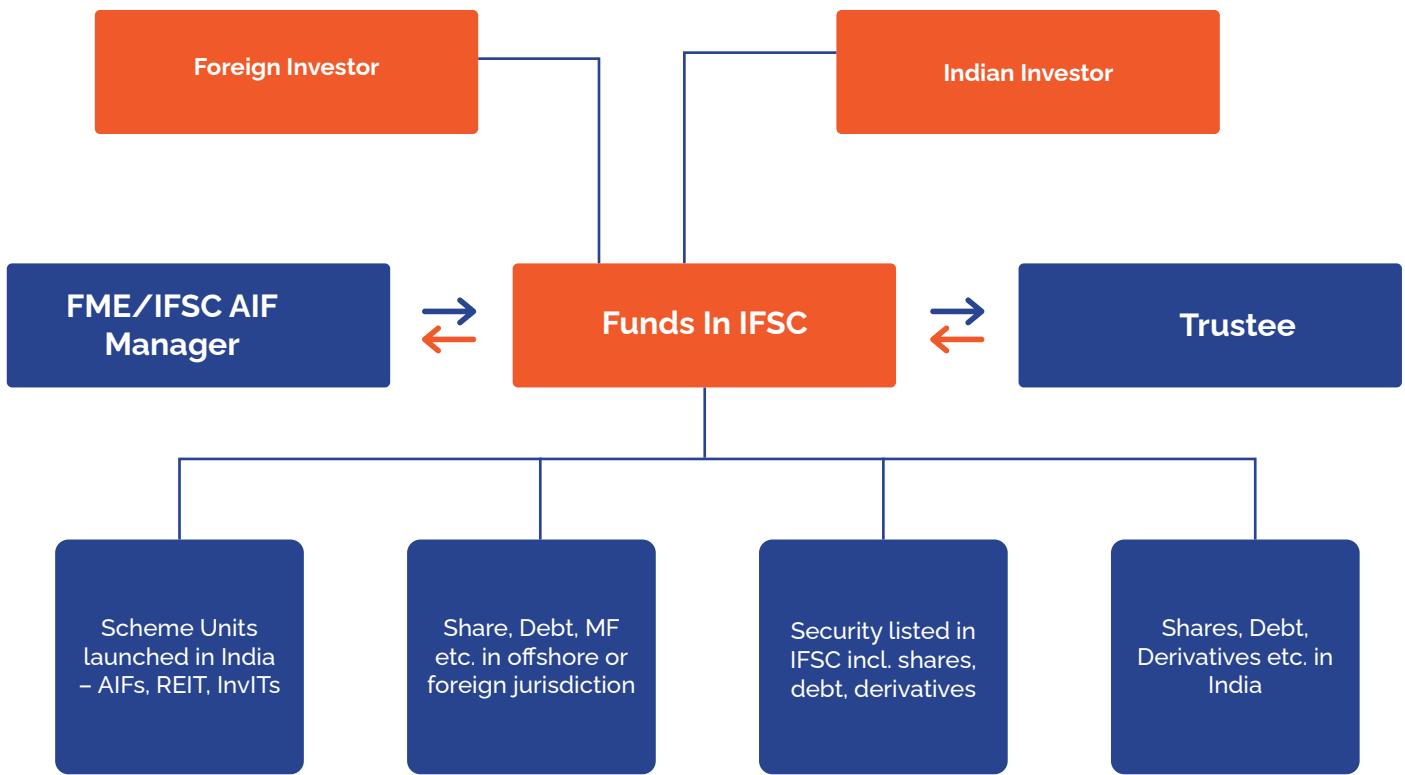
Category of FME	Application Fee	Registration Fee	Frequency
Authorised FME	USD 2,500	USD 5,000	One Time
Registered FME (Non-Retail)		USD 7,500	
Registered FME (Retail)		USD 10,000	
Family Investment Fund		USD 15,000	

Additionally, every FME shall pay an Annual Fee of USD 2,000 in the first month of each financial year, i.e. April, starting from the financial year after the year the Authority grants the certificate of registration.

#### **Key steps for setting up GIFT - FME**

- Apply for name availability for FME (not applicable to a Branch) and Scheme (if applicable).
- Identify office space in GIFT Special Economic Zone (SEZ) and secure a Provisional letter of allotment (PLOA) from GIFT SEZ.
- Apply for Branch set-up/ Company/LLP incorporation for FME and Scheme (if applicable) and obtain a Certificate of Incorporation.
- Appointment of a trustee for Scheme and registration of trust deed, wherever applicable.
- Application to the Development Commissioner of SEZ.
- Obtain letter of 5 approval (LOA) from SEZ Authorities for FME and Scheme (if applicable) obtain IFSC Authority approval. and
- Commencement of Business.





## Benefits of Setting Up in GIFT City

- Investment Opportunities:** GIFT IFSC funds have the flexibility to invest in securities listed or issued by companies in GIFT IFSC, India, or foreign jurisdictions, units of other funds in IFSC, and other permissible investments such as Limited Liability Partnerships (LLPs), Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), derivatives, and Special Purpose Vehicles (SPVs). Foreign Market Entities (FMEs) can invest in India through Foreign Venture Capital Investment (FVCI), FPI, or FDI routes.
- Taxation Benefits:** Funds in GIFT IFSC enjoy a 10-year tax holiday under Section 80LA of the Income Tax Act, 1961, out of the first 15 years. They also benefit from MAT/AMT at 9% for companies under the old tax regime and exemptions from STT, CTT, and stamp duty on IFSC transactions.
- Global Access:** GIFT City facilitates access to international investors and global financial markets, allowing fund managers to raise capital from a wider pool of investors.
- Supportive Ecosystem:** GIFT City is developing a supportive ecosystem for financial services, including legal and accounting firms, which can streamline operations for fund management entities.



Gujarat International Finance Tec-City (GIFT City) is positioned to become a world-class global financial and technological hub, serving as a key contributor to India's economic ambitions. As outlined in this booklet, GIFT City offers businesses across sectors such as IT/ITES, financial services, fintech, fund management, and corporate ancillary services a comprehensive ecosystem that fosters growth and innovation.

GIFT City's International Financial Services Centre (IFSC) and Multi-Services Special Economic Zone (SEZ) provide businesses with significant tax incentives, regulatory ease, and state-of-the-art infrastructure, including advanced utilities such as the District Cooling System and Automated Waste Collection System. The strategic location of GIFT City, between Ahmedabad and Gandhinagar, makes it an accessible and well-connected business hub for both international and domestic markets.

## **Sector-Specific Growth Potential**

As highlighted in this report, GIFT City caters to a range of high-growth industries. The IT/ITES sector benefits from a dedicated SEZ that offers significant tax advantages, streamlined regulations, and access to a highly skilled talent pool. The Gujarat IT/ITES Policy 2022-2027 is specifically designed to foster growth in digital services, cloud computing, and data centres within GIFT City.

Corporate ancillary services such as legal, accounting, and management consulting have found an ideal base within GIFT City, supported by a flexible regulatory framework. This allows businesses to cater to the growing demand for advisory, compliance, and taxation services for both domestic and international clients.

In the fintech space, GIFT City has proven to be an innovation hub, providing regulatory sandboxes that enable companies to experiment with cutting-edge financial technologies in a controlled environment. The supportive framework of the International Financial Services Centres Authority (IFSCA) fosters innovation and promotes ease of operations for both domestic and foreign fintech firms.

With the rising demand for high-quality international education in India, particularly in specialized fields such as finance, technology, and law, GIFT City offers foreign educational institutions a strategic location to set up International Branch Campuses (IBCs). Furthermore, legal and accounting services are also poised for growth within GIFT City. The city's regulatory framework supports the establishment of international law firms, accounting practices, and consultancy services, making it an ideal location for legal advisory, compliance services, audit, and tax planning. These firms not only cater to the needs of financial institutions within GIFT City but also serve global clients seeking expert services in a competitive and well-regulated environment.

Similarly, the global in-house centres (GICs), and fund management entities also stand to benefit from GIFT City's progressive policies. With its focus on digital transformation, global finance, and professional services, GIFT City has rapidly become a centre of excellence for a wide array of industries.

As India continues its march towards becoming a USD 7 trillion economy by 2030, GIFT City will be central to this economic transformation. The city's vision aligns with India's aspirations to become a global leader in finance and technology, and the growing presence of international educational institutions further solidifies its role as a comprehensive hub for business, education, and innovation.

As businesses consider expanding or establishing operations in GIFT City, the overarching message is clear: GIFT City is not just an emerging financial center; it is a blueprint for the future of business in India. With its supportive regulatory framework, forward-thinking policies, and robust infrastructure, GIFT City is set to become a major player in the global financial ecosystem. Companies that establish their presence here will be strategically positioned to benefit from India's projected economic growth, while also contributing to the development of one of the world's most advanced and ambitious financial cities.

The combination of business-friendly policies, advanced infrastructure, and a strategic location make GIFT City a fertile ground for innovation, collaboration, and long-term success. For businesses aiming to harness the potential of India's booming economy, GIFT City offers an unparalleled opportunity to thrive in an environment designed to foster growth and excellence.



# J P Chawla & Co. LLP

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