



# International Financial Services Center- IFSC

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# Agenda

## Regulatory framework

- What is SEZ?
- What is IFSC?
- Moon SEZ Association with BSE as Consultants
- Comparison between tax incentives of SEZ

1

## What is there for Capital Markets Intermediaries

- Types of Intermediaries allowed
- Permissible securities
- Nature of client

2

## Setting up of IFSC Unit & Business Opportunities

- Approval Process
- Form F
- Letter of Approval
- Business Opportunities from IFSC Questions
- IFSC Authority Act 2019
- FAQ

3 , 4 , 5  
& 6

# 01

## Regulatory Framework



# What is SEZ?

- Duty free enclave
- Deemed to be a foreign territory
- Economic laws more liberal
- To attract foreign investments in to India
- Deemed to be a airport, port, Land Custom stations, and Inland container depot under the Customs Act.
- Financial Services ,Manufacturing, Servicing, trading, re-conditioning, repair etc are allowed
- Govern by SEZ Act and Rules.

# What is IFSC?

- IFSC : As per Section 2 (q) of SEZ Act, 2005,
- Approve IFSC - As per Sub section (1) of Section 18 of SEZ Act
- Section 18(2) of SEZ Act – IFSC Policy made by Regulator
- Deal with Financial Products and services across borders
- London, New York and Singapore can be counted as global financial centres.
- Many emerging IFSCs around the world, such as Shanghai and Dubai
- IFSC Unit will be treated as Person resident outside India.
- Financial institution or branch of a financial institution in the IFSC is equal to branch Outside of India

# How we have assisted BSE for setting up IFSC Unit

## INDIA INX and INDIA ICC

1

12.09.2016

### Company incorporation

BSE Got approval for two New companies i.e. BSE International Exchange (IFSC) Ltd & BSE Clearing Corporation (IFSC) Ltd On **12.09.2016** (After this BSE along with GIFT has highlighted the issue with MCA & the things got expedited)

2

22.09.2016

### SEZ Unit application submission

Application for SEZ unit application was submitted on 22.09.2016 to the KASEZ Development commissioner office.

3

28.09.2016

### SEZ Unit approval committee meeting

SEZ Development commissioner called on BSE for presentation about the proposal during Unit approval committee meeting.

4

30.09.2016

### Issuance of Letter of Approval

Development Commissioner Kandla SEZ issued Letter of Approval to both entities of BSE on 30.09.2016.

5

02.11.2016

### SEZ Bond cum legal undertaking

Bond cum legal undertaking has been accepted by both Specified officer and Development Commissioner, KASEZ

6

19.11.2016

### Service Tax registration

Service tax registration received

7

01.11.2016




### SEBI Approval

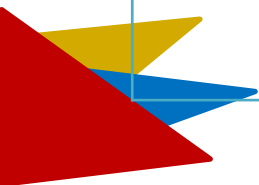
SEBI has granted In-Principle approval for both entities of BSE

# Clientele IFSC Units – Gift city, Gandhinagar

 <p><b>INDIA INX</b> INDIA INTERNATIONAL EXCHANGE</p>	 <p><b>INDIA ICC</b> INDIA INTERNATIONAL CLEARING CORPORATION</p>	 <p><b>YES BANK</b></p>	 <p>General Insurance Corporation आमकासे रक्षित्वाभि <b>GIC Re</b></p>	 <p>Leadership and beyond दि न्यू इण्डिया इन्स्योरन्स कंपनी लिमिटेड The New India Assurance Co. Ltd. India's Premier Multinational General Insurance Company Wholly owned by Government of India</p>	 <p><b>Edelweiss</b></p>
 <p><b>Prabhudas Lilladher</b> POWERING YOUR FINANCIAL GROWTH</p>	 <p><b>PINC</b> PIONEER INSURANCE &amp; REINSURANCE BROKERS PVT. LTD.</p>	 <p><b>DYNAMIC LEVELS™</b> Real Research, Trustworthy Research</p>	 <p><b>DOLAT CAPITAL</b></p>	 <p><b>IL&amp;FS Securities Services Limited</b></p>	 <p><b>Total Securities Ltd.</b> A Home to Finest Professional Traders</p>
 <p><b>JAINAM</b> PROSPERITY WITH SECURITY</p>	 <p><b>OPEN FUTURES</b></p>	 <p><b>ANTIQUE</b></p>	 <p><i>Arcadia</i></p>	 <p><b>dayco</b></p>	 <p><b>EST3E</b> Risk. Return. Optimized.</p>
 <p><b>GOGIA</b> CAPITAL SERVICES LIMITED</p>	 <p><b>GLOBALWORTH SECURITIES LIMITED</b></p>	 <p><b>INDIRA</b> Gateway to Prosperity</p>	 <p><b>WV</b></p>	 <p><b>ASHIKA</b> GROWING &amp; SPREADING WITH YOU</p>	 <p><b>GRAVITON</b> RESEARCH CAPITAL LLP</p>
 <p><b>PRARAMBH SECURITIES PRIVATE LIMITED</b></p>	 <p><b>SKI</b> Grow with us</p>	 <p><b>Jambuwalā Group</b> Vibrant Investments</p>	 <p><b>DivyaPortfolio</b> Trust • Invest • Grow</p>	 <p><b>B R Jalan Securities Pvt. Ltd.</b></p>	 <p><b>GRD</b></p>

# Clientele IFSC Units – Gift city, Gandhinagar

		Standard Chartered 			





# Comparison between SEZ and IFSC on Taxation front



SEZ Units	IFSC Units
<p><b>Exemption from:</b></p> <ol style="list-style-type: none"> <li>1. Custom Duty</li> <li>2. GST under Zero Rated</li> <li>3. Exemption from Stamp duty etc. as per State Govt. Policy</li> </ol>	<p><b>Exemption from:</b></p> <ol style="list-style-type: none"> <li>1. Custom Duty</li> <li>2. GST under Zero Rated</li> <li>3. Exemption from Securities transaction tax leviable under sec. 98 of Finance (No. 2) Act, 2004, Commodity Transaction Tax, Long Term capital gain tax and Dividend distribution tax</li> <li>4. Exemption from Stamp duty etc. as per State Govt. Policy</li> </ol>
<p>For First 5 years- 100% of eligible profits or gains.                      For Next 5 years- 50% of eligible profits or gains.                      For Next 5 years- 50% of the ploughed back export profits  <b>(Exemption as per Section 10AA -There is a sunset clause for SEZ units i.e. 31.03.2020)</b></p>	<p>For First 5 years- 100% of eligible profits or gains.                      For Next 5 years- 50% of eligible profits or gains.  <b>(Exemption U/s. 80LA -No sunset clause)</b></p>
<p>MAT is applicable at the rate of 18.5% (Surcharge, cess extra)</p>	<p>MAT is applicable at the rate of 9% (As per Union Budget 2016)- Surcharge, cess extra</p>

During development, Construction and operation stage

Income tax holidays

MAT

# 02

What is there for capital  
market Intermediaries



A stock broker and sub-broker.



A merchant banker



A banker to an issue



A trustee of trust deed



Stock Exchanges, Clearing Corporations, Mutual funds, Alternate Investment Funds



Any other intermediary or any person associated with the securities market as may be specified by the board from time to time



A credit rating agency



A foreign portfolio investor



A custodian of securities.



A depository participant



A portfolio manager



An investment advisor



A registrar to an issue



A share transfer agent



**Intermediaries allowed To set up operations In IFSC for rendering Financial services relating to securities market**

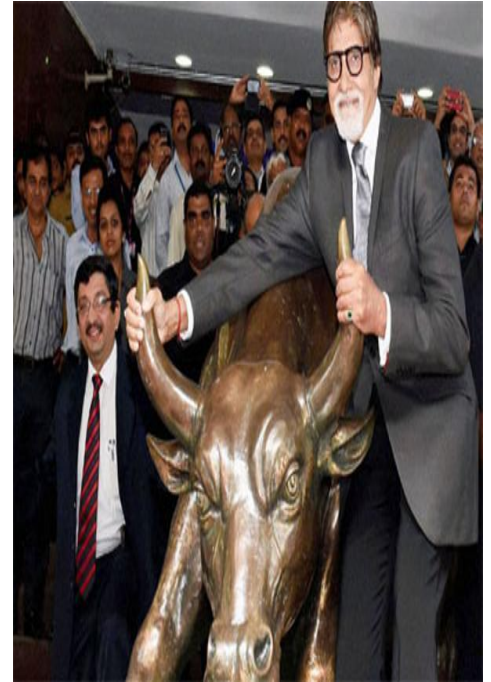
An underwriter



# Permissible Securities

The stock exchanges operating in IFSC may permit dealing in following types of securities and products in such securities in any currency other than Indian rupee, with a specified trading lot size on their trading platform subject to prior approval of the Board (SEBI):

- **Equity shares of a company incorporated outside India;**
- **Depository receipt(s);**
- **Debt securities issued by eligible issuers;**
- **Currency and interest rate derivatives;**
- **Index based derivatives;**
- **Such other securities as may be specified by the Board;**
- **Commodity Derivative (As per SEBI Circular No. CIR/MRD/DSA/41/2016 Dated: 17.03.2016)**
- **Derivatives on Equity shares (As per SEBI Circular No. SEBI/HO/MRD/DRMNP/CIR/P/2017/31 Dated: 13.04.2017)**



# IFSC Business with Clients

**Nature of clients to whom an Intermediary in IFSC can provide financial services:**

**(i) a person not resident in India;**

**No Limit**

**(ii) a non-resident Indian;**

**No Limit**

**(iii) a financial institution resident in India who is eligible under FEMA to invest funds offshore,**

**To the extent of outward investment permitted;  
To the extent allowed under the Liberalized Remittance Scheme of RBI at Present Annual Permission \$250000,**

**(iv) a person resident in India who is eligible under FEMA, to invest funds offshore:**

**Provided that clients referred to in clauses (ii) to (iv) may be provided services, subject to guidelines of Reserve Bank of India.**



# 03

## Setting up of SEZ Unit



# Approval Process for WOS(Wholly Owned Subsidiary) Company to IFSC Unit in Gift SEZ

Apply for name availability for incorporating new company with ROC for setting up IFSC unit including (IFSC) word as a part of name

1

After name availability confirmation from ROC (Registrar of companies), obtain NOC from GIFT SEZ or any co-developer for usage of GIFT address for incorporation

2

After provisional allotment of space, apply for company formation with ROC and obtain certificate of Incorporation and also apply for PAN Card allotment

3

Issuance of Letter of Approval ('LOA') as per SEZ Act, 2005 and Rules, 2006 and submission of acceptance letter

6

Representation before unit approval committee, if no query found on scrutiny of application

5

Post formation of company/LLP an application is to be made to the concerned Development Commissioner of SEZ for unit

4

Application to be made to Regulatory authority such as RBI, SEBI, IRDA of India as the case may be for setting up operations in IFSC

7

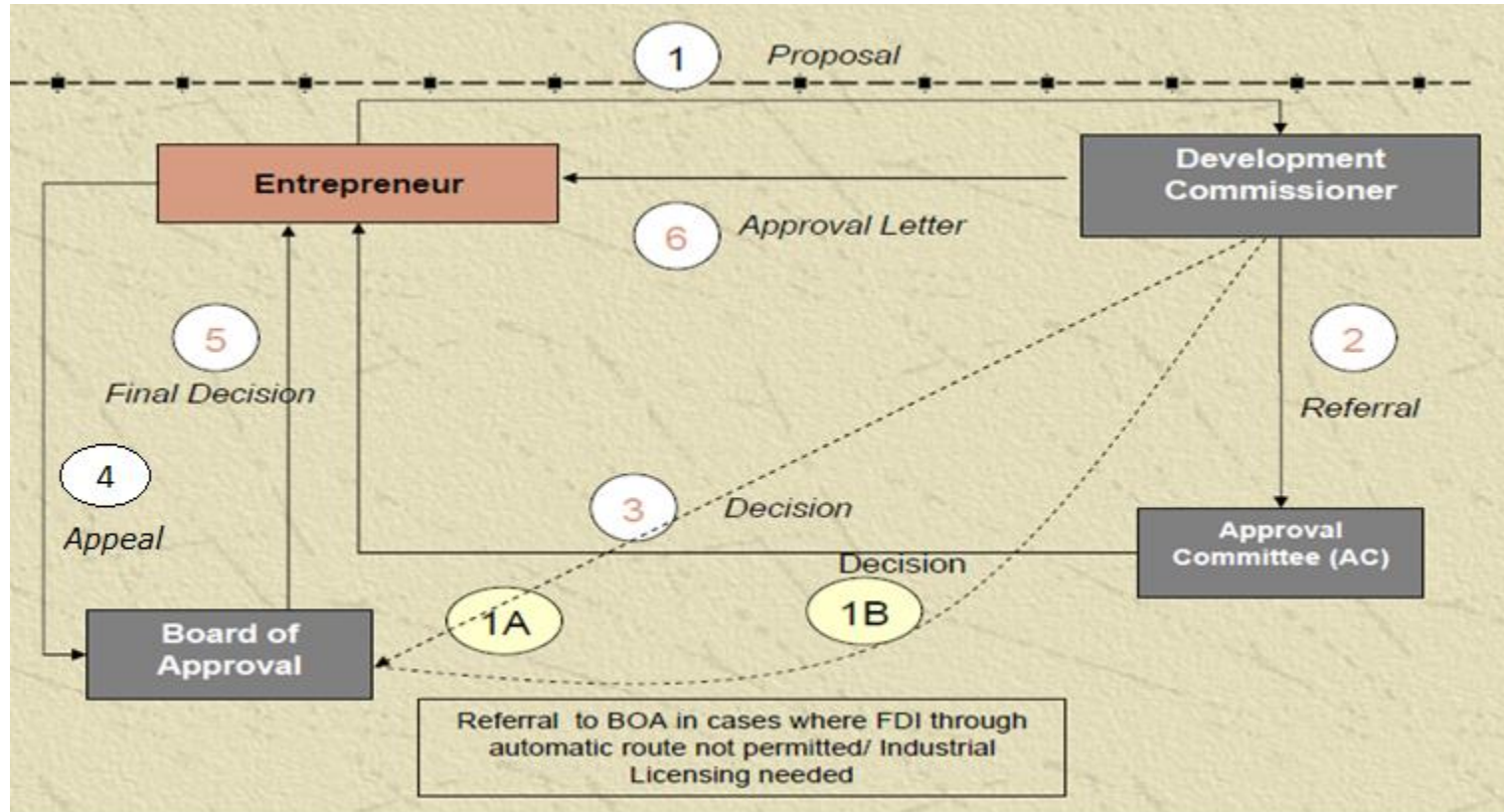
Execution of Bond Cum Legal undertaking in accordance to SEZ Act and Rules for availing various types of benefits available under SEZ policy

8

Payment of SEZ Online Fees to NSDL and Regularise your IFSC Approval in SEZ On Line system for filling of all Compliances in SEZ Online System

9

# Approval Process in SEZ Govt Dept.





# Annexures with Application (Form F)

- Demand draft of Rs. 5000/- in favors of Pay and Accounts Officer of the concerned SEZ
- Project report giving details of activities proposed
- Certificate of Incorporation, AOA and MOA
- Affidavit
- The applicant submits proof of residence, namely, passport or ration card or driving licence or voter identify card or any other proof of Directors of the Company, as the case may be, to the satisfaction of Development Commissioner;
- Last three years Income tax returns with Audited Balance Sheet of the Holding company or Promoters.



BSE Docket with  
form F

# Validity period of Letter of approval

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



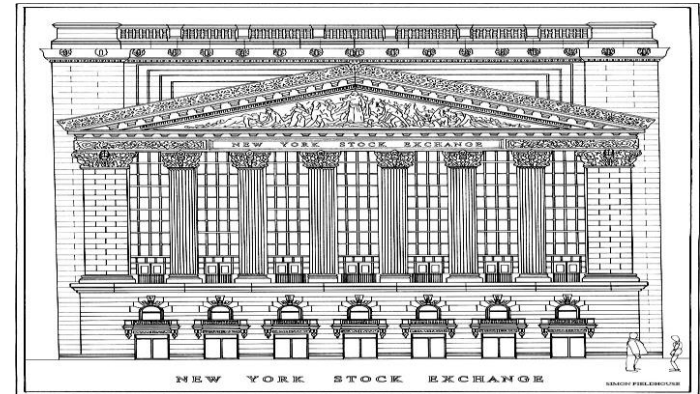
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Business Opportunities



# Business opportunities in IFSC

- Fund-raising in Overseas Market in Foreign Exchange .
- Asset management and global portfolio diversification
- Global Wealth management.
- Global tax management and cross-border tax liability
- Global Corporate treasury management operations
- Global liquidity investment and management
- Global Asset-liability matching.
- Risk management such as insurance and reinsurance.
- Merger and acquisition among trans-national corpo.
- Exchanges, Brokerage services.
- Corporate Banking,
- Servicing JV/WOS of Indian Co. registered abroad,
- factoring/factoring of export receivables.
- Fund accounting, investment services,
- Custodian services, Trust services etc



# 05

## **THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY ACT, 2019**



# What is the Act?

International Financial Services Centres Authority (IFSCA) Act is an act to provide for the establishment of an Authority to develop and regulate:-

The **financial services** market in the International Financial Services Centers in India and for matters connected therewith or incidental thereto.

This Act shall apply to the International Financial Services Centers set up under section 18 of the Special Economic Zones Act, 2005

# Definition in the ACT

S.No	Heading	Description
1	Appropriate Regulator	Any financial sector regulator specified in the First schedule to this act;
2	Authority	The international financial services centers authority Established under sub-section (1) of section 4
3	Financial Institution	Unit set up in an international financial Services center and which is engaged in rendering financial services in respect of any Financial product
4	Financial Product	Securities; contracts of insurance; deposits; credit arrangements; foreign currency contracts (other than contracts to exchange one currency for another that are to be settled immediately)

# Definition in the ACT

S.No	Heading	Description
5	Foreign Currency	Shall have the meaning assigned to it in clause (m) of Section 2 of the foreign exchange management act, 1999
6	International Financial Services Centre	An international financial Services center set up, before or after the commencement of this act, under section 18 Of the <b>Special Economic Zones</b> act, 2005
7	Member	Means a member of the authority and includes the chairperson



# Financial Service

<b>S N</b>	<b>Financial Services</b>
1	Buying, selling, or subscribing to a financial product or agreeing to do so
2	Acceptance of deposits
3	Safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so
4	Effecting contracts of insurance
5	Offering, managing or agreeing to manage assets consisting of financial products belonging to another person
6	exercising any right associated with a financial product or financial service
7	Establishing or operating an investment scheme

<b>S. N</b>	<b>Financial Services</b>
8	Maintaining or transferring records of ownership of a financial product
9	Underwriting the issuance or subscription of a financial product
10	Providing information about a person's financial standing or creditworthiness
11	Selling, providing, or issuing stored value or payment instruments or providing payment services
12	Making arrangements for carrying on any of the services in sub-clauses (j) to (x);
13	Rendering or agreeing to render advice on or soliciting for the purposes of— (A) buying, selling, or subscribing to, a financial product; or (B) availing any of the services in sub-clauses (i) to (xi); or (C) exercising any right associated with a financial product or any of the services in clauses (i) to (xi)
14	any other service that may be notified by the Central Government from time to time

# Establishment and Incorporation of Authority

S.No		
1	The Central Government shall, by notification, for the purposes of this Act, establish an Authority by the name of the <b>International Financial Services Centers Authority</b>	Date of Notification -27-4-2020 and Date of appointment of chairman Mr. Injeti Srinivas - 7-7-2020
2	The Central Government shall, by notification, for the purposes of this Act, establish an Authority by the name of the	<b>International Financial Services Centers Authority</b>
3	The head office of the Authority shall be at such place as the Central Government may, by notification, decide	International Financial Services Centres Authority (IFSCA), Second floor, PRAGYA Tower, Block 15, Zone 1, Road 1C, GIFT SEZ, GIFT City, Gandhinagar Gujarat-382355 Phone: 07961708432
4	The Authority may, establish its offices at other places in India or outside India.	With the prior approval of the Central Government,

# Composition of Authority – 10 Members

Members No.	The Authority shall consist of the following Members, to be appointed by the Central Government, namely
1	Chairperson
2	One Member each to be nominated by the Reserve Bank of India, <i>ex officio</i>
3	One Member each to be nominated by the Securities and Exchange Board of India, <i>ex officio</i>
4	One Member each to be nominated by the Insurance Regulatory and Development Authority of India, <i>ex officio</i>
5	One Member each to be nominated by the Insurance Regulatory and Development Authority of India, <i>ex officio</i>
6	One Member each to be nominated by the Pension Fund Regulatory and Development Authority, <i>ex officio</i>
7 & 8	two Members, from amongst the officials of the Ministry dealing with Finance, to be nominated by the Central Government, <i>ex officio</i>
9 & 10	two other Members to be appointed by the Central Government on the recommendation of a Selection Committee

# Definition in the ACT

S.No	Heading	Description
1	Regulator	Any financial sector regulator specified in the First schedule to this act;
2	Authority	The international financial services centers authority Established under sub-section (1) of section 4
3	Financial Institution	Unit set up in an international financial Services center and which is engaged in rendering financial services in respect of any Financial product
4	Financial Product	Securities; contracts of insurance; deposits; credit arrangements; foreign currency contracts (other than contracts to exchange one currency for another that are to be settled immediately)

# Appointment

S.No	Heading	Description
1	Chairperson	Whole-time Member appointed by Central Government
2	Other Members	May be appointed as whole-time or part-time Members as the Central Government may deem fit
3	Capability of Members to be appointed	The Members shall be persons of ability, integrity and standing who have shown capacity in dealing with matters relating to financial sectors or have special knowledge or experience of law, finance, economics, accountancy, administration or in any other discipline which in the opinion of the Central Government, shall be useful to the Authority
4	The Selection Committee - referred to in clause (d) of sub-section (1)	Such Members and constituted by the Central Government in such manner as may be prescribed

# Terms of office and conditions of service of Chairperson and other Members.

S.No	Heading	Description
1	Tenure of All Members	<u>Three years</u> from the date on which he enters upon his office and shall be eligible for re-appointment
2	Chairperson can not hold the Post if	he has attained the age of sixty-five years or as a whole-time member after he has attained the age of sixty-two years
3	The salaries and allowances payable to, and other terms and conditions of service of, the Members, other than <i>ex officio</i> Members,	Shall be such as may be prescribed
4	Resignation	By giving in writing to the Central Government a notice of not less than three months
5	Removed	Be removed from his office in accordance with the provisions of section 7.
6	No Member, other than <i>ex officio</i> Member, shall, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept—	➤(a) any employment either under the Central Government or under any State Government; or ➤(b) appointment in any financial institution in the International Financial Services Centers.

# Removal of Member from office

S.No	Central Government may remove from office a Member, who
1	Is, or at any time has been, adjudged as insolvent
2	Has become physically or mentally incapable of acting as a Member
3	Has been convicted of an offence which in the opinion of the Central Government involves moral turpitude
4	Has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member <b>(Shall NOT be removed from office unless he has been given a reasonable opportunity of being heard in the matter.)</b>
5	has so abused his position so as to render his continuance in office detrimental to public interest <b>(Shall NOT be removed from office unless he has been given a reasonable opportunity of being heard in the matter.)</b>

# Meetings of Authority.

S.No	Heading	Description
1	Times and places and procedure in regard to the transaction of business	Separate rules will be formed
2	Chairperson of the Meeting	The Chairperson, if for any reason, he is unable to attend a meeting of the Authority, any other Member chosen by the Members present from amongst themselves at the meeting shall preside at the meeting.
3	Decision	All questions which come up before any meeting of the Authority shall be decided by a majority of votes of the Members present and voting, and, in the event of an equality of votes, the Chairperson, or in his absence, the person presiding, shall have a casting vote
4	Conflict of Interest of Members	Any Member who has any direct or indirect interest in any matter likely to come up for consideration at a meeting of the Authority shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose in writing, the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the Authority and such Member shall not take part in any deliberation or decision of the Authority with respect to that matter.



# Functions of Authority

S.No	Heading	Description
1	Duty of the Authority	To develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres
2	Regulating the financial products, financial services and financial institutions in an International Financial Services Centre	Which have been permitted, before the of this Act, by any regulator for any International Financial Services Centre
3	Regulating such other financial products, financial services or financial institutions in the International Financial Services Centers	As may be notified by the Central Government from time to time;
4	Recommending to the Central Government such other financial products, financial services and financial institutions which may be permitted in an International Financial Services Centre by the Central Government	Recommendation to Central Govt
5	Perform such other functions	As may be prescribed by Central Govt

05

Dos, Don'ts and FAQs



# Dos, Don'ts and FAQs

S.No	Questions	Answers
1	Whether it is required to form a new company for setting up IFSC Unit for capital market intermediaries?	Yes, as per SEBI (IFSC) Guidelines, 2015 any entity intends to carry out activities as an intermediaries in IFSC needs to form a company mandatorily
2	Is it allowed to form a LLP in IFSC	LLPs are not allowed as of now for carrying out operations as an Intermediary in IFSC for specific segments like PMS etc
3	Is it mandatory that the company in IFSC should be a wholly owned subsidiary of any Indian party	Yes, since IFSC is deemed to be a foreign territory and entities approved as IFSC unit are treated as Not resident in India. Therefore RBI ODI (Overseas Direct Investment) Rules are applicable. According to that, Indian parties are allowed under Automatic route to make investment in IFSC entities and that shall be treated as ODI. <b>Further, Indian parties are also allowed to invest in Joint Ventures (JVs) abroad</b>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
4	What is the limit of ODI (Overseas Direct Investment) for any Indian party	<p>Upto 400% of its net worth (As per the last audited balance sheet) subject to maximum financial commitment of <b>USD 1 billion (Under Automatic Route)</b></p> <p><b>Any excess investment will require RBI approval</b></p>
5	Who all are allowed to form a Wholly Owned subsidiary/ Joint Ventures (WOS/JV) in IFSC	<p>As per RBI norms, following parties are allowed under automatic route to incorporate a WOS/JV in IFSC:</p> <ol style="list-style-type: none"><li>1. A company Incorporated in India</li><li>2. A body created under an Act of Parliament</li><li>3. A Partnership firm registered under the Indian Partnership Act, 1932</li><li>4. A Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008</li></ol> <p><b>It should be noted that Individuals are not allowed to invest under the Automatic Route</b></p>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
6	In what manner Indian party can undertake direct investment in IFSC Unit?	<ol style="list-style-type: none"><li>1. By way of contribution to equity shares of the JV/WOS abroad</li><li>2. As loans to its the JV/WOS abroad</li><li>3. 100% of the amount of corporate guarantee issued on behalf of its overseas JV/WOS and;</li><li>4. 50% of the amount performance guarantee issued on behalf of its overseas JV/WOS</li></ol> <p><b>However Indian party/entity may extend Loan/guarantee only to an overseas JV/WOS in which it has equity participation</b></p>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
7	If Individuals are not allowed to invest under Automatic route in IFSC, then how they can invest?	Individual person resident in India are allowed to invest upto USD 2,50,000 per financial year under Liberalized Remittance scheme (LRS) outside India or in IFSC and are allowed to set up Wholly owned subsidiary/Joint Ventures abroad subject to terms and conditions stipulated by RBI
8	What all the permissible transactions for Individuals under LRS?	<ol style="list-style-type: none"><li>1. Making investment abroad- To acquire shares or debt instruments of both listed and unlisted overseas company, Acquire ESOPs, Invest in units of Mutual funds, Venture Capital Funds, Unrated debt securities, promissory notes;</li><li>2. <b>Set up WOS and JVs abroad subject to RBI terms and conditions</b></li><li>3. To purchase property abroad</li><li>4. Can open, maintain and hold Foreign Currency account with a bank in IFSC/outside India for making remittances without prior approval of RBI</li></ol>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
9	What will be the status of Directors of an IFSC unit? And what are the benefits available to them?	<p>The status of Directors of IFSC unit will continued to be the same as of their existing status for e.g, if an Indian resident opts for becoming a director of IFSC unit, in such case his/her status will remain as of Indian resident only.</p> <p>No additional benefits in terms of tax exemption to directors will be there.</p>
10	Are employees working for IFSC units will be taxed at Normal tax rate as per Indian Laws?	Yes
11	Whether service tax registration required in order to avail service tax exemption by an IFSC unit?	Yes, separate service tax registration is required to be obtained by an IFSC unit, which is the basic requirement in order to avail exemption from Service tax on input services

# Dos, Don'ts and FAQs

S.No	Questions	Answers
12	Is it mandatory to conduct business transactions from within IFSC Unit only?	<p>Yes, since SEZ is a restricted area and is under the supervision of Custom officers. Furthermore there are various incentives been made available to SEZ/IFSC Units therefore it is mandatory to transact all business from IFSC Unit premises only</p> <p>Additionally the employees recruitment, vendor appointment and their invoices should also be issued from IFSC Unit address only</p>
13	Is it mandatory to conduct all business transactions in Foreign currency only from IFSC Unit?	<p>Yes, it is mandatory to conduct all business transactions in Foreign currency only as per RBI and SEBI norms for IFSC.</p> <p>However all administrative and other expenses can be incurred in Indian Currency</p>



# Dos, Don'ts and FAQs

S.No	Questions	Answers
14	Is it required to open up separate bank accounts for IFSC Unit?	Yes, an IFSC unit need to open up two bank accounts as below: <ol style="list-style-type: none"><li>1. Foreign Currency account for all remittances with IBU (IFSC Banking Units) located in GIFT City SEZ</li><li>2. INR account with domestic branch of same bank or other bank for all expenses</li></ol>
15	What is the basic minimum requirement to obtain SEZ/IFSC Unit approval from SEZ Development Commissioner?	As per SEZ Rules, a unit needs to achieve positive Net foreign exchange earning for a period of 5 years and that 5 years start from the date of start of commercial transactions by a unit.  <b>NFE is calculated as below:</b> <b>A-B= &gt;0</b>  <b>A= Total exports earnings in foreign currency</b> <b>B= Total Foreign exchange outgo towards Import of Plant and machinery, services, technical know how, Foreign travel etc</b>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
16	<p>Is there a separate demarcated area for IFSC in SEZ or is it like IFSC units can be set up only in particular territory within the GIFT City SEZ area</p>	<p>No, IFSC is being approved as per SEZ Act and Rules only, therefore there is no separate demarcation between SEZ Processing area and IFSC area.</p> <p>Only difference between a normal SEZ unit and IFSC unit is that SEZ unit only requires an approval from Development commissioner of SEZ and cannot enter into any financial transactions which are regulated by RBI/SEBI/IRDA.</p> <p>Whereas IFSC unit requires approval from SEZ Development commissioner for SEZ unit and respective regulator approval for carrying out financial transactions.</p> <p>For eg: A Stock broker incorporating a company in IFSC for carrying out financial transactions needs to obtain SEBI approval for the same in addition to SEZ Development commissioner approval as a SEZ unit</p>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
17	What if NFE is not positive over a period of 5 years	In such cases, DC may cancel the letter of Approval granted to a unit. However extension may be granted on a case to case basis
18	How to avail various kinds of Indirect Tax exemption	<p>Since SEZ/IFSC Units are entitled for various types of Indirect Tax exemption such as Customs Duty, Excise duty, service tax and central sales tax. However in order to avail these exemptions there are procedures to be followed as detailed out below:</p> <ol style="list-style-type: none"><li>1. Customs duty exemption- Bill of entry for home consumption is to be filed at SEZ</li><li>2. Excise duty- Material should be supplied by manufacturer under ARE-1</li><li>3. Service tax exemption- Form A-1 and A-2 is to be issued indicating individual vendors name</li><li>4. CST Exemption- Form "I" is to be issued</li><li>5. VAT Exemption- Endorsement on road permit is required</li></ol>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
19	Can SEZ/IFSC Unit exit from scheme and remit funds back to India?	<p>Yes, SEZ/IFSC Units apply for exit from SEZ/IFSC Scheme and remit the funds back to India, however they will have to follow rules and regulations mentioned in SEZ Act and Rules as well as under RBI/SEBI norms for winding up of WOS/JVs abroad.</p> <p><b>From SEZ perspective:</b> Units has following options:</p> <ol style="list-style-type: none"><li>1. Sale of shares to some other entrepreneur- Who should apply for SEZ/IFSC approval again</li><li>2. Opting for exit in case of liquidation</li><li>3. Takeover by other company, or court approved merger and amalgamation</li></ol> <p><b>From RBI Perspective:</b> Units can disinvest WOS/JVs by way of sale or shares or liquidation or merger subject to RBI norms and other conditions of Write off Investment or No write off investment</p>

# Dos, Don'ts and FAQs

S.No	Questions	Answers
20	Can One person company be formed in IFSC as subsidiary of Indian company?	No, as per Companies Act, one person company can only be incorporated by a natural person who is a citizen of India which means parent company in the form of body corporate are out of question.
21	Tentative exemption amount from various types of taxes?	<ol style="list-style-type: none"><li>1. Service Tax- 15% at present (Including cesses)</li><li>2. Customs Duty- 29.441% is the peak duty on majority of goods</li><li>3. CST- 2% when you issue form C, however in SEZ it is exempted</li><li>4. VAT- 5% - 14.5% (Depending on the type of transaction)</li></ol> <p><b>Please Note: Exemption is available on all goods and services required in relation to your Authorized operations and not available on items related to personal welfare of employees</b></p>
22	Can ownership of IFSC Unit or shareholding be changed?	Yes, however it will require approval from Development Commissioner office as well as SEBI

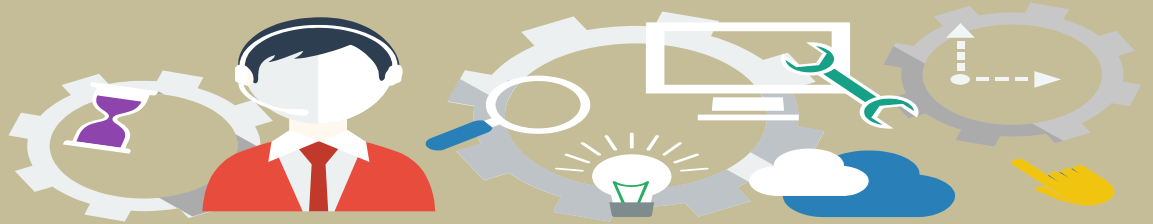
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# Moon SEZ Services for IFSC Units

## Company Incorporation services

- Name availability for IFSC Unit
- Company Incorporation
- Drafting of MOA and AOA
- Regular return filings and other regulatory compliances



## SEZ/IFSC Unit approval services

- Project report preparation covering five years projections as required by SEZ Rules
- Net Foreign exchange calculation
- Preparation and filing of unit application
- Assistance in presentation during Unit approval committee meeting
- Execution of Bond cum legal undertaking

## Tax Structuring and exemption

- Advising on Tax structuring to avail maximum possible tax benefits
- Assistance in getting form A-1 and A-2 for service tax exemption
- Assistance in end to end customs clearance for getting custom duty exemption in respect of imported goods
- Assistance in clearance of day to day material into SEZ premises

## Periodic Compliance Services

- Preparation and filing of MPR reports
- Preparation and filing of APR reports
- Assistance in preparation and filing of form A-3 on a quarterly basis w.r.t **Service tax benefit** availed
- Maintaining **Bond register, ARE-1 register, Bill of entry register and No benefit registers**

Only dedicated website providing information about IFSC to various stakeholders with resource section for regular updates, circulars etc

The screenshot shows the homepage of the IFSC Consultants website. The browser address bar displays 'www.ifscconsultants.com'. The website header includes the IFSC Consultants logo (A business unit of MOON SEZ Consultants Private Limited) and a navigation menu with the following items: HOME, ABOUT IFSC, REGULATORS, ABOUT US, APPROVAL PROCESS, OUR SERVICES, RESOURCES, CERTIFICATION, and CONTACT. The main content area features four service cards, each with an icon, a title, a brief description, and a 'READ MORE' button. The cards are: 1. Overview of IFSC (Icon: Group of people), 2. Activities Permitted (Icon: Bucket), 3. IFSC In SEZ (Icon: Wrench), and 4. Fiscal Incentive (Icon: Document). The footer area is partially visible, showing a 'Meet Our Clients' section and a taskbar with several open files.

Welcome to IFSC Consult x

www.ifscconsultants.com

**IFSC** consultants  
(A business unit of MOON SEZ Consultants Private Limited)

HOME ABOUT IFSC REGULATORS ABOUT US APPROVAL PROCESS OUR SERVICES RESOURCES CERTIFICATION CONTACT

**Overview of IFSC**

An IFSC caters to customers outside the jurisdiction of the domestic economy. Such centres deal with flows of finance, financial products and services across borders. London, New York and Singapore can be counted

READ MORE

**Activities Permitted**

- Fund-raising services for individuals, corporations and governments
- Asset management and global portfolio diversification undertaken by pension funds, insurance companies

READ MORE

**IFSC In SEZ**

Definition of IFSC as per SEZ Act: As per Section 2 (q) of SEZ Act, 2005, "International Financial Services Centres" means an International Financial Services Centre which has been approved by the Central Government

READ MORE

**Fiscal Incentive**

Since India has many restrictions on the financial sector, such as partial capital account convertibility, high SLR (statutory liquidity ratio) requirements and foreign investment restrictions

READ MORE

Meet Our Clients

Presentation for c...pptx denotification sta...docx denotification sta...docx letter of 18 residen...pdf letter of 18 residen...pdf

Show all Speakers: 36%





**Thank You**