

International Financial Services Centres Authority

FAQs for the International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024

1. What are the main objectives of these regulations?

Answer: The regulations aim to establish a regulatory framework for the development, registration, and operation of book-keeping, accounting, taxation, and financial crime compliance services within International Financial Services Centres (IFSCs) and to develop GIFT IFSC as a 'global offshore centre for book-keeping, accounting, taxation and financial crime compliance services' and create large employment opportunities for the talented Indian workforce.

2. When do these regulations come into force?

Answer: The regulations come into force on the date of their publication in the Official Gazette i.e. June 06, 2024.

3. What types of services are covered under these regulations?

Answer: The regulations cover four types of services i.e. book-keeping, accounting, taxation, and financial crime compliance services.

(A) Book-keeping services such as classifying and recording transactions including payroll ledgers in terms of money or any other unit of measurement in the books of account and other related documents

(B) Accounting services like

- i. reviewing annual and interim financial statements or other accounting information without any attestation or assurance thereof;
- ii. compilation of financial statements from information provided by the client, without giving any attestation or assurances regarding the accuracy of the resulting statements;
- iii. preparation of financial statements;
- iv. compilation of income statements, balance sheets or other financial information;
- v. analysis of financial statements;
- vi. other related accounting support services in relation to any of the above including valuation support services

(C) Taxation services such as tax consultation, tax preparation or tax planning and includes providing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds

(D) Financial crime compliance services such as services rendered in relation to compliances of Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT) measures and Financial Action Task Force (FATF) recommendations, and other related activities.

4. Who needs to register under these regulations?

Answer: Any entity intending to provide book-keeping, accounting, taxation, or financial crime compliance services in an IFSC must obtain a certificate of registration from the Authority.

5. What is the process for registering as a BATF Service Provider?

Answer: The following process has been put in place for Registration of BATF Service providers :

- Submission of initial business plan
- Submission of application in the prescribed format to IFSCA and SEZ Authority along with application fee.
- Issue of in-principle approval by IFSCA
- Grant of Certificate of Registration

6. Are there any exceptions to the registration requirement?

Answer: Yes, existing Ancillary Service Provider undertaking book-keeping, accounting, or taxation as ancillary service providers in GIFT IFSC before the notification of BATF Regulations shall submit their willingness to operate under BATF regulations within 60 days from the date of commencement of the BATF Regulations. A letter of continuation will be issued to such entities from the Authority.

7. What qualifications are required for key managerial personnel?

Answer: The Principal Officer and Compliance Officer must be a professionally qualified Chartered Accountant (CA), Company Secretary (CS), Cost and Management Accountant (CMA), Certified Public Accountant (CPA), Chartered Financial Analyst (CFA) or any other equivalent qualifications from professional bodies or institutes or a post-graduate degree in finance, accountancy, business management, commerce, economics, taxation or a degree in law from a university or an institution recognized by the UGC or AICTE or such other equivalent authority in India or a foreign jurisdiction.

8. Is there any specific conditions applicable to an existing services provider providing similar services from India for setting up a BATF Service Provider in GIFT IFSC?

Answer: The regulation 8 & 9 of the regulations read with first schedule, which provides that the Unit shall ensure that their business in IFSC is not set up either by Splitting up, reconstructing, or reorganizing existing businesses in India to set up a new BATF Service Provider in GIFT IFSC or Transferring or receiving existing contracts or work arrangements from group entities in India.

9. How are service recipients determined under these regulations?

Answer: The BATF Service Provider must ensure that the service recipients are non-residents and are not from jurisdictions identified by FATF as “High Risk”.

10. What are the reporting/ compliance requirements for BATF Service Providers?

Answer: BATF Service Providers must comply with the reporting and compliance requirement as applicable to the IFSC entities including AML-CFT and requirement as provided in BATF Regulations which is as under:

- i. Submit information about their operations to the Authority in the specified manner and intervals.
- ii. Provide annual financial reports in US Dollars unless otherwise specified.
- iii. Obtain and submit a compliance certificate from an independent professional within 90 days of the financial year-end.

11. What should Ancillary Service providers do after the commencement of BATF regulations for undertaking Services notified under IFSC (BATF) Regulations?

Answer: Ancillary Service Providers must:

- i. Seek registration under the new regulations within three years from the date of notification of BATF Regulations.
- ii. Ring-fence BATF operations from other operations.
- iii. Comply with certain conditions and deposit the applicable Registration (one time) and Annual fees (non-refundable).

12. How is the office space requirement determined for BATF Service Providers?

Answer: BATF Service Providers must ensure a minimum office space of 60 sq. ft. per employee in the IFSC.

13. In which currencies can BATF Service Providers operate?

Answer: A BATF Service provider can undertake business in following Foreign Currencies:

- i. US Dollar (USD)
- ii. Euro (EUR)
- iii. Japanese Yen (JPY)
- iv. UK Pound Sterling (GBP)
- v. Canadian Dollar (CAD)
- vi. Australian Dollar (AUD)
- vii. Swiss Franc (CHF)
- viii. Hong Kong Dollar (HKD)
- ix. Singapore Dollar (SGD)
- x. UAE Dirham (AED)
- xi. Russian Rouble (RUB)
- xii. Swedish Krone (SEK)
- xiii. Norwegian Krone (NOK)
- xiv. New Zealand Dollar (NZD)
- xv. Danish Krone (DKK)

An INR account is allowed only for the purpose of administrative and statutory expenses.

14. What are the fees applicable for BATF Service Providers in IFSC for Registration?

Answer: The fee structure for Registration under BATF services is as under:

1. Application Fee: USD 1,000 per activity
2. Authorisation Fee: USD 5,000 per activity
3. Annual Fee:
 - USD 5,000 per activity < 500 Employees
 - USD 7500 per activity up to 500- 1000 Employees
 - USD 10000 per Activity up to >1000 Employees

15. Mode of Payment:

Account Details for fee to be remitted to IFSCA in USD:

a.) Account Name: International Financial Services Centres Authority

Account Number: 970105000174

Type of Account: USD Current Account

Current Account Bank Name: ICICI Bank Limited

SWIFT Code: ICICINAAXXX

NOSTRO Details: CHASUS33XXX

JP MORGAN CHASE BANK NA, NEWYORK, USA

Account no.: 833999532

b.) However, entities from India (except GIFT-IFSC) have option to pay the Application Fee and Registration Fee (for grant of registration by IFSCA) in INR in below account.

Account Name: IFSCA FUND 2

Account Number: 39907189884

Name of the Bank: State Bank of India

Type of Account: INR Current Account

IFSC Code: SBIN0060228 .

For the entities remitting the fee in INR, the latest RBI reference rate available at <https://www.fbil.org.in/#/home> (which would normally be 7 days before the current date) will be considered

For more details regarding payment of fees please refer IFSCA Fee circular date 17th May, 2023 as amended from time to time.

16. How can one get clarification on any difficulties in interpreting these regulations?

Answer: In case of the any further clarification, a communication may be made to the Division of Ancillary services, GIC and BATF of IFSCA.

(Please note that the FAQs are intended to address queries which are frequently received to IFSCA. In case of any further clarifications/ interpretation of the any of the FAQs, the terms and conditions as stipulated in the IFSCA (BATF) Regulations, 2024 shall prevail..)
