

The Consultation Paper titled “*Mapping of Services Accounting Codes (SAC) and Introduction of Foreign Currency Expense Reporting for IFSC Units under SERF and MPR*” was issued by IFSCA on April 08, 2026. The following comments/ suggestions were received in response to the Consultation Paper:

S. No.	Consultation Question No. (As per Section 7 of this Consultation Paper)	Comments / Suggestions	Detailed Rationale	Other Supporting Information
1	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Fire and engineering to be reported under code 997147 or 997149?	Better we get the clarity so that we are aligned with industry reporting and as per expectation of the Authority	
2	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	The calculation proposed is Gross premium (not actual premium received) minus actual expenses paid in foreign currency. Either both to be on actual receipt and payment or on gross premium and accrued expenses.	SERF is basis the Invoice raised and not on the actual premium received, however MPR is actual payment made, So This is not the (actual receipt - actual payment).	

3	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	For reinsurance company - other major expenses nt included are as below - - Commission paid (or this has to be reported under brokerage) - Services provided by Group Company (like IT, HR, Trainings, etc.), or any 1 generic category like other Miscellaneous expenses - Membership / Subscriptions - Travel and Conveyances	- We have our business from Group entities where we do not pay brokerage expenses but we pay commission expenses. hence separate expense head to be created. - On the common services received from group we reimburse the expenses to Parent / Group Company. Separate expense head can be created for this.	
4	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	1. Foreign currency payment is made to Parent Company on account of Advance received Whether this payment to be considered for reporting as this is not the expense, if yes under which head. The advance received was not considered for any reporting. 2. Basis understanding the foreign currency expenses to be reported on payment basis, hence there will be a timing gap as per financial books and MPR reported	1. As per regulation, all the premium received from DTA by Foreign branch shall be invested in India, hence we have asked for Advance payment from the Parent Company to run the operational expenses. In coming years we will have business from outside India and this Advance will be repaid back on monthly / quarterly basis. 2. Additional detailed reconciliation is to be maintained as per books of accounts and MPR reported.	

5	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Currently, the <i>Insurance Broker</i> reports its services under SAC 997161 – Insurance brokerage and agency services, which adequately covers the services provided by the entity. Accordingly, no additional SAC codes appear to be required for the existing scope of activities.		
6	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	At present, the <i>Insurance Broker</i> does not incur any expenses in foreign currency. Further, the categories of foreign currency expenses listed in Annexure B of the Consultation Paper broadly cover the types of expenses that may potentially be incurred by the Company in the future.		
7	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	As per our understanding proposed approach may not give the desired view for estimation of net foreign currency value creation from the IFSC in the current formats	Please clarify if the proposal for expenses is based on paid or incurred basis, as revenue is reported on actual invoice basis and not on settlement. For example, if certain claims are not paid but only reserves are made, those may not be considered.	
8	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	In general, major categories of foreign currency expenditure look reasonable. Most operating expenses are incurred in INR like Payroll, Rent, Legal/ Audit and Consultant fee etc. This portion is not considered as Forex expenditure and may create a value mismatch.	Reinsurance IIOs reporting formats and requirements may need to be considered accordingly to the specific business model.	

9	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Due Date: Request SERF filing timeline extension from 5 to 11 each month or provide us the exemption from filing SERF for Reinsurance IIO Similarly, extension for MPR from 5 of the months to 15th of the month because proposed expense reporting would need closure of books and account and recondition to be completed	SERF reporting contains the same information provided in GST return & the due date of GST return is on 11 of every month. Digitization of SERF form linked with GST portal may be considered as similar details are reported at invoice level in GST outward return. Further, Similar data is quarterly reported to IFSCA in Form A and B. Uniformity of data and timeline by avoidance of duplicity in reporting may be considered for IFSCA registered units.	
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10	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.	Whether Lloyd's IFSC and Lloyd's Service Companies need a further SAC code adding for "Management and/or Service Fees" received	In the Lloyd's IFSC model, the Service Company binds risk on behalf of the relevant Syndicate(s) and Members. The revenue stream for the Syndicate is the insurance/reinsurance premium ; the revenue stream for the Service Company could be of different forms (including management fee or service fees paid by the Syndicate) – should these be captured as separate SAC codes, or does the Authority envisage use of one of the existing codes to capture this (such as 997169 – Other services auxiliary to insurance and pensions)? In addition, under the Lloyd's IFSC model, Lloyd's IFSC charges a management fee to the Lloyd's Corporation for the services provided. We propose to use SAC code "998399 - Other professional, technical and business services n.e.c.", which is currently only associated with the "Finance Company" sector as per Annexure C of the Consultation Paper. This would align with the SAC currently used by our branch in the DTA.	
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11	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	Yes	The recommended SAC codes are operationally practical and suitable for reporting under SERF, subject to our response to Q.1. and Q.2. above.	We would welcome clarity in respect of the expectations of reporting by the Service Company and/or Syndicate and Lloyd's IFSC, in the Lloyd's IFSC model.
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12	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	Yes	The proposed approach for capturing foreign currency expenses in the MPR Form is appropriate for estimation of net foreign currency value creation from the IFSC We suggest adding “Reinsurance Commission paid” as an Expense category under Annexure B for Insurance - Reinsurance Entities (IIOs)	We would strongly encourage the issuance of clear guidance/instruction in the areas set out in 5.4 of the Consultation Paper (i.e. (a) scope of expenses to be reported, (b) conversion methodology, and (c) reporting principles for consistency). We would also welcome clarity in respect of the expectations of reporting by the Service Company and/or Syndicate and Lloyd’s IFSC, in the Lloyd’s IFSC model.
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13	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	To add Service Codes: 998399 (Other professional, Technical and Business Services n.e.c.) Code 999799 (other Services n.e.c.) Code 997156 (Financial Consultancy Services) Code 997120 (investment Banking Services) Code: 997151 (Services related to investment banking such as mergers & acquisition services, corporate finance & venture capital services) Code 998371 (Market research services) To SAC codes for Capital Markets	Capital Markets include investment banker, however these codes that are related to investment banking are missing from the list	Referred from the entire list of SAC code mentioned in the SERF Format 5.0
14	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	to add Code: 998224 (Other Similar Services n.e.c.) to SAC code for Ancillary Services	This Code will help in converging any other services that an entity might do in future with the approval of IFSCA.	
15	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	To add code 998591 (Credit Reporting and Rating Services) to SAC code for Capital Market Intermediaries	Capital Markets include Credit Rating agencies however this code is missing from the list.	

16	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	To add code 998371 (Market Research Services) to SAC Code for Capital Market Intermediaries	Capital Markets include Research Entities however this code is missing from the list.	
17	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.	The proposed sector wise SAC code mapping is broadly appropriate and provides a structured foundation for consistent classification of financial services revenue by IFSC units. The framework sensibly aligns with existing GST SAC codes and covers the major IFSC sectors including Banking, Capital Markets, Fund Management, Insurance, Finance Company, Fintech, and Metals & Commodities.	The use of existing GST SAC codes avoids the complexity of introducing new codes while improving reporting consistency. Mapping by sector with indicative codes addresses the inconsistencies noted in para 2.3 of the Consultation Paper.	No additional comments.

18	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	It is observed that Payment Service Providers (PSPs) are not covered under the proposed SAC code mapping in Annexure C, despite being a recognised category of IFSC units. PSPs typically earn revenue from transaction processing fees, payment gateway charges, cross-border remittance and settlement fees, FX conversion margins, and subscription or platform access fees charged to merchants or financial institutions. These revenue streams do not neatly fall under any single sector currently mapped in Annexure C. We suggest the following SAC codes be explicitly mapped for PSPs: 997158 – Financial transactions processing and clearing house services (for transaction processing and settlement fees); 997119 – Other financial services (for FX conversion margins and miscellaneous fee-based income); 997159 – Other services auxiliary to financial services (for platform access fees and ancillary charges); 998315 – Hosting and IT infrastructure provisioning services (where PSPs provide technology platform services).	Annexure B of the Consultation Paper already recognises PSPs as distinct categories under the “Payment Services” sector for expense reporting purposes. However, the corresponding revenue-side SAC classification in Annexure C does not include a “Payment Services” sector. This asymmetry means that while PSP expenses will be captured under the proposed MPR framework, their revenue classification will remain inconsistent; undermining the very objective of standardisation stated in para 1.5(a) of the Consultation Paper. Without explicit guidance, different PSP units may classify similar transaction processing revenue under different SAC codes (e.g., some under 997158, others under 997119 or 998313), perpetuating the inconsistency problem identified in para 2.3. The payment services sector within IFSC is growing, and providing clear SAC mapping now will avoid reclassification issues later.	Reference: Annexure B lists PSP and PSO as separate categories under “Payment Services” sector with identified expense types. Reference: Section 2.3 of the Consultation Paper identifies inconsistent SAC code usage as a key issue. The IFSCA (Payment Services) Regulations, 2024 define the scope of PSP activities, which can serve as a basis for SAC mapping.
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		We recommend that a separate “Payment Services” sector be added to Annexure C with these mappings.		
19	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	The recommended SAC codes are generally operationally practical for SERF reporting. However, clear guidance notes or a decision tree would help units select the correct code when a service could potentially fall under multiple SAC codes. For instance, a fintech entity providing IT-based financial services could classify revenue under either 997119 (financial services) or 998313 (IT consulting and support). Guidance on the primary classification principle whether the nature of the service or the nature of the entity should take precedence would be helpful.	Para 4.3(a) states that classification should be based on the nature of service provided, not the entity type. However, Annexure C is organised by sector (entity type), which may cause confusion. A supplementary decision tree or FAQ document would improve operational adoption. The choice of conversion rate can materially affect reported expense figures, especially for units with significant EUR, GBP, or other non-USD expenses. A standardised conversion methodology is essential for the FCVC metric to be comparable across units and over time.	Suggest IFSCA consider publishing a guidance note alongside the final framework, with worked examples for common scenarios. Suggest adopting the RBI reference rate on the last business day of the month, or the monthly average, as the standard conversion basis. This aligns with common accounting practices and would be simple to implement.

20	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	The proposal to capture aggregate monthly foreign-currency expenses in MPR, and to derive $FCVC = FCGR - FCEXP$, is conceptually sound and will materially improve IFSCA's ability to assess net foreign-currency value creation at sectoral and system-wide levels. The proposal is supported in principle. However, certain methodological refinements are necessary for the formula to deliver the intended analytical value: · Intra IFSC flow netting: FCY expenses paid by one IFSC unit to another are simultaneously revenue for the recipient unit. At system level, this creates double counting unless intra-IFSC flows are netted using the new SERF destination tags (Section 2.5) · Exclusion of INR expenses settled via SNRR: The proposal captures only foreign-currency expenses, whereas a substantial portion of an IFSC unit's economic cost base including office rent at GIFT City, salaries and wages to Indian employees, statutory contributions (PF / ESI / Gratuity / Professional Tax), local professional fees, utilities and other domestic services is settled in Indian	· Intra IFSC flow netting: Intra IFSC flows must be netted at system level. If IFSC Unit A pays USD 1m to IFSC Unit B for shared services, both A's FCEXP and B's FCGR will increase by USD 1m producing zero net change in true value-creation, but, without netting logic, polluting both unit-level and aggregate FCVC. The new SERF service-flow tags ("Exports to Other IFSC / SEZ Units") provide a built-in mechanism to identify these flows; IFSCA should formally use them for FCVC aggregation. · Exclusion of INR expenses settled via SNRR: The SNRR routed INR expense base is economically funded by inward remittance of foreign currency. Conceptually, when an IFSC unit converts USD revenue into INR (via SNRR) to pay rent, salaries and other domestic costs, the foreign currency has left the unit's books in real economic terms even though the final settlement to the vendor is in INR. Treating SNRR-routed INR expenses as outside FCEXP scope therefore creates a structural overstatement of FCVC, particularly acute for people-intensive sectors where salaries can constitute 40–	-
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		Rupees through the unit's Special Non-Resident Rupee (SNRR) account, funded by inward remittance of foreign currency. These INR outflows are economically funded out of foreign-currency revenue and represent a genuine reduction in net foreign currency value created by the IFSC unit. Excluding them from FCEXP will systematically overstate FCVC at both unit and system level, particularly for service-intensive and people-intensive sectors (Payment Services, FMEs, Ancillary Services, GAO, GIC, TechFin) where the INR-denominated local cost share is high. · Conversion methodology for non - USD foreign currencies: Section 5.3 prescribes conversion of foreign currency expenses into USD but does not specify the conversion approach for expenses denominated in currencies other than USD (e.g., EUR, GBP, SGD, AED, JPY, CHF). Clarity is needed on whether IFSC units should apply (i) the transaction-date exchange rate, (ii) the month-end closing rate, or (iii) a monthly weighted-average rate, when translating non-USD FCY expenses into USD. Each method produces materially different aggregate USD figures during periods of currency volatility, and inconsistent application	60% of total costs. · Conversion methodology for non-USD foreign currencies: On the conversion methodology for non-USD currencies, three commonly used conventions exist, each with trade-offs: transaction date rates are most accurate but operationally heavy; month-end rates are simplest but ignore intra-month volatility; monthly weighted-average rates balance accuracy and operational ease. A single mandated convention across the IFSC with FBIL / RBI reference rate is materially preferable to leaving the choice to individual reporting units.	
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		across units will compromise comparability the very objective the proposal seeks to achieve.		
21	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	The indicative list in Annexure B is comprehensive.	These expense categories are common across IFSC units and are typically denominated in foreign currencies.	-

22	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	The following operational and implementation issues may arise: (a) Timeline for implementation: Units will need time to configure their accounting systems to extract and aggregate foreign currency expenses monthly. A phased implementation or a 2-3 month dry-run period would be helpful. (b) Multi-currency reporting: Units operating in multiple foreign currencies (EUR, GBP, SGD, AED, etc.) need clarity on whether to report expenses currency-wise or only the aggregate USD-converted total. (c) Intercompany transactions: Guidance is needed on whether to include or exclude intra-group foreign currency payments (e.g., head office SLA charges) to avoid double counting at the system level. (d) Retrospective reporting: Clarity on whether the new expense field will apply prospectively or if historical data will also need to be restated.	These are practical issues that could affect data quality in the initial months of implementation if not addressed upfront. A transition period with IFSCA helpdesk support would improve compliance and data quality.	Suggest IFSCA consider: - A 3-month parallel reporting period where expense data is submitted on a best-efforts basis; - A detailed FAQ document addressing edge cases; - A validation mechanism on SEZ Online to flag outlier values for unit review. - Phased applicability: voluntary reporting in the first quarter post-notification, mandatory thereafter.
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23	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Under Insurance heading, there is a separate heading for Accident and Health Insurance Services (997133). We understand that accident and health insurance offered by Life Insurance entities would be reported under heading ‘Life insurance services (excluding reinsurance services)’ (997132) and that the heading ‘accident and health insurance’ (997133) include only standalone health insurance products related services	Health insurance is offered by Life Insurance entities, General Insurance Entities and standalone Health Insurance Entities. Accordingly, we understand that the insurance products offered by Life insurance entities will be reported under ‘Life insurance services (excluding reinsurance services)’ (997132).	
24	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	We suggest that expenses reporting shall be included and aligned to the SERF reporting in lieu of MPR.	We submit that inclusion of expenses reporting in SERF report would enable a holistic view of the receipts and payments of the services offered through the IFSC office. Aligning expense report to SERF report will enable transactions overview in foreign currency as well as INR.	

25	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	We suggest removing the line item 'brokerage paid' under the Insurance Entities (IIOs) section in Annexure B	We refer to the IFSCA (Management Control, Administrative Control and Market Conduct of insurance business) Regulations, 2023 which provides for definition of 'commission' as any benefit payable to an insurance agent, intermediary or insurance intermediary in consideration of availing their services in relation to solicitation, procurement, retention or conversion of insurance policies'. We further submit that, considering brokers are identified as Insurance Intermediary, brokerage paid will be included in commissions paid. We accordingly suggest removal of 'brokerage paid' and retain commissions paid to address any potential ambiguity in reporting.	
26	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	We seek clarity on the 'claims paid' section in the Insurance Entities (IIOs) section, under Annexure B	Life Insurance Claim may be in the nature of Death or Non-Death (maturity; surrender, survival, foreclosure, health, Rider, etc.). We accordingly seek the Authority's guidance on reporting such claims under the head 'claims paid'	

27	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	We suggest addition of the below category 'Any other expenses incurred' under the Insurance Entities (IIOs) section under Annexure B.	We submit that the IIO may incur other expenses such as rent, marketing, technology etc. which constitute as significant expenses. Inclusion of head 'Any other expenses incurred' will enable reporting of expenses not covered in the other categories provided in the Insurance Entities (IIOs) section under Annexure B.	
28	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Confirmation required as to under which SAC code, profit/loss on sale of securities to be reported for which no invoicing is being done	Where reporting needs to be done for profit/loss resulting from sale of security (Investment)	
29	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Can administrative expenses paid in INR through SNRR account be included?	since this is major portion of OPEX for IBU's	

30	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.	It is recommended that the Insurance section of Annexure C – Indicative List of SAC Codes for IFSC Units be updated as follows to align with the GST SAC Master, ensuring consistency in interpretation and reporting: a. SAC 997145 may be described as “Freight reinsurance services” instead of the generic description “Services.” b. SAC 997146 may be described as “Other property reinsurance services” instead of “Freight reinsurance services.”	These recommendations are in line with the SAC descriptions provided in the HSN Directory (Excel format) available on the GST website	Nil
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31	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	If SERF reporting is required to be aligned with Forms IIO-A, IIO-B and IIO-C, which are prepared on an accrual basis (including provisions), such invoice-level details may not be available at the time of reporting. The existing GST mechanism has posed challenges for International Insurance Offices (IIOs), and there are indications that proposals may be made to shift GST to a reverse charge mechanism (RCM). Under an RCM framework, certain invoice details required for SERF reporting (e.g. SAC codes, invoice dates and numbers) may not be readily available to IIOs, as the relevant tax invoices would be issued by domestic insurers under RCM.		
32	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	Please advise whether the foreign currency expenses reported in the MPR are expected to be aligned with Forms IIO-A, IIO-B and IIO-C submitted on a quarterly basis, which are prepared on an accrual basis and include provisions / estimated amounts.		

33	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	The following operational and implementation issues are highlighted for the Authority's consideration: a) The current reporting timeline of MPR and SERF requires submission within five days after month-end, regardless of public holidays or weekends. This is operationally challenging, as the month end closing is typically not completed and we cannot provide the foreign-currency expense data at this timeframe. b) FCGR (Gross Revenues in Foreign Currencies) reported in SERF and FCEXP (Expenses in Foreign Currencies) reported in MPR may differ from Forms IIO-A, IIO-B and IIO-C, as only preliminary estimates of gross revenues and expenses are available at the current timeline. c) The proposed requirement is expected to result in additional compliance burden for IIOs, particularly in a scenario where GST is shifted to RCM, which are otherwise envisaged to operate under a light-touch regulatory and compliance framework.		
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34	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.	Yes, as per our current income streams the SAC are appropriately defined. However, the invoice type category looks a bit conflicting in SERF Version 5.0.	New SERF Template gives additional invoice types alongside previous types such as: - Software Exports (Offsite) - Software Exports (Onsite) - Royalty from Software - Service Exports Other than IT & IT enabled Services - IFSC Service Exports Outside India - Service Exports to Other IFSC / SEZ Units - Service Exports by IFSC / SEZ Units to DTA Units In our understanding having only the new invoice types are good enough for categorisation of invoice and if we keep all of the above, the invoice types may be inconsistently be followed by different companies in same sector. For eg. if we have to report the Royalty from software from outside India, we may choose to report it in type " Royalty from Software" or "IFSC Service Exports Outside India". Both may deem fit.	With the intent of reporting revenue, based not only on the nature of services but also on the destination of such services, only new export type category suffices the purpose i.e., - IFSC Service Exports Outside India - Service Exports to Other IFSC / SEZ Units - Service Exports by IFSC / SEZ Units to DTA Units
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35	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	No,as per our current revenue from operations streams the SAC are appropriately defined. Subject to our understanding, other income like Interest on Fixed deposits (Client and Proprietor funds), Interest on IT refund and employee recovery etc. are not required to be reported here.		Periodic review mechanism is recommended, to capture the new SAC requirement from time to time for any new line of business.
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36	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	Yes, list is aligned with GST SAC List. But Invoice-level reporting at SAC and export type level increases compliance burden. 1. For ease of reporting in its spirit to capture destination based revenue, we recommend "SAC Level reporting on consolidated level" instead of "Invoice and SAC level reporting currently proposed. 2. The proposed format should support negative SAC level reporting towards Credit note adjustment. 3. The currency conversion guidelines shall be clearly laid out. We recommend to allow the reporting entity to report revenue in their dominant reporting currency, which will be USD for most of the entities. The portal shall itself convert the reporting currency to USD based on the rate decided by the working committee automatically. 4. We understand that only taxable value/base invoice value is to be reported here. 5. We understand that only billed revenue has to be reported. Hence payment or accrual basis reporting should not be followed.	As per last understanding in our meeting with working committee, we aligned that SERF and MPR would be SAC level consolidated reporting. Hence, invoice level reporting is not required. "Extract of guidance note discussed in meeting held on 15. Reporting on the basis of B2C cases and not invoice level data due to high volume Invoice-level reporting is not expected to be done. So, this B2C question does not arise."	Invoice level reporting requirement mentioned in Section 1.5 of IFSCA Consultation Paper. Also, the new format as per annexure - , recommends the invoice level SAC level reporting
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37	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	Capturing FC expenses will enable computation of net value creation and improve policy analysis.	"Extract of guidance note discussed in meeting held on MPR Reporting should exclude general and administrative expenses such as the following. i. Procurement of Manpower/Contractual employees ii. Renting of vehicles/cabs iii. Telecom expenses iv. Travel expenses v. Stationery items, office equipments vi. Food and beverages vii. Rent payment for the premises viii. Event management expenses We recommend excluding staff welfare as an additional category.	Clear definitions and exclusions needed.
38	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	We recommend including Marketing and Business promotion as a separate expense category.		Expansion of Annexure-B maybe considered accordingly

39	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	The current consultation paper is silent/ambiguous on following aspects : 1. Invoice level or SAC level reporting. We recommend the SAC level reporting similar to what has been suggested for Revenue in SERF. 2. The currency conversion guidelines shall be clearly laid out. We recommend to allow the reporting entity to report expenses in their dominant reporting currency, which will be USD for most of the entities. The portal shall itself convert the reporting currency to USD based on the rate decided by the working committee automatically. 3. The expenses paid in INR to vendors which are part of indicative list of expenses as per consultation paper, shall be reported? Our recommendation is to include those in reporting. 4. The purchase of capital items like laptop, office equipment, leasehold improvement, intangible asset, trademark etc is not covered. Our recommendation is to include those in reporting. 5. The proposed format should support negative SAC level reporting for towards Credit note adjustment. 6. We understand that only taxable value/base invoice value is to be reported here. 7. We understand that only billed		
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		expenses has to be reported. Hence payment or accrual basis reporting should not be followed.		
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40	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	MPR is not the appropriate form to gather the required data. Instead IFSCA can look to get the same information from IBUs.	• AIFs presently file an effectively NIL MPR since they are not employing any capital intensive machinery nor are they having any employees. Additional data points in the same report shall result in additional compliance burden for the AIFs • The AIFs had previously made representations and were successful in having the NFE requirements removed via the insertion of section 53A of the SEZ Act 2005. Collecting this information will undo the relaxation provided to AIFs and are not a true or accurate reflection of AIF activities. • Almost all expenses for AIFs barring a few paid to DTA vendors in India are in Foreign Currency. This dataset is already being provided to IFSCA on a quarterly basis. An additional data point here would increase compliance burden on AIFs • IBUs are already reporting this information to the RBI using the RBI/IFSCA Purpose codes. The supply of the same information to IFSCA should therefore not tantamount to any additional compliance burden on them.	
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			• Formula provided for calculating net foreign-currency value creation (FCVC) is essentially the same as NFE. For AIFs this will undo the amendment to Section 53A of the SEZ Act, 2005 – which provided a relaxation on this condition to AIFs as AIFs incur expenses, but their income is from Capital Gains or Other Sources. AIFs thus will always show a net negative FCVC.	
41	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	An additional Expense Field called Membership & Subscriptions may be added for FMEs and AIFs	• The expense heads provided cover all heads of expenses save for the following - o Membership or Subscription fees (other than for software licensing). - o Fees paid to Investment Manager • While Expenses incurred on Third Party Services Providers is generally vast and covers almost all expense heads, the amounts paid towards memberships and/or subscriptions are not necessarily for services rendered and hence can and should be classified in their own individual group. • Similarly, Fees paid to the Investment Manager comprise of a substantial cost for an AIF and thus are better represented separately	

42	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Notwithstanding the point above (S No 1) if MPR is the designated form for supply of this information, given that the due date for submission of the form is the 5th of the subsequent month, we request that the same be extended to at least the 15th of the subsequent month for IFSCA units	• Compilation of the total payments for FME and all AIFs managed by it will be a time-consuming task which will include ensuring that the books of accounts for the month are closed in a timely manner. • At times due to the operation of banking holidays sometimes it may not be possible to fetch and collate the required information within the stipulated time especially given that not all banks have online banking platforms and monthly statements have to be called for manually.	
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43	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Scope of expenses to be reported – cash outflows vs. all foreign currency expenses Clarify whether “expenses paid in foreign currencies, converted into USD” should be reported on an accrual basis (all expenses denominated in foreign currency as per books) or only on a cashoutflow basis (actual payments made in foreign currency during the month). Also clarify the treatment of non-cash / accounting items such as amortization of capital expenditure (e.g., aircraft or ship leasing assets) and whether these should be included in FCEXP or excluded as they do not involve foreign currency cash outflows in the reporting month.	Clear guidance is required to avoid inconsistent interpretations of “expenses paid in foreign currencies” across IFSC units and to ensure that the FCEXP metric accurately reflects the intended measure (cash-based foreign currency flows vs. accrual-based foreign currency costs). Non-cash items such as amortization do not involve a foreign currency outflow in the reporting period and including them could distort the calculation of net foreign currency value creation (FCVC), especially for capital-intensive sectors such as aircraft and ship leasing where amortization amounts may be significant relative to cash movements.	Reference is drawn to Annexure B for Finance Companies in the Consultation Paper which illustrates aircraft and ship leasing assets and related amortization, necessitating explicit guidance on whether these charges are to be captured within FCEXP or not.
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44	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Treatment of penalties, fines, late fees and other penal charges Provide explicit guidance on whether amounts of a penal nature (penalties, fines, late fees, default charges, etc.) incurred in foreign currency are required to be reported under FCEXP in the MPR. Clarify whether such penal expenses should be included for the purpose of computing net foreign currency value creation or excluded to ensure consistency and better reflect core business-related foreign currency expenses across IFSC units.	Penal charges are generally non-recurring or non-core in nature and may not reflect the underlying service-related foreign currency consumption that the FCEXP metric is intended to capture for FCVC analysis. Inconsistent treatment of such items by different entities (some including, some excluding) would undermine comparability and may distort assessments of operational efficiency and value creation in foreign currency terms across the IFSC ecosystem.	The Consultation Paper indicates that the framework aims to measure net foreign currency value from services, which warrants clarity on whether penal charges align with this objective or should be separately disclosed/excluded for analytical integrity
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45	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Alignment between foreign currency expense reporting and existing MPR procurement reporting Clarify whether FCEXP reporting is intended to follow the same basis (accrual vs. cash) as the existing Monthly Performance Report (MPR) procurement reporting, which currently records procurements on an incurred (accrual) basis irrespective of cash outflow timing. If FCEXP is intended to be on a different basis (e.g., strictly cash-paid foreign currency expenses), specify whether any reconciliation requirements, explanatory disclosures or standard guidance will be prescribed to bridge the difference between the two datasets for regulatory and analytical use.	A divergence between accrual-based MPR procurement data and cash-based FCEXP reporting could create confusion and impair the interpretability of trends if not accompanied by clear guidance and reconciliation norms. Regulators and analysts may otherwise misinterpret differences arising purely from accounting basis rather than underlying business performance or foreign currency exposure, which is contrary to the objective of obtaining reliable, comparable metrics across IFSC entities.	The current practice of reporting procurements in MPR on an incurred basis is already established; introducing a distinct cash-basis FCEXP field without standardized reconciliation could necessitate additional explanations by entities and may complicate regulatory analysis unless harmonized or clearly differentiated in the instructions.
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46	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Reporting of advances paid in foreign currency Clarify whether advances paid in foreign currency towards procurement of ships, aircraft and related equipment (including for aircraft and ship leasing entities) should be reported in FCEXP in the month of remittance, even when these are capital advances recorded as assets/advances in the balance sheet and not immediately expensed in the profit and loss account. Alternatively, confirm if FCEXP should capture only those amounts that are recognized as expenses in the profit and loss account, with capital advances for asset acquisition excluded from FCEXP reporting.	In sectors involving large capital-intensive assets such as aircraft and ships, the timing and classification (capital vs. revenue) of foreign currency outflows can significantly affect reported FCEXP and, therefore, the computed FCVC ($FCVC = FCGR - FCEXP$). Without standardized guidance, entities may adopt differing approaches (e.g., including capital advances vs. excluding them), which would compromise comparability and may misrepresent actual foreign currency value creation over time, particularly during asset build-up or expansion phases.	Annexure B for Finance Companies refers to aircraft and ship leasing activities, underscoring the need for clear instructions on whether foreign currency advances for such assets are to be treated as FCEXP or kept outside the FCEXP computation until recognized as expenses in the profit and loss account.
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47	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	"Foreign currency conversion methodology for MPR reporting Provide detailed, standardized guidance on the methodology for converting expenses incurred in multiple foreign currencies into USD for purposes of the FCEXP field in the MPR. Specifically, clarify whether entities should use transaction-date exchange rates, month-end closing rates, monthly average rates, or a specified reference/benchmark rate (e.g., RBI reference rate or any other designated rate). Indicate whether all IFSC entities are required to adopt a uniform conversion method consistently for FCEXP reporting and, if flexibility is allowed, whether entities must disclose or pre-notify the conversion methodology adopted to ensure comparability of data across IFSC units and over time."	The FCEXP metric and the resultant FCVC ($FCVC = FCGR - FCEXP$) are sensitive to the choice of foreign exchange conversion methodology, especially when entities have significant multi-currency exposures. Inconsistent practices (e.g., some entities using daily transaction rates, others using month-end or average rates) can lead to non-comparable figures and may introduce volatility or bias unrelated to underlying economic activity, undermining the objective of reliable measurement of foreign currency value creation within IFSC. A clearly prescribed or at least clearly disclosed and consistently applied conversion framework will significantly enhance the analytical usefulness and integrity of the reported data for both the Authority and market participants.	The Consultation Paper proposes FCEXP to be reported in USD but does not specify a uniform conversion methodology, making standardized guidance critical for accurate aggregation and cross-sectional/temporal analysis across the IFSC ecosystem.
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48	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Treatment of reimbursement / cross-entity payments Clarify the treatment of reimbursement scenarios where one IFSC entity incurs foreign currency expenses on behalf of another IFSC entity (for example, where an FM / investment manager or related group entity pays expenses due to temporary fund shortages at the level of the Fund). Specifically, guidance is requested on (i) in whose MPR such expenses should be reported under FCEXP – the entity that makes the payment (payor) or the entity on whose behalf the expense is incurred (beneficiary); and (ii) how subsequent reimbursements between entities should be reflected, if at all, in FCEXP reporting to avoid double counting or omission.	In practice, due to operational or temporary liquidity reasons, expenses relating to a Fund or other IFSC unit may be settled by an associated FM or another group entity, particularly where the Fund faces short-term fund shortages. Without clear guidance on whether FCEXP should be recognised based on (a) the entity bearing the economic cost (beneficiary) or (b) the entity executing the payment (payor), different IFSC units may adopt divergent approaches, leading to inconsistencies, potential double counting (once at payor, once at beneficiary) or under-reporting of foreign currency expenses in the aggregate IFSC data.[i] This would, in turn, affect the reliability of FCVC (FCGR – FCEXP) as a measure of net foreign currency value creation across the ecosystem.	The Consultation Paper’s focus on accurate and comparable computation of FCEXP and FCVC for different categories of IFSC entities warrants explicit instructions on reimbursement / pass-through arrangements, especially for Funds and FME structures where inter-entity settlement of expenses is common. Clear rules on (a) which entity should report FCEXP in such cases, and (b) whether and how intra-group reimbursements are to be excluded from
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				FCEXP, will support consistent reporting and avoid distortion of foreign currency value creation metrics.
49	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.	Yes, the proposed mapping appropriately captures the nature and scope of financial services provided by IBU.		
50	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Revenues (non-interest) earned by IBUs from investment or trading activities may be included separately.		
51	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	Yes, subject to availability of SAC codes wise MIS which may take some time to customise/ implement by reporting entity.		

52	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	As per para 5.3, It is proposed that the Monthly Performance Report (MPR) format be updated to include “Expenses (paid in foreign currencies, converted into USD)” Here, it is appropriate if requirement is to capture net foreign currency value creation. However, it will not reflect the net profit of the entity as one of the expenses (administrative and staff expenses) are in INR and the same is recorded in equivalent USD in the books of IBU.		
53	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Similar to our response for question no. 2 in reference to revenue, losses (non-interest expenses) made by IBUs from investment or trading activities may be prescribed separately. However, in absence of separate category, it may be included under “Any other forex charges incurred”.		
54	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	We do not find any challenges in reporting gross foreign currency expenses data in MPR.		

55	General/ SERF/ Portal related.	The exchange rate applied by the SEZ portal for SERF filing may differ from the exchange rate used in the Financial Statements. As a result there may difference between SERF export turnover and book turnover.	We would like to suggest that the SEZ portal allows IFSCA Regulated Entity to input the applicable exchange rate while filing SERF returns.	
56	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	Suitable provisions be included to define the scope of term 'Gross Revenue' in the context of Life insurance in IFSC, along with the various aspects it may include, such as interest income on investments, interest on policy loans, interests on tax refunds, etc.	Interest income and other investment related income may form an essential element of financial services revenue in the life insurance context. Since the proposed value creation computation contemplates netting gross foreign currency revenue against foreign currency expenses, a uniform definition of Gross Revenue would help to ensure consistency in submissions among life insurance entities.	NA
57	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	The indicative list of foreign currency expenses for insurance entities is noted. In addition to the expenses listed in Annexure B, further guidance be provided on the treatment of certain life insurance specific items, such as change in valuation of liabilities, diminution in value of investments, or any other adjustment specific to life insurance business, wherever relevant.	Insurance entities may have certain valuation linked accounting items that may not be in the nature of routine expenses but may impact the financial position or reported results. Guidance on treatment of such items shall help in ascertaining the the MPR foreign currency expense reporting.	NA

58	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Clarity be provided as to whether the foreign currency expense reporting under MPR is to be arrived on a paid-basis or an accrual-basis? The books of accounts are generally maintained on an accrual-basis, whereas the consultation paper proposes expense reporting of 'paid' foreign currency expense for MPR. If reporting is expected to be on an accrual-basis, the MPR submission timeline may require reconsideration, as it may become operationally challenging to account for all the month end accruals, provisions, reversals, etc.	A clear basis of reporting is essential for accurate and reconcilable submissions. If the reporting is on paid-basis, it may be more directly aligned with the actual cash outflow in foreign currency. However, if the reporting is expected to reconcile with the books of accounts, accrual based data reporting may require additional time for reconciliation and validation. It will be a challenge to reconcile the same with books of accounts within 5th of succeeding month.	NA
59	General/ SERF/ Portal related.	We request clarification whether invoices are needed for each revenue captured or received by the bank		

60	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	We request you to prescribe the definition of the foreign currencies. We request your clarification whether expenses in INR are required to be reported in the report. We also request if conversion rate methodology/reference to be used for conversion in USD can be mentioned in the guideline. Foreign currency revenue reporting in SERF to capture revenue at invoice level and at SAC code level.		
61	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	Apart from the SAC codes listed down in Annexure C for Banking sector, the following SAC codes are required 997112 : Deposit services 997157 : Foreign exchange services 997159 : Other services auxiliary to financial services	These services are provided / expected to be provided from GIFT City	

62	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	We have following queries w.r.t reporting of Interest Income: (a) Considering interest income is: (i) exempt income under GST (ii) booked on accrual basis & in multiple currencies, specific guidelines on reporting such income in SERF should be provided. (b) Guidelines on reporting of Interest Income earned in “INR” in the SERF.	It is not feasible provide details of interest earned on each transaction considering business volumes & such information is also not required under GST Act.	
63	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Add: (i) SLA payments in foreign currency to other branches of Head office located in India (ii) SLA payments in foreign currency to subsidiaries of Head Office located in India (iii) Foreign currency payment to overseas branches of head office (iv) payments of annual fees / other charges to IFSCA (v) Fees paid for sell down of loans	Foreign banks may have SLA’s with other branches / subsidiaries of the parent in India or overseas	
64	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Expenses incurred in INR in the MPR	IBU’s are incurring expenses in INR. Clarity on whether reporting such expenses in the MPR considering SEZ provisions is required.	

65	Question 1: Whether the proposed mapping (refer Section 4) of sector-wise SAC code framework appropriately captures the nature and scope of financial services provided by IFSC units.		Banking Units operate in the IFSCA. The nature of income includes the following apart from interest income:	
66	Question 2: Whether there are any financial services commonly provided from or within the IFSC that are not adequately covered under the proposed SAC code mapping framework (refer Annexure C).	No. Clarification required on few other items	a. Upfront Fee income from Loans {whether the same can be shown under the service code 997158. The consultation paper is silent} b. Revaluation Gains from currency fluctuations {Clarification required under which code the same to be mapped} c. Banking units earn income from sale of investments which is business income. Consultation paper is silent on the mapping of this income with the SAC codes. d. Banking units earn income in the form of Amortisation of discount earned on the purchase of investments which is business income. Consultation paper is silent on the mapping of this income with the SAC codes.	
67	Question 3: Whether the recommended SAC codes are operationally practical and suitable for reporting under SERF.	Yes, but needs clarification on the responses submitted to Questions 1 & 2		

68	Question 4: Whether the proposed approach for capturing foreign currency expenses in the MPR Form (refer Section 5) is appropriate for estimation of net foreign currency value creation from the IFSC.	Yes, but clarification/inclusion required on few other items	Banking Units operate in the IFSCA. The nature of expense includes the following apart from the items listed in the consultation paper: a. Banking Units may be required to incur upfront fees on the borrowings for their business purpose. b. Revaluation Expense due to currency fluctuations c. Expenses related to NOSTRO/SWIFT. d. Expenses related to Staff/employees. e. Banking units may be required to pay premium of investments/loans booked. The premium paid/incurred are to be amortised over the residual tenor of the asset. Consultation paper is silent on the mapping of this expense. f. Other expenses incurred in INR like rental expenses paid to IFSC units and expenses incurred outside IFSC. The above items of expenses should be incorporated in the detailed circular/policy so as to align with the branch's financial statements.	
69	Question 5: Any suggestions on major categories or types of foreign currency expenses (refer Annexure B) that may be relevant for inclusion for the purpose of value-creation estimation.	Yes, but clarification/inclusion required on few other items		

70	Question 6: Any operational or implementation issues that IFSC units may foresee in reporting foreign-currency expense data under the proposed framework.	Yes, but needs clarification on the responses submitted to Questions 1 & 2		
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