

Frequently Asked Questions (FAQs) on International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 (“BATF Regulations”)

- 1. Whether an IFSC unit can obtain and maintain Registration under BATF Regulations for BATF services and also Authorization under the Framework for enabling Ancillary services at International Financial Services Centres dated 10th February, 2021 (Ancillary Services Framework), for undertaking ancillary services, within the same legal form?**

Answer: Yes. An IFSC unit willing to undertake any services under BATF Regulations, and also under the Ancillary Services Framework, can obtain and maintain separate registration as well as authorization under the respective Regulation/Framework, as applicable.

- 2. Whether a unit registered under the BATF Regulations can offer advisory services related to Taxation to an Indian entity intending to establish operations in IFSCs?**

Answer: No. In terms of GOI Notification No. S.O.291 (E) dated 18th January, 2024 read with reg. 19(1) of the BATF Regulations, the Book-keeping, Accounting, Taxation and Financial Crime Compliance Services can only be provided to non-residents including the IFSC units.

- 3. What are transitional provisions under BATF Regulations for transition/ migration from Ancillary Service Provider to BATF Service Provider.**

Answer: Please refer to Regulation 4 read with the Second Schedule of the BATF Regulations.

- 4. Whether during the transition/ migration period, an existing Ancillary service provider can continue to provide services other than BATF (Book-keeping, Accounting, Taxation and Financial Crime Compliance Service) for existing work/ contract/ engagements (prior to notification of BATF Regulations) for those services permissible under Ancillary Services Framework?**

Answer: Yes, during the transition/ migration period, an existing ancillary service provider may continue to provide services other than BATF (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services), which are permissible under the Ancillary Services Framework.

- 5. During the transition/ migration period, how the Ancillary Service Provider can ring-fence its BATF operations under BATF Regulations, from other Ancillary Service operations.**

Answer: Every IFSC unit which has been granted registrations/authorizations under different regulations/frameworks is required to maintain separate revenue heads and other reporting as stipulated under the respective regulations/frameworks.

Further, during transition/ migration period, an Ancillary Service Provider is required to comply with the conditions stipulated under the Second Schedule of the BATF Regulations, with respect to existing contract, manpower and assets deployed.

6. Whether an existing Ancillary Service Provider migrating as BATF Service Provider is required to undertake revenue segregation for existing engagements including for IFSCA reporting purposes?

Answer: Yes. As per the standard accounting principles, the segregation of revenue between BATF and ancillary services to the existing contracts/ engagements, which are executed prior to the date of notification of BATF Regulations, is required to be maintained by an IFSC unit.

7. Is there any restriction on shifting of employees, when BATF Service provider transfers or relocates its employees from any of their Group Entities located in India.

Answer: Yes. Reference may be drawn to Part A of First Schedule of the BATF Regulations, which provides that the number of employees transferred/ relocated from any of its Group Entities in India at the end of the financial year should not exceed 20% of the total employees employed with the BATF Service Provider.

8. Whether a BATF service provider can do sub-contracting of work to any entities located in India, including its group entities.

Answer: Under BATF Regulations, further outsourcing and sub-contracting of services to domestic India is not envisaged.

9. In case of transition/ migration of the activities covered under the BATF Regulations from the unit providing Ancillary Services, to the new unit providing BATF services, whether both units can enter into an agreement for resource sharing between the Group Entity in IFSC.

Answer: Upon complete transition/ migration from Ancillary Service provider to the BATF service provider, the agreement for resource sharing between two IFSC units is not allowed on account of ring-fencing. However, during the transition/ migration period, safeguarding clause will not be applicable in terms of Contract, manpower and assets deployed and executed prior to the notifications of BATF Regulations.

10. Whether the ancillary service provider extending the Fund Accounting Services under 'Administration Services' of IFSCA Ancillary services Framework is required to register separately under BATF Regulations?

Answer: No. The ancillary service provider extending the Fund Accounting Services under 'Administration Services' of IFSCA Ancillary services Framework is not required to register separately under BATF Regulations, and may continue to provide services under 'Administration Services' of Ancillary Services Framework.

11. Whether a company or an LLP should be an existing group entity operating exclusively out of IFSC, Or, it has to set up as a new unit in IFSC under BATF Regulations?

Answer: Any entity set-up as IFSC unit in the form of a Company or LLP in GIFT-IFSC can undertake BATF services after obtaining registration from the Authority. This will be applicable to both the existing IFSC unit as well as the new unit.

12. What specific requirements does the IFSCA set for the ring fencing and segregation of resources when an IFSC unit offering Ancillary Services alongside Book-keeping, Accounting, Taxation and Financial Crime Compliance Services under the BATF Regulations?

Answer: BATF Regulations provide for ring fencing of BATF operations from their other existing operations in IFSC. The intention behind such ring fencing is to demonstrate the revenue, contract and expenditure in the BATF Activities separately from that of other Ancillary Services.

It is further clarified that the IFSC unit, which undertakes various permissible services under different Regulations/Framework issued by IFSCA, shall ensure separate financial and other reporting as stipulated under the respective Regulations and Framework, including Circulars, Guidelines, Terms and Conditions mentioned in the letter of Registration/ Authorization.

13. Who needs to register under BATF Regulations?

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

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

Answer: The Circular dated June 28, 2024, titled “Form and Manner for seeking registration and other requirements under International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024”, may be referred in this regard.

15. Are there any exceptions to the registration requirement?

Answer: No. only existing Ancillary Service Provider undertaking book-keeping, accounting or taxation services in GIFT-IFSC before notification of BATF Regulations were required to submit their willingness to operate under BATF regulations within 60 days from the date of commencement of the BATF Regulations. Based on such willingness, IFSCA issued a letter of continuation to such units giving them 3 years time to migrate and seek registration under the BATF Regulations

16. What qualifications are required for key managerial personnel?

Answer: Please refer to regulation 11 (3) of the IFSCA (BATF) Regulations.

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

Answer: Regulations 8 & 9 of the BATF Regulations read with First schedule, mandate that the applicant shall ensure that their business in IFSC is not set up either by-

1. Splitting up of business already in existence in India; or
2. reconstructing of business already in existence in India; or

3. reorganizing of a business already in existence in India.

Further, the BATF Service Provider shall not offer BATF Services by way of transferring or receiving of existing contracts or work arrangements from their Group Entities in India.

18. How are service recipients determined under BATF regulations?

Answer: The BATF Service Provider has to ensure that the service recipients are non- residents and are not from jurisdictions identified by FATF in its public statement as “High Risk Jurisdiction-subject to call of action”.

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

Answer: Regulation 14 of the BATF Regulations may be referred to in this regard. Further, BATF Service Providers must comply with the reporting and compliance requirements as applicable to the IFSC units including the requirements specified under IFSCA (AML, CTF and KYC) Guidelines, 2022.

20. Whether the Principal Officer and Compliance Officer appointed for the existing unit providing Ancillary services, can concurrently serve in the same capacities for the unit registered under the BATF Regulations during the three-year transition period?

Answer: Yes, PO and CO can continue up to the date of complete migration or up to 3 years period, whichever is earlier.

21. What should Ancillary Service providers do after the commencement of BATF Regulations for undertaking services notified under BATF Regulations?

Answer: Ancillary Service Providers must:

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

22. 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.

23. In which currencies can BATF Service Providers operate?

Answer: A BATF Service provider may undertake permissible activities in any of the following Specified Foreign Currencies:

1. US Dollar (USD);
2. Euro (EUR);
3. Japanese Yen (JPY);

4. UK Pound Sterling (GBP);
5. Canadian Dollar (CAD);
6. Australian Dollar (AUD);
7. Swiss Franc (CHF);
8. Hong Kong Dollar (HKD);
9. Singapore Dollar (SGD);
10. UAE Dirham (AED);
11. Russian Rouble (RUB);
12. Swedish Krone (SEK);
13. Norwegian Krone (NOK);
14. New Zealand Dollar (NZD);
15. Danish Krone (DKK).

BATF Service Provider is allowed to maintain INR account only for the purpose of administrative and statutory expenses. BATF service providers may also maintain INR account for any other purposes as permitted under the applicable laws.

24. 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. Registration 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

25. Mode of Payment:

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

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: SBIN 0060228 .

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 dates 17th May, 2023, as amended from time to time.

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

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

Disclaimer: *These FAQs are not the interpretation of law but provide only a simplistic explanation of processes / issues / terms / concepts related to IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024. For full particulars of laws governing Book-keeping, Accounting, Taxation and Financial Crime Compliance Services in IFSCs, please refer to the Acts / Regulations / Guidelines / Circulars appearing under the 'Legal' section of IFSCA website, i.e., <https://ifsca.gov.in>.*
