



Opportunities at GIFT IFSC

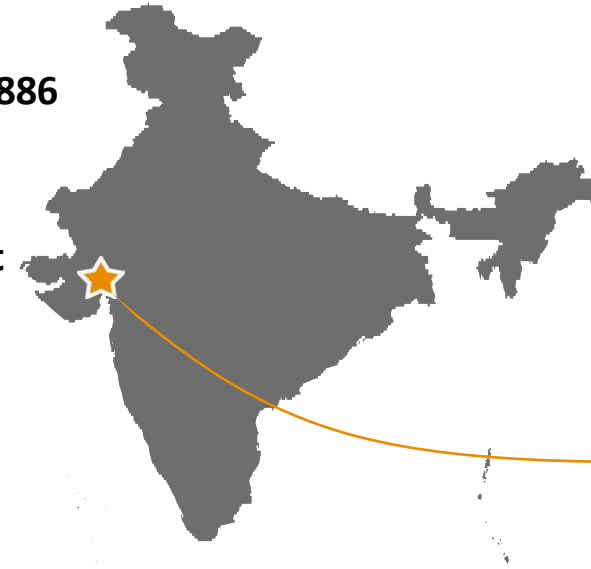
A Financial & Technology
Gateway of India

About: GIFT City and IFSC

A Greenfield Smart City developed on 886 Acres of land

Developed by Government of Gujarat and supported by Govt. of India

The financial gateway of India for inbound & outbound investment



“GIFT City IFSC– Gujarat, ranked 1st amongst top 15 Global Financial Centre that will become more significant and 1st in Reputational Advantage” based on the report issued by The Global Financial Centres Index, 28 September 2020 Issue

Government of India operationalized GIFT City as an IFSC in 2015



Global Benchmarking



Integrated Development



Strong Promoters



Central Business Hub



India's 1st IFSC



State of the Art Infrastructure



Strategic Location



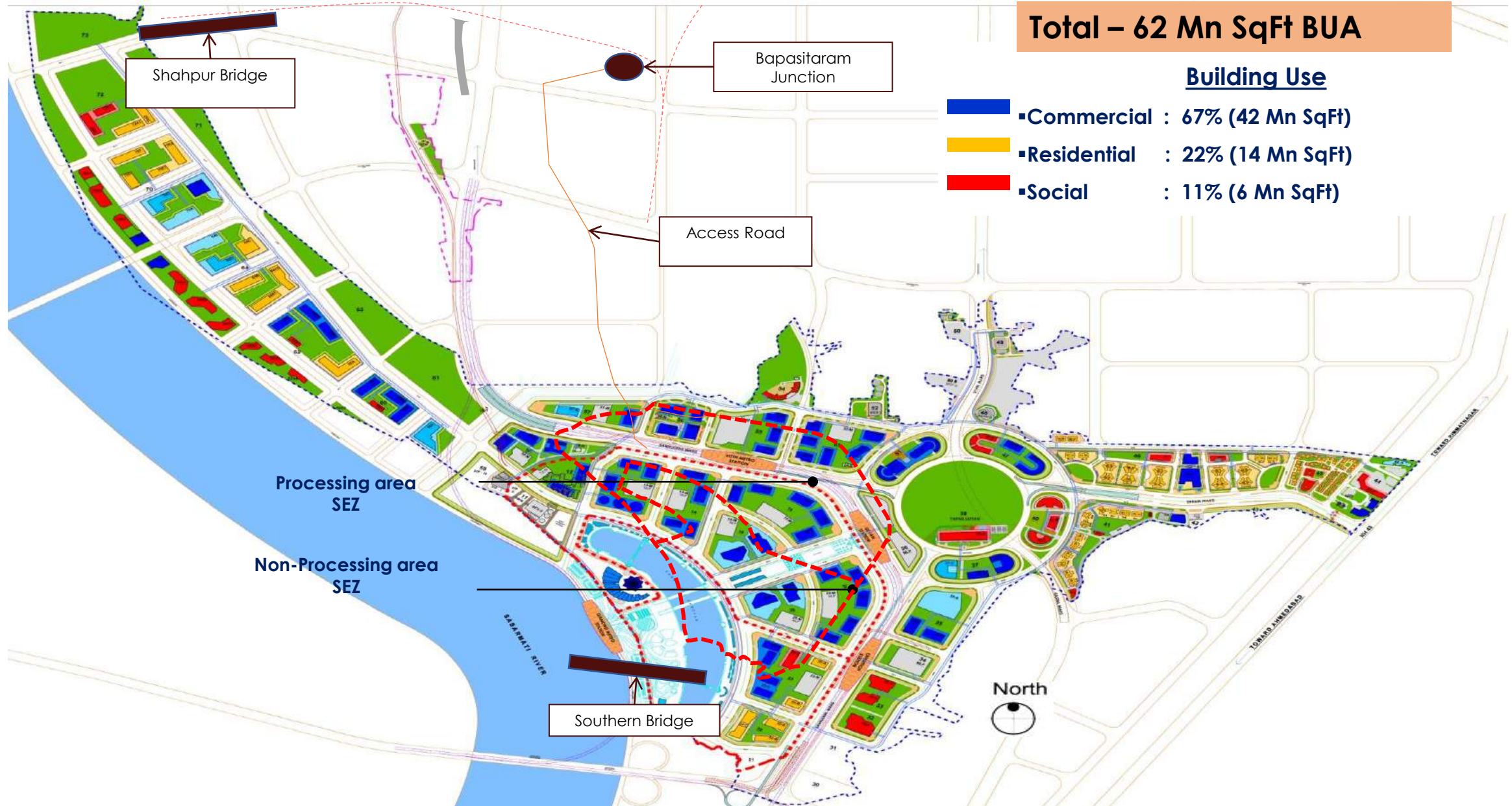
Ease of Doing business

Master Plan

Total – 62 Mn SqFt BUA

Building Use

- Commercial : 67% (42 Mn SqFt)
- Residential : 22% (14 Mn SqFt)
- Social : 11% (6 Mn SqFt)



State of Art Infrastructure



Water Treatment Plant



District Colling Plant



Utility Tunnel

Automated Waste Collection & Segregation Plant



City Command and Control Centre (C4)



Operational buildings in Domestic Area



GIFT One Tower



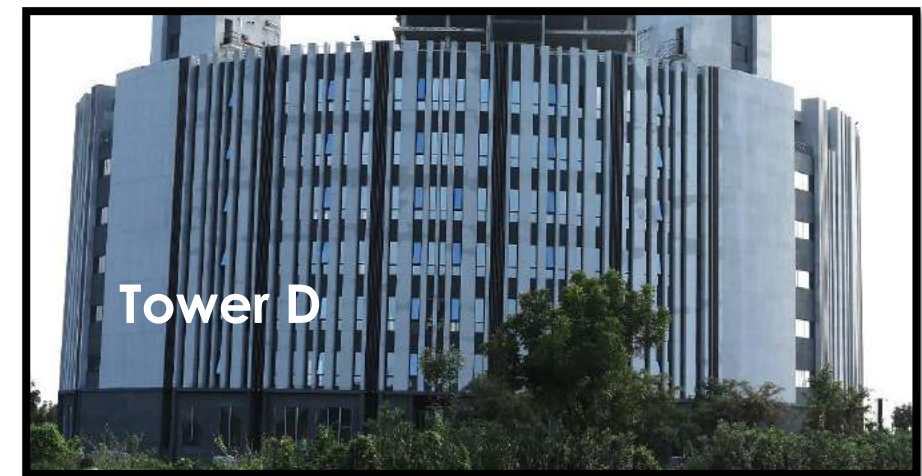
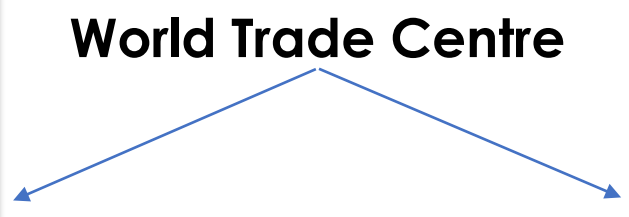
GIFT Two Tower



Prestige Tower

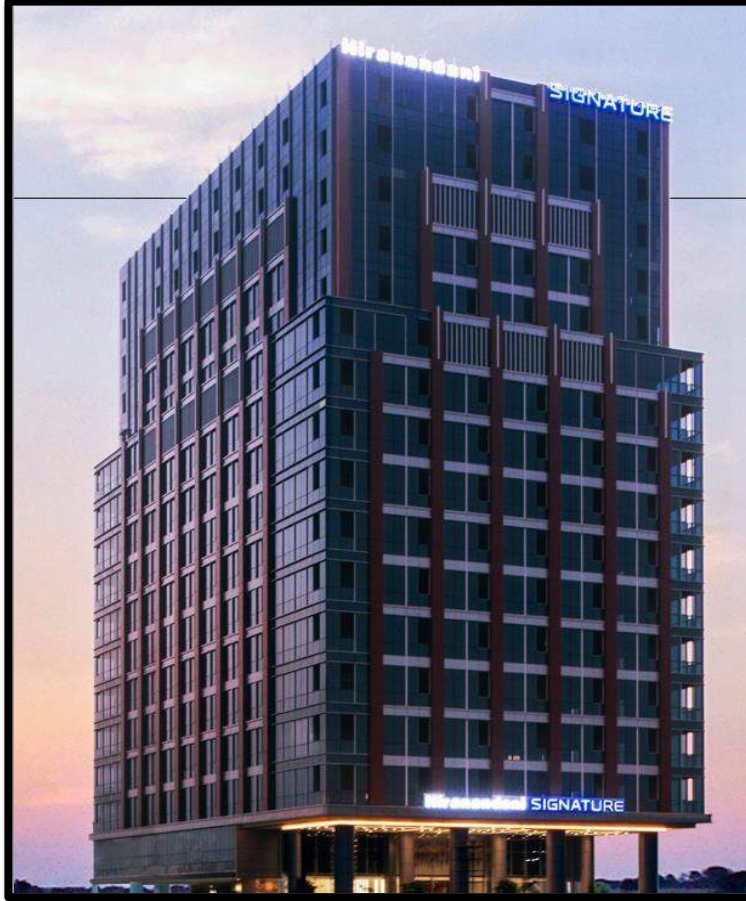


Tower A



Tower D

Commercial developments in GIFT SEZ - IFSC



**Signature Tower by
Hiranandani Group**



Brigade Tower



**Pragya Tower
Savvy - ATS JV**

Social Facilities



Brigade Group Hotel - 150 Rooms



GIFT City Business Club



Residential



Jamnabai Narsee School
ICSE Board - 1500 students

**Central Park is being developed
under 28 acres of land**



INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

Vision for IFSC



- ❑ “To enable Indian firms to compete on an equal footing with offshore financial centres”
- ❑ “Regulations comparable to any other leading international finance centres”
- ❑ “To become price setter for at least few of the largest traded financial instruments in the world (commodities, currencies, equities....)”
- ❑ “Companies from Asia, Africa and Europe should be able to raise funds from IFSC”

Hon’ble Prime Minister of India

January 2017

International Financial Services Centre at GIFT City

IFSC in India

- In India, an IFSC is approved and regulated by the Government of India under the Special Economic Zones Act, 2005
- Government of India has approved GIFT City as a Multi Services Special Economic Zone ('GIFT SEZ') and has also notified this zone as India's IFSC
- The launch of the IFSC at GIFT City is the first step towards bringing financial services transactions relatable to India, back to Indian shores
- IFSC unit is treated as a non-resident under extant Foreign Exchange Management regulations

Key activities in IFSC

Capital Markets	Offshore Banking	Offshore Insurance	Offshore Asset Management	Ancillary Services
<ul style="list-style-type: none"> • Stock Exchanges • Trading members • Segregated Nominee Account Providers • Clearing Corporations, Depositories, other intermediaries 	<ul style="list-style-type: none"> • Corporate Banking • ECB Lending • Servicing JV/WOS of Indian companies registered abroad • Factoring/ Forfaiting of export receivables 	<ul style="list-style-type: none"> • General / Life Insurance • Co-Insurance • Reinsurance • Captive Insurance etc. 	<ul style="list-style-type: none"> • Alternative Investment Funds • Mutual Funds • Portfolio Management Services • Investment Advisors 	<ul style="list-style-type: none"> • Legal, Accounting & Audit • Research & Analytics etc. • Fund Accounting • Risk Management etc.

IFSC Ecosystem and Business Growth

Sr No	Participants	Key business activities and features	Volume and No. of players
1	International Stock exchanges	<ul style="list-style-type: none"> Dollar denominated products No transaction cost (other than brokerage) Trading - 22 hours 	<ul style="list-style-type: none"> India INX and NSE IFSC stock exchange Avg. Daily volume crossed USD 14 Bn+
2	IFSC Banking units	<ul style="list-style-type: none"> External Commercial Borrowing (ECB) Lending Loan syndication and trade finance 	<ul style="list-style-type: none"> 19 IBUs Banking Asset size - USD 22 Bn+
3	Brokers & Intermediaries	<ul style="list-style-type: none"> Broking services Proprietary trading 	<ul style="list-style-type: none"> 50+ brokers, Depository Clearing corporations, Custodian
4	Insurers & Intermediaries	<ul style="list-style-type: none"> Non-life, Reinsurance business Insurance intermediaries 	<ul style="list-style-type: none"> 20+ Companies Sum insured - USD 30 Bn+
5	Ancillary Service providers	<ul style="list-style-type: none"> Legal & consultancy firm IT companies 	<ul style="list-style-type: none"> 50+ entities

Dispute resolution -
Singapore International
Arbitration Centre (SIAC)

Connectivity - 20 min.
from Ahmedabad Airport, well
connected thru public
transport

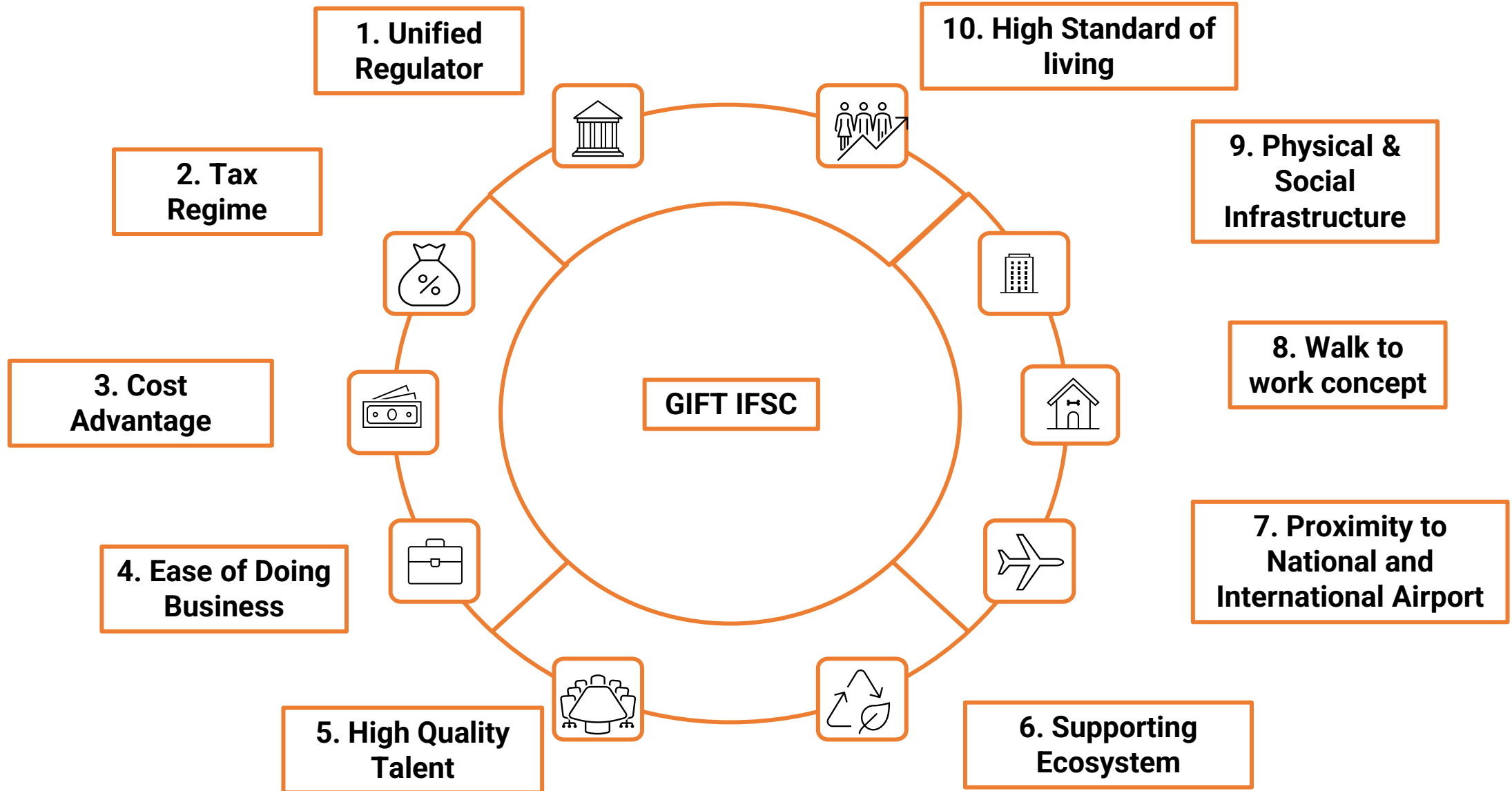
Social amenities –
Business club, school, hotels,
residential apartments, etc.

12000+ employees in
GIFT City

Business opportunities at GIFT IFSC



Key Benefits of office at GIFT City



Key Institutions at GIFT IFSC

Banking



Deutsche Bank



GIC

Bank of America.

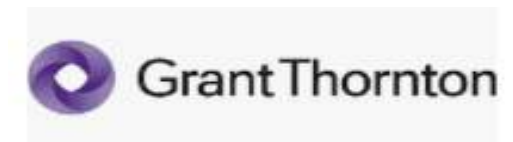


Alternative Investment Funds



Ancillary Services

International Exchange



Aircraft leasing and financing



Thank you

CONTACT US:

Gujarat International Finance Tec-City Company Ltd.

Reg. Office: EPS - Building no. 49A, Block 49, Zone 04, Gyan Marg, GIFT City, Gandhinagar – 382355. Gujarat

Visit us: <http://www.giftgujarat.in>, sandip.shah@giftgujarat.in



GIFT SEZ LTD.

IFSC Department

Sandip Shah

GIFT House, Block -12, Road 1-d, zone-I,

GIFT SEZ, GIFT City, Gandhinagar

Gujarat - 382355

Opportunities at GIFT City (IFSC)

Presentation to

Bombay Chartered Accountants' Society

Presented by

Ketaki Gor Mehta,
GIFT City Partner, Cyril Amarchand Mangaldas



cyril amarchand mangaldas
ahead of the curve



Contents

1. Introduction to Indian IFSC at GIFT City: Onshoring the Offshore
2. Legal and Regulatory Framework
3. Business Activities Permitted at IFSC
4. Setting up process in GIFT IFSC
5. IFSCA as unified regulator for Indian IFSCs
6. Overview of products in different sectors
7. Typical regulatory compliances across sectors
8. Upcoming Opportunities
9. Sandbox- The experimental gateway to India
10. Budget 2022 and the IFSC
11. Key Takeaways
12. How CAM can be of assistance

Onshoring the Offshore



The key regulatory/statutory benefits made available to the units/entities in IFSC are:

- IFSC is designated as a multi service SEZ and is accordingly entitled to SEZ related benefits including direct and indirect tax incentives, single window clearance
- Specific regulations framed for the IFSC by the IFSCA. Laws in IFSCA have overriding effect over the Union and State laws
- Gujarat State specific subsidies available including stamp duty
- Special exemptions available under the Companies Act, 2013
- Additional tax benefits granted by the Government of India to boost the growth of the IFSC
- Entities in the IFSC are classified as “Persons resident outside India” from FEMA perspective and need to transact in freely convertible foreign currency
- Liberalised regime, flexible and comparable laws and approachable regulator
- Mandatory review of all laws every 3 years and comments from industry players and common public given due consideration while legislating

Legal and Regulatory Framework



SEZ Act

- SEZ Act governs all units in IFSC
- Setting up of units in IFSC requires approval of the SEZ Development Commissioner (“DC”).
- Application for setting up of a unit in IFSC is to be submitted to the concerned DC in Form-F prescribed under Rule 17 of the Special Economic Zone Rules, 2006 (“SEZ Rules”)

Foreign Exchange Management (International Financial Services Centre) Regulations, 2015

- States that “Any financial institution or branch of a financial institution set up in the IFSC and permitted / recognized as such by the government of India or a Regulatory Authority shall be treated as a person resident outside India”

International Financial Services Authority Act, 2019

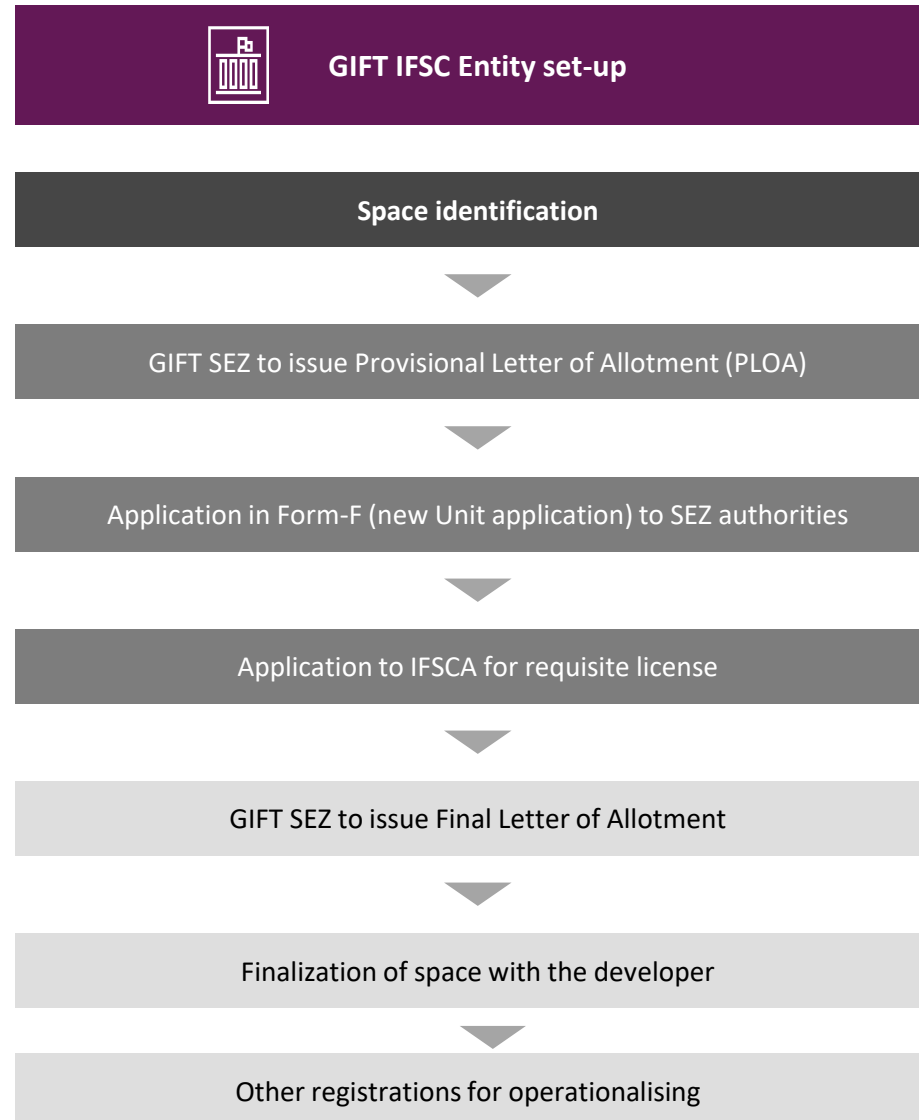
- IFSCA has been set up to develop, legislate and regulate the financial services market.
- IFSCA comprises of representatives of SEBI, RBI, IRDA, PFRDA and the Finance Ministry.

Companies Act, 2013

- Regulates units set up as companies in IFSC



Setting up process in GIFT IFSC





Capital of the Capital: Business Activities Permitted at IFSC



Financial Institution & Insurance

- Indian Banks
- Foreign Banks
- Finance Companies and NBFCs
- Indian and Foreign Insurer
- Indian and Foreign Re-insurer
- Indian and Foreign Intermediaries



Funds / Asset Management

- Alternative Investment Fund
- Investment Advisers
- Wealth Management
- Portfolio Managers



Capital Market

- Listing and issuance of securities
- Stock and Commodity Exchanges
- Clearing Corporations
- Depository and Brokers
- Registrar/Share Transfer Agent
- International Bullion Exchange



Emerging Sectors

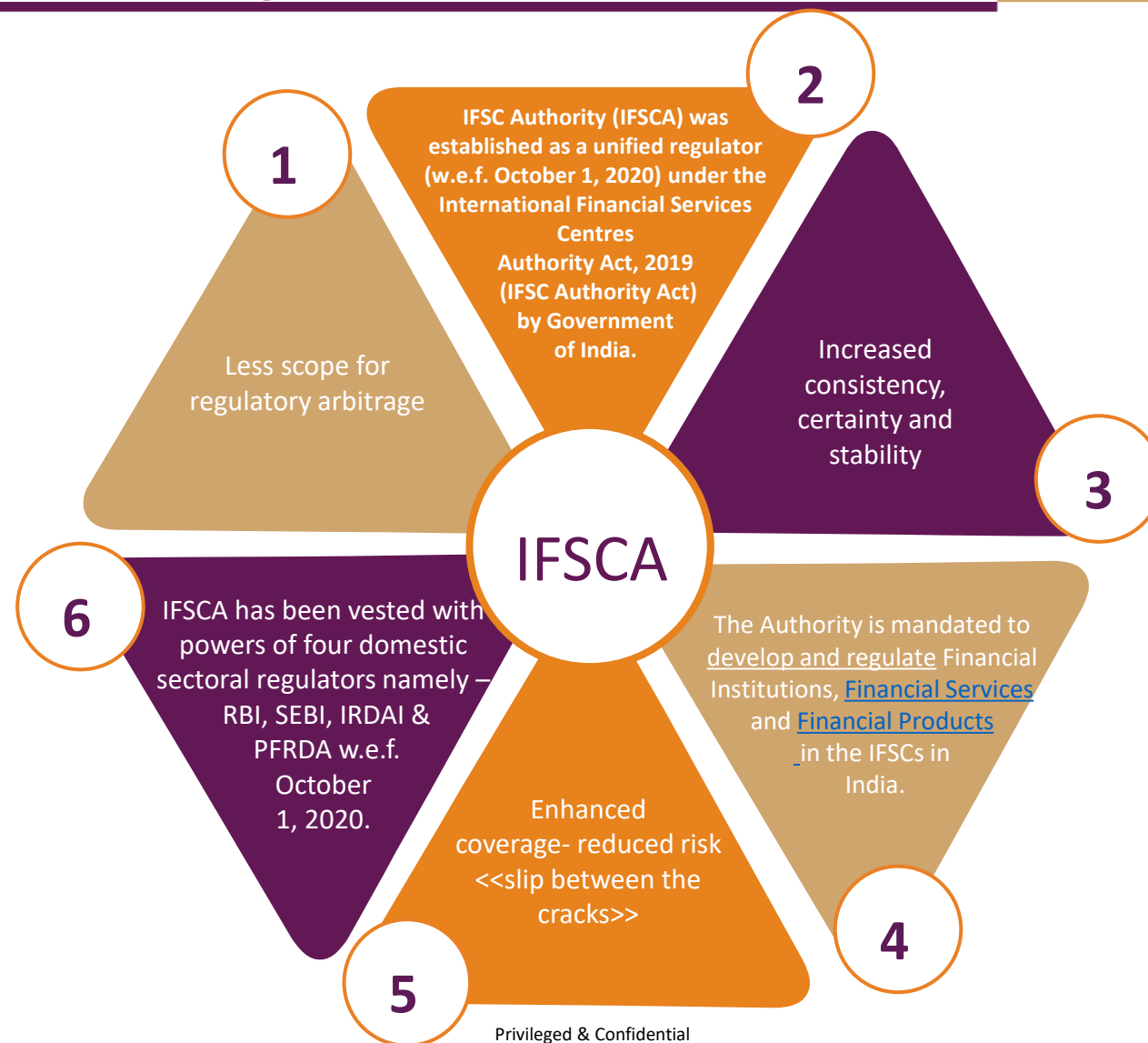
- Aircraft Leasing and Financing Hub
- Emerging Fintech Hub
- International Trade Financing Services Platform
- Global/ Regional Treasury Centres



Support and Allied Services

- Global In-house Centres
- Accounting and Audit Services
- Legal and Consultancy

Ease of Doing Business: IFSCA as unified regulator for Indian IFSCs





Overview of products in different sectors

- Banking Sector- IFSC Banking Units (“IBUs”):
 - ECBs;
 - Trade financing;
 - Aircraft and ship financing;
 - SOFR linked financing.
 - Other Vanilla products.
- Capital market sector
 - NDFs;
 - Debt Bonds;
 - ESG Bonds;
 - Custody and Trustee services.
- Finance company and/or finance units
 - Permitted to undertake core and non-core activities;
 - Not allowed to take deposits;

Overview of products in different sectors



cyril amarchand mangaldas
ahead of the curve

- Insurance sector
 - General and Health Insurance;
 - Reinsurance;
 - Web-aggregator;
 - Distribution services;
 - Import factoring.
- Ancillary services
 - Legal services;
 - Compliance and secretarial services;
 - Accounting and Taxation services;
 - Audit Services.



Typical regulatory compliances across sectors

- Few Key points to be taken care of:
 - Minimum net worth requirement;
 - Minimum liquidity assurance from parent;
 - Compliance with home country regulator;
 - Compliance with every applicable law in IFSC on the financial service undertaken by an entity in IFSC;
 - Nature of entities set up- Unit, a Company, Limited Liability Partnership, Partnership Firm, or Trust.



Upcoming Opportunities

- **Banking Products:** Retail focused products, HNI focused products, Wealth Management Products, LRS focused products.
- **Capital Market Products:** Special Purpose Acquisition Company, Climate and Sustainable financing, Bullion Depository Receipts, Unsponsored Depository Receipts, Crypto ETFs.
- Aircraft Leasing and Ship Leasing.
- International Trade Financing Services Platforms.
- FinTech Opportunities- IFSCA FinTech Incentive Scheme, 2022 and IFSCA Regulatory Sandbox
- GICs;
- Treasury Centres.



Sandbox- The experimental gateway to India

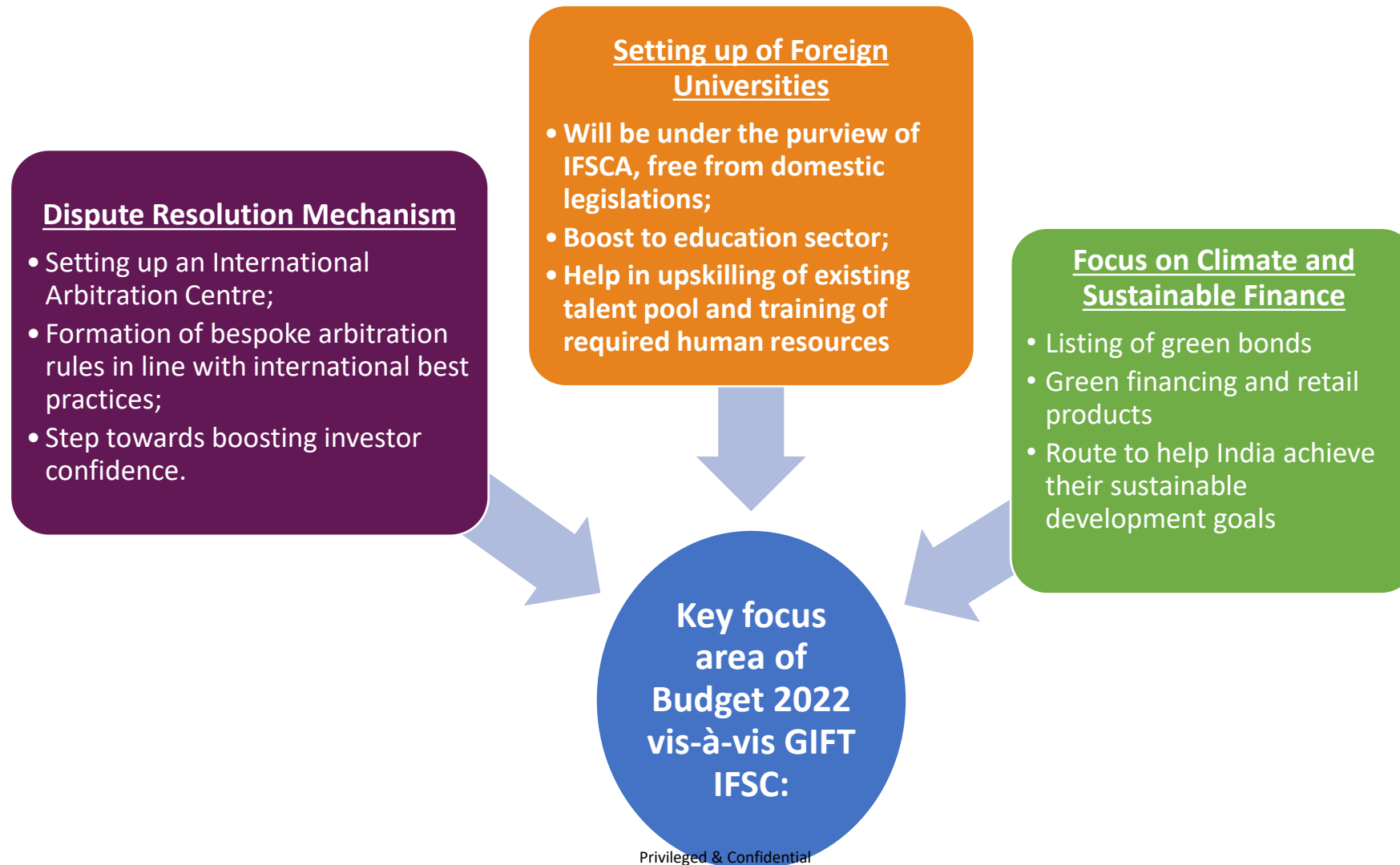
- IFSCA's regulatory sandbox
- Under this sandbox framework, entities operating in the capital market, banking, insurance and financial services space are granted certain facilities and flexibilities to experiment with FinTech solutions in a live environment with a limited set of real customers for a limited time frame.
- It also provides "Innovation Sandbox", which will be a testing environment where FinTech firms can test their solutions in isolation from the live market, based on market related data made available by the Market Infrastructure Institutions (MIIs) operating in IFSC.
- Key eligibility criteria for Sandbox:
 - Genuineness of innovation;
 - Genuine need to test;
 - Limited Prior testing;
 - Direct benefits to users;
 - No risk to financial system;
 - Testing readiness of the solution and deployment post testing.
- Eligible entities get a chance to provide products and services which do not fall under the definition of "financial services" and/or "financial products" under the IFSCA Act.



Sandbox- The experimental gateway to India

- Other Initiatives:
 - Hackathons conducted by IFSCA- BankTech, InsureTech, CapTech which provides opportunities to start-ups;
 - Tradex Platform- one key consequence of the sandbox;
 - IFSCA FinTech Incentive Scheme, 2022.

Budget 2022 and the IFSC



Key takeaways from our on-ground presence

KEY Takeaways



- 1 IFSCA is keen on encouraging financial institutions and other service providers to set up shop in GIFT, is facilitative and encouraging in interactions
- 2 IFSCA promises to provide quick response time for applications and queries
- 3 IFSCA is working towards earmarking ports for undertaking aircraft leasing and ship leasing from GIFT IFSC.
- 4 IFSCA is lobbying for certain relaxations from an Overseas Direct Investment perspective with the Ministry of Finance / RBI
- 5 The Government of India is actively promoting the IFSC and working towards further empowering the IFSCA and developing the IFSC



Questions / queries



Our Team



Cyril Shroff
Managing Partner



L. Viswanathan
Partner (Chair – Finance,
Projects & Insolvency)



Leena Chacko
Partner

Industry Leading
Practice Area Experts
and Integrated
regulatory and policy
advisors' bench



Santosh Janakiram
Partner (Head–Projects)



Paridhi Adani
Partner (Head -
Ahmedabad)



Ketaki Gor Mehta
Partner (GIFT City)

Our Regulatory and Policy Bench



cyril amarchand mangaldas
ahead of the curve



Anand Sinha
former-Deputy Governor,
RBI



Lily Vadera
former Executive Director,
RBI



J. Ranganayakulu former
ED & Legal Head, SEBI



S. Ganesh Kumar former
Executive Director, RBI



P.K. Nagpal
former Executive Director,
SEBI



Nilesh Sathe
former Whole Time
Member, IRDAI



B. Sriram
former Managing Director,
SBI & IDBI



Arjun Goswami
former Chair, Regional
Cooperation, ADB, Manila



Contact Details

Ketaki Mehta:

–Email: ketaki.mehta@cyrilshroff.com

–Contact: 07949039900



Disclaimer

The information and/or observations contained in the presentation do not constitute legal advice and should not be acted upon in any specific situation without appropriate legal advice.

Cyril Amarchand Mangaldas Advocates & Solicitors

Our Practice Streams

cam corporate

Competition
Corporate Governance
Employment
Intellectual Property
Investment Funds
Mergers & Acquisitions
Joint Venture
Private Clients
Private Equity
Public Policy
Real Estate
Taxation

cam finance

Banking & Finance
Insolvency &
Bankruptcy
Financial Regulatory
Projects
Restructuring

cam dispute resolution

Arbitrations
Investigations
Litigation
Mediation

cam markets

Capital Markets
Debt Markets
Security Markets
Regulatory

Our Sectors

Financial Institutions (FIG) Aerospace & Defence E-Commerce & Consumer Durables Education Energy Fintech Infrastructure
Insurance Oil & Gas Media & Entertainment Mining Real Estate TMT Pharmaceuticals, healthcare and life sciences

Our Presence

Mumbai Delhi-NCR Bengaluru Ahmedabad Hyderabad Chennai GIFT City Singapore

100 years of legacy

750+ Lawyers

Over 150 Partners



India's
leading law
firm

Law Firm of the Year

Asian Legal Business (ALB) India Law Awards 2020

Employer of the Choice

Asian Legal Business 2020

Law Firm of the Year, India

The Asian-Mena Counsel-In-house Community 2019

Visionary Client Service Law Firm of the Year

The Asian-Mena Counsel-In-house Community 2019

Most Innovative National Law Firm of the Year, India

IFLR Asia-Pacific Awards 2020

Best Overall Law Firm

IBLJ Indian Law Firm Awards 2020

Deal Firm of the Year, India

The Asian-Mena Counsel-In-house Community 2019

India Law Firm of the Year 2019

BusinessWorld's Global Leaders Awards 2019



cyril amarchand mangaldas
ahead of the curve

THANK YOU

Definition of Financial Services

Section 3 (e) of IFSCA Act defines 'Financial Services' as



- (i) buying, selling, or subscribing to a financial product or agreeing to do so;
- (ii) acceptance of deposits;
- (iii) safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so;
- (iv) effecting contracts of insurance;
- (v) offering, managing or agreeing to manage assets consisting of financial products belonging to another person;
- (vi) exercising any right associated with a financial product or financial service;
- (vii) establishing or operating an investment scheme;
- (viii) maintaining or transferring records of ownership of a financial product;
- (ix) underwriting the issuance or subscription of a financial product;
- (x) providing information about a person's financial standing or creditworthiness;
- (xi) selling, providing, or issuing stored value or payment instruments or providing payment services;
- (xii) making arrangements for carrying on any of the services in sub-clauses (i) to (xi);
- (xiii) 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);
- (xiv) any other service that may be notified by the Central Government from time to time;





Definition of Financial Products

Section 3 (d) of IFSCA Act defines 'Financial Product' as

“

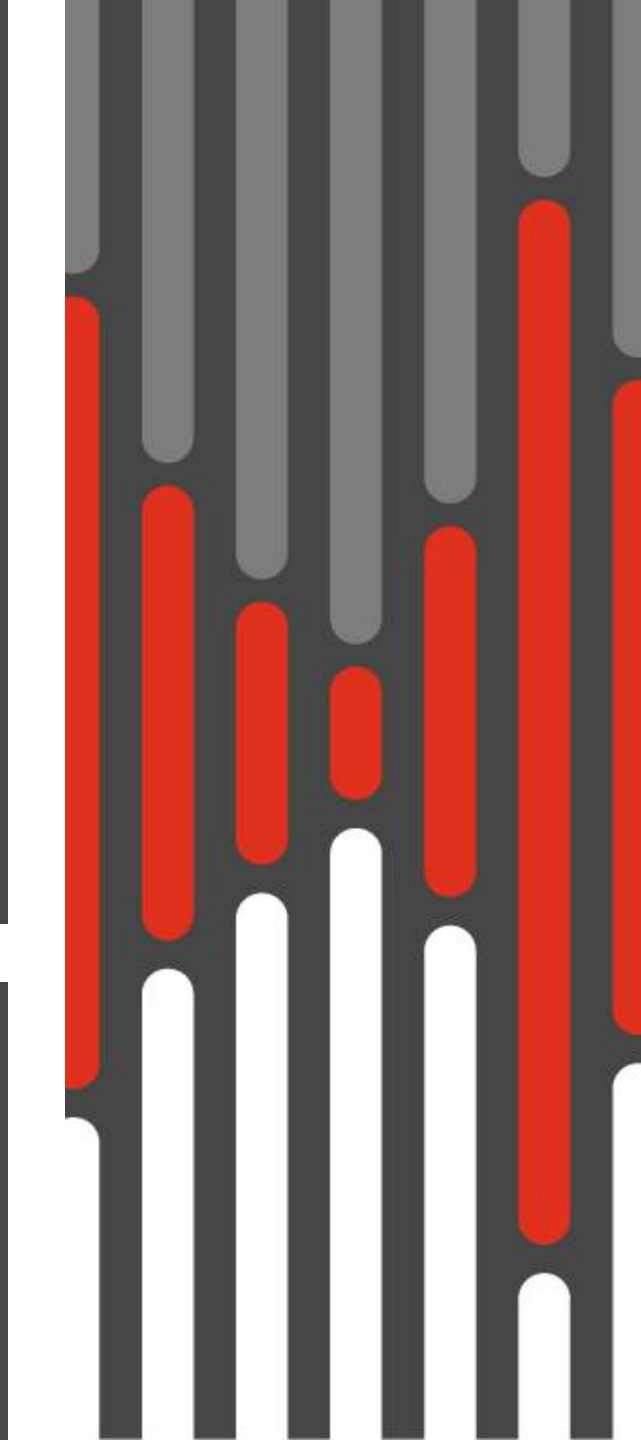
- i. securities;
- ii. contracts of insurance;
- iii. deposits;
- iv. credit arrangements;
- v. foreign currency contracts other than contracts to exchange one currency for another that are to be settled immediately; and
- vi. any other product or instrument that may be notified by the Central Government from time to time

”

GIFT-IFSC

Tax framework

February 2022



Section 1

GIFT-IFSC – Tax Framework

Generic overview



Income-tax

- Tax holiday for any 10 consecutive years out of first 15 years
- MAT / AMT @ 9% of book profits for Company / LLP setup as a unit in IFSC
 - MAT not applicable to companies in IFSC opting for new tax regime – Section 115BAA
- MAT credit (if applicable) available at normal provisions of section 115JAA - can be carried forward for a period of 15 years
- Withholding Tax exemption in respect of interest paid to non-residents on monies borrowed on or after 1 September 2019



Goods and Services Tax

- No input GST on services received from Indian / Non-resident vendors
- No GST to be charged for services provided to other IFSC / SEZ units
- GST applicable on services provided by IBU to resident parties



Other State subsidies

- State Subsidies – 25% of CAPEX, 15% of OPEX subject to certain conditions
- EPF contribution – 12% of Employer's contribution (100% for Female and 75% for Male employees)
- Employment Generation Incentive (one-time): New & unique jobs created in State of Gujarat – 15 days cost to company (INR 50K for male and INR 60k for female employees)
- Interest subsidy – 7% subject to maximum of 1 crore p.a. for 5 years
- 100% of Electricity duty paid
- 50%/ 25% Monthly rentals on per seat basis for co-working spaces subject to conditions

Investors in Capital Market

Capital gains exemption on transfer of specified securities

- Specified securities include:
 - Bond, GDR;
 - Rupee-denominated bond of an Indian company;
 - Derivatives;
 - Unit of a Mutual Fund;
 - Unit of a business trust;
 - Unit of Alternative Investment Fund; and
 - Foreign currency denominated equity share of a company
 - other securities as may be notified by the Central Government
- The securities have to be listed on IFSC exchanges
- Transfer of specified securities by a non-resident not treated as transfer - Gains accruing thereon not chargeable to tax in India

Goods and Services Tax

- No GST on transactions carried out on IFSC exchanges

Stamp duty

- Exemption from stamp duty in respect of transactions carried out on IFSC exchanges

Investors in Capital Market

Securities transaction tax (STT) / Commodities Transaction Tax (CTT)

- Exemption from STT and CTT in respect of transactions carried out on IFSC exchanges

Tax Compliance

- Eligible Foreign Investors not required to obtain PAN or file return of income, subject to fulfillment of below conditions:-
 - Do not have any other income from India or IFSC;
 - Capital gains on transfer of specified securities is the only income.



IFSC Banking Units (IBUs)

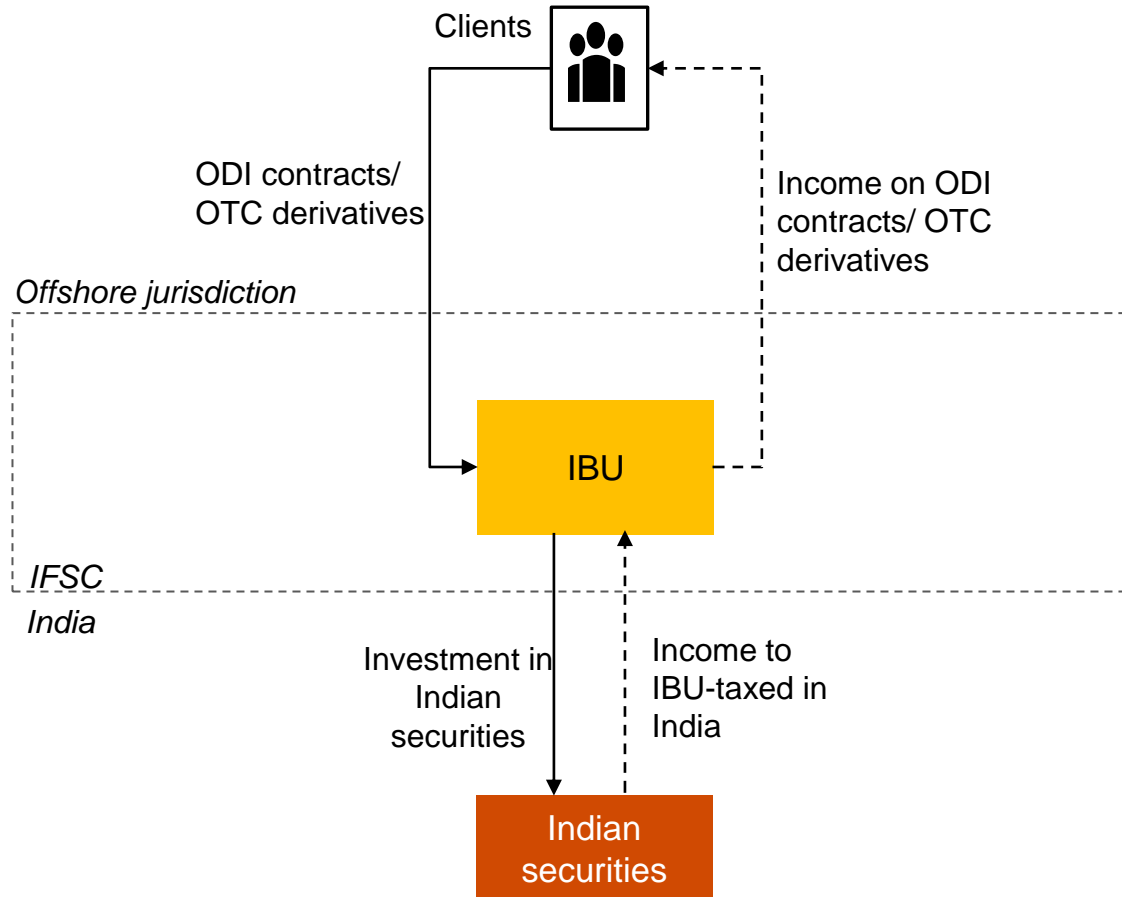


Client/ Counterparty tax implication

- Income of non-residents from transfer of Non-Deliverable Forwards entered into with IBUs is exempt – provided IBU commences operations before 31 March 2024
- Interest on deposits also exempt in respect of Non-Residents and Persons Not Ordinarily Resident as well



IBUs – Budget amendment



Proposed law

- Non-resident client undertaking an Offshore Derivative Instruments ('ODI') or Over-the-counter Derivatives ('OTC derivative') directly with an IBU is taxable in India on income arising on its transfer as there is no specific exemption similar to NDFs
- Exemption from tax proposed on income earned by non-residents on transfer of OTC derivatives and ODI contracts with an IBU as counterparty
- This shall bring parity with non-resident clients of banks in foreign countries who claim capital gains exemption under respective tax treaties on derivatives



Opportunities

- Shift ODI book to IFSC from overseas
- Mitigate potential business challenges of FPI entity in a "High Risk" jurisdiction
- Mitigating risk of GAAR / MLI / Beneficial Ownership conditions
- Lower operating and employee cost

Alternative Investment Funds



Category I and II AIFs

- Tax pass through status for AIFs (except for business income)
- Investors taxed as if investments directly made by them
- Investors can claim losses (subject to condition - holding units for 12 months)
- To the extent beneficial, investors can avail benefit under the Tax Treaty
- Income from offshore investments earned by offshore investors through AIF, not taxable in India
- PAN and Income-tax return filing exemption, subject to conditions



Category III AIFs*

- Tax paid at Fund level – FPI tax principles to apply, investment treated as ‘capital asset’
- Exemption from tax on income from:
 - transfer of securities (other than shares of Indian company) including debt, derivatives, offshore securities, securities listed on IFSC etc.
 - securities issued by non-resident companies (not being a PE) with no accrual of income in India
 - securitisation trust chargeable under the head ‘PGBP’
- Investors exempt from tax on any income received from the Category III AIF or on transfer of its units
- PAN and Income-tax return filing exemption, subject to conditions



Manager / Sponsor in IFSC

- 100% corporate tax exemption for 10 consecutive years out of block of 15 years
- MAT/ AMT rate reduced to 9% - However, companies choosing new tax regime to be exempt from MAT
- Dividend income
 - Dividend received in the hands of the shareholders to be taxable
- No GST on Management fees

* All units of Cat III AIF to be held by non-residents other than units held by sponsor or manager

Portfolio Managers

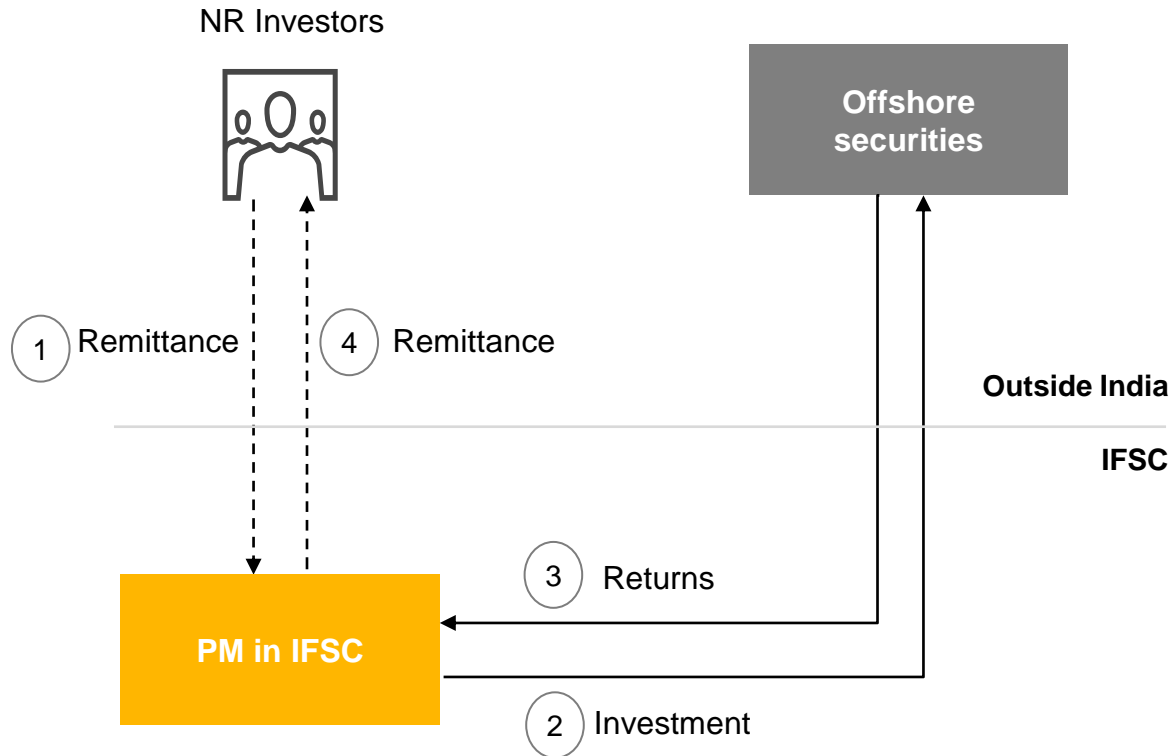


Tax aspects

- PM eligible for 100% tax exemption for 10 consecutive years out of the block of 15 years
- MAT/ AMT is leviable at a reduced rate of 9% (plus applicable surcharge and cess)
 - No MAT, if company has opted for new lower tax regime
- GST not applicable on fees received by PM in IFSC from offshore clients



Portfolio Managers – Budget amendment



Proposed Law

- Provisions of the Income-tax law provide for taxation of non-residents on receipt or accrual or deemed receipt/accrual basis.
- In case where a non-resident invests in offshore securities through a Portfolio Manager in IFSC, income earned from such offshore securities may be taxable in India, merely because the receipt of the income is in IFSC.
- It is proposed to exempt income of a non-resident:
 - from portfolio managed or administered by Portfolio manager in IFSC on behalf of such non-resident
 - received in an account maintained with Offshore Banking Unit
 - to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India



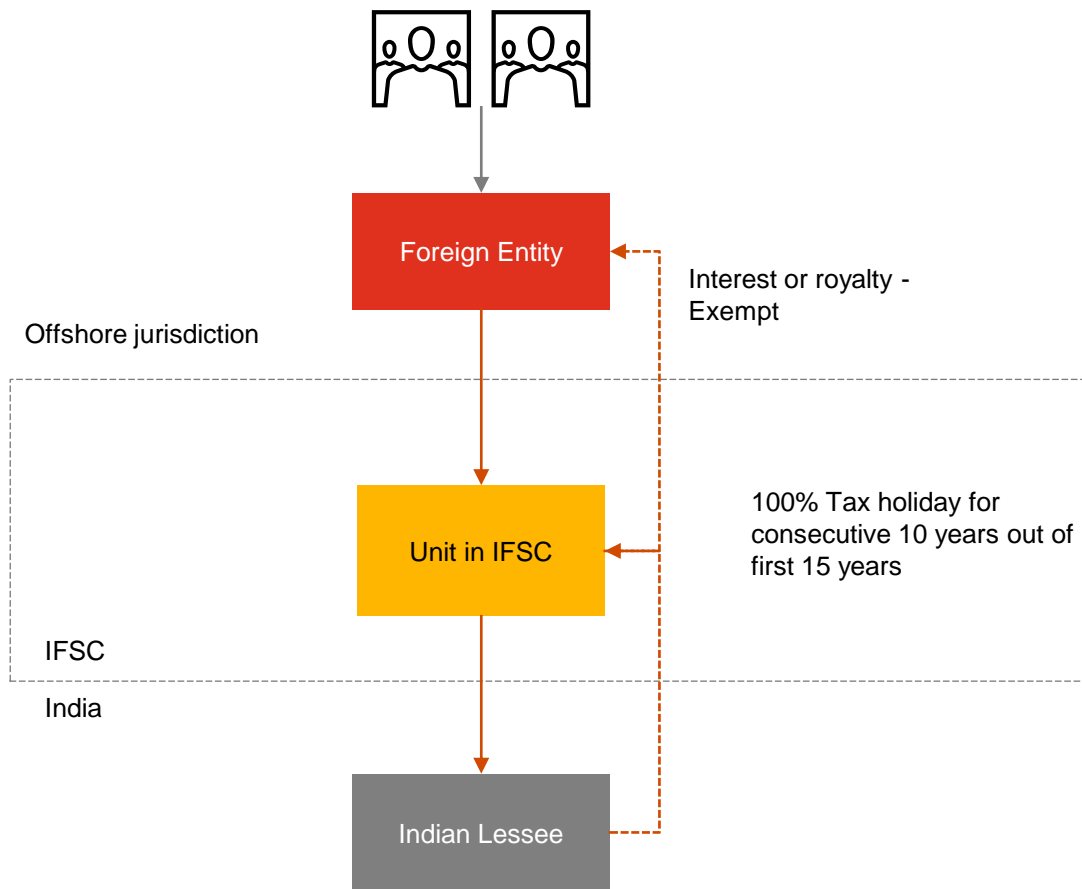
Opportunities

- Tax parity provided to Portfolio Managers in IFSC vis-à-vis offshore jurisdiction
- Consider managing overseas portfolio of NRIs from IFSC in GIFT City

Aircraft leasing entities in IFSC

Particulars	Units in IFSC
Corporate tax rate	<ul style="list-style-type: none"> • 100% profit linked deduction for any 10 consecutive years out of first 15 years of operations, at the option of the Company • Depreciation on aircraft and aircraft engines is allowed at 40% on a written down value (WDV) basis • Unabsorbed depreciation can be carried forward to the subsequent years to be set off against future profits, without any time limit. • Post tax holiday, 22% (plus applicable surcharge and cess) for domestic companies
WHT on lease rentals	<ul style="list-style-type: none"> • No WHT on aircraft lease payments, in the nature of royalty or interest, paid to non-residents by units in the IFSC (provided operations commence before 31 March 2024) i.e. operating/ finance lease rentals exempt from tax
Capital gains on disposal of aircraft	<ul style="list-style-type: none"> • 100% profit linked deduction available during the tax holiday period on capital gains arising on transfer of aircraft or aircraft engine leased by IFSC unit to any person (provided operations commence before 31 March 2024)
Stamp duty	<ul style="list-style-type: none"> • Exemption on all activities related to setting up of units in the IFSC and acquisition of any movable property (including aircraft) or immovable property for a period of 10 years commencing from 4 August 2020, may not be available for sale of an aircraft

Ship leasing entities in IFSC – Budget amendment



IFSC Authority has recently notified Ship lease "Ship Lease" including operating lease, and hybrid of operating and financial lease, of a ship or ocean vessel, engines of ship or ocean vessel, or any other part thereof as financial product in IFSC.

Proposed Law

In the previous budget, the government announced tax holiday for capital gains for aircraft leasing companies and tax exemption for aircraft lease rentals paid to foreign lessors. The Union Budget announced similar tax incentives to boost Ship leasing from India's first IFSC as below:

- Income by way of royalty or interest on account of lease of a ship paid to foreign entities exempt from tax
- Capital gains on the transfer of ship leased by an IFSC unit subject to 100% tax holiday

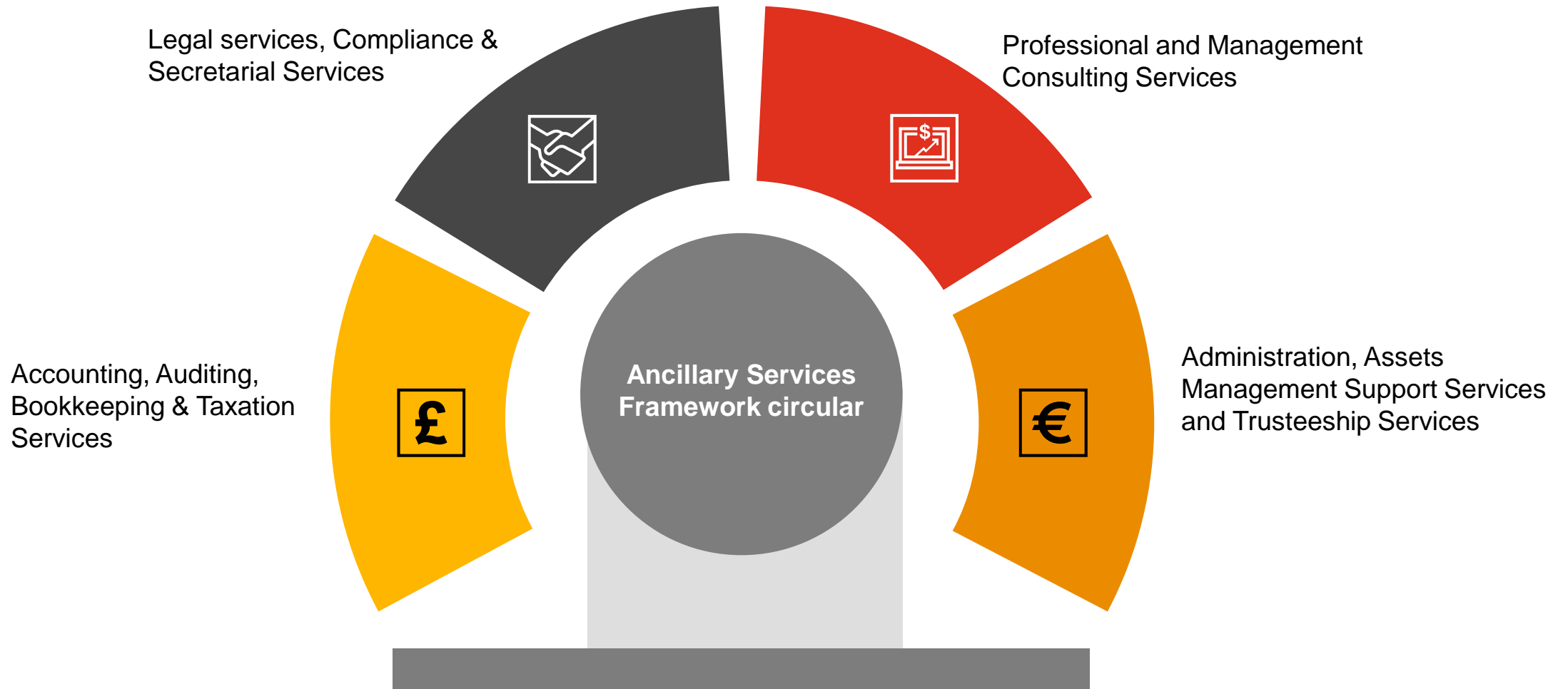
The above exemptions are subject to units commencing operations in IFSC before 31st March 2024

Proposals to bring tax parity for ship/vessel owners in IFSC with the aircraft leasing entities in IFSC and other leading jurisdictions such as Singapore and Dubai.

Section 2

Framework for Ancillary Services in IFSC

Snapshot of Ancillary Services framework – permissible activities



Snapshot of Ancillary Services – key aspects



Service Recipients

- Entities set up in the IFSC
- Entities from foreign jurisdictions
- Indian entities who propose to open, set up or carry out operations in IFSCs or foreign jurisdiction



Form of presence in IFSC

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

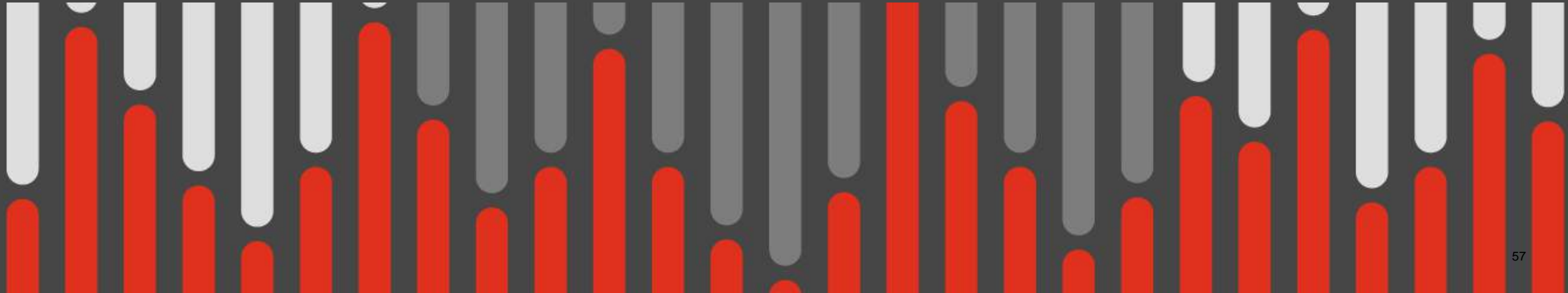


Currency for conduct of business

- Service providers shall transact in freely convertible foreign currency only.
- Defray their administrative expenses in INR by maintaining an INR account.

Section 3

Brief profile



Suresh Swamy



Suresh Swamy

Email: suresh.v.swamy@pwc.com

Suresh Swamy is a member of the Institute of Chartered Accountant of India as well as Cost and Works Accountant of India.

He is a Partner at Price Waterhouse & Co LLP and is based out of GIFT City - Gandhinagar. He has over 24 years of experience in the field of direct taxation.

He has spoken at various national and international seminars and he has also authored a book on presumptive taxation of non-residents.

Thank you

Data classification: DC0 (Public)

All images in this presentation are protected by copyright, trademark, patent, trade secret and other intellectual property laws and treaties. Any unauthorized use of these images may violate such laws and shall be punishable under appropriate laws. Our sharing of this presentation along with such protected images with you does not authorize you to copy, republish, frame, link to, download, transmit, modify, adapt, create derivative works based on, rent, lease, loan, sell, assign, distribute, display, perform, license, sub-license or reverse engineer the images. In addition, you should desist from employing any data mining, robots or similar data and/or image gathering and extraction methods in connection with the presentation.