

GIFT CITY - For Economic and Tax Advantage Business benefits

GIFT City, which stands for Gujarat International Finance Tec-City, is an ambitious project in the state of Gujarat, India. It is being developed as a global financial and information technology hub. The city is located between Ahmedabad and Gandhinagar and covers an area of approximately 886 acres where construction started in 2013.

GIFT City was conceived as a means to attract investment and promote economic growth in the region. It aims to provide state-of-the-art infrastructure, connectivity, and regulatory framework for businesses in the financial services and technology sectors. The project is a joint venture between the Government of Gujarat and Infrastructure Leasing & Financial Services (IL&FS) Ltd.

The city offers a Special Economic Zone (SEZ) with various tax incentives and benefits for businesses. It has dedicated zones for international finance services, IT and IT-enabled services, multi-services, and a domestic finance centre. GIFT City also has residential and social infrastructure to support the needs of the people working and living in the city.

GIFT is qualified for unique tax benefits in addition to conventional SEZ privileges, including

- 100% tax exemption for 10 out of the possible 15 years.
- MAT (Minimum Alternate Tax) and AMT (Alternate Minimum Tax) @ 9% of book profits is applicable to companies and others who have an IFSC-registered unit.
- MAT is not applicable to IFSC companies that choose the new tax system.
- Stamp duty, capital gains tax, and STT exemptions for transactions made on IFSC exchanges
- No capital gain tax on from the transfer of assets located within the SEZ
- No Stamp Duty & Registration Fees
- No Stamp Duty on Mortgages
- Zero Rate IGST on Goods & Services for Inward Supplies
- Customs Duty Exemption on Inward Supplies
- No Electricity Duty for 10 Years

It not just ends till SEZ area, Stamp duty will be refunded for share brokers operating in GIFT DTA Area i.e., non-SEZ area.

GIFT City can be beneficial for Portfolio Management Services (PMS) in several ways:

Tax incentives: GIFT City offers attractive tax incentives within its Special Economic Zone (SEZ). PMS providers operating within the SEZ can benefit from tax exemptions on income generated from exports, capital gains, and dividends. These tax advantages can significantly enhance the profitability and competitiveness of PMS businesses.

Infrastructure and connectivity: GIFT City is designed to provide world-class infrastructure and connectivity, including modern office spaces, state-of-the-art technology infrastructure, robust connectivity, and support services. This infrastructure supports efficient operations and enables PMS providers to deliver their services effectively.

Access to global markets: GIFT City aims to be an international financial hub, attracting domestic and international financial institutions and investors. This provides PMS providers in GIFT City with access to a wide range of global markets, financial products, and investment opportunities. The presence of various financial institutions and market participants creates a vibrant ecosystem that can facilitate collaboration and growth for PMS businesses.

Diversification and growth potential: GIFT City offers opportunities for PMS providers to diversify their client base by catering to both domestic and international investors. The presence of multinational corporations, institutional investors, and high-net-worth individuals in GIFT City can open doors to new client segments and expand the scope of PMS offerings.

Benefits of living in GIFT city:

- Safe and Smart Living
- Based on Concept of Walk to Work
- Sustainable City-State of Art Infrastructure
- Business Friendly Policies
- Congestion Free Traffic
- Proactive City Management

Technology Offering:

- Availability of Multiple Telecom Operators
- FTTX - Fibre to the Home/Office
- Redundant Fibre Connectivity
- Tier IV Data Centre with capacity of 900 racks
- Readily Available Access to Financial Gateways

Who are Eligible to work or start a business in GIFT City?

1. **Indian Individuals and Companies:** Indian citizens, resident individuals, and Indian companies can work and establish businesses in GIFT City. They need to comply with the necessary regulations, licensing requirements, and other criteria set by the authorities.
2. **Foreign Individuals and Companies:** Foreign individuals and companies can also work and set up businesses in GIFT City. However, they need to comply with specific regulations related to foreign direct investment (FDI) and foreign ownership restrictions applicable to certain sectors. The regulations may vary depending on the nature of the business and sector-specific guidelines.
3. **Financial Institutions and Professional Service Providers:** Financial institutions such as banks, insurance companies, asset management firms, and professional service providers such as law firms, accounting firms, and consulting companies are eligible to establish their presence and offer services in GIFT City. They may need to obtain the necessary licenses, approvals, and meet the regulatory requirements set by the relevant authorities.



Licensing and Approvals required: When starting a business in GIFT City, Indian individuals and companies need to obtain the necessary licenses, permits, and approvals. The specific requirements may vary depending on the nature of the business and the sector involved.

Apart from Company Registration, Sector Specific License, Entity needs to know following things:

Regulatory Approvals: Depending on the nature of the business, there may be specific regulatory approvals required from GIFT City authorities, such as the International Financial Services Centre Authority (IFSCA), for certain financial services or other specialized activities.

Compliance and Regulatory Framework: Businesses operating in GIFT City, including Indian individuals and companies, must adhere to the regulatory framework and comply with applicable laws. Some key aspects of compliance and the regulatory framework in GIFT City include:

Tax Compliance: Businesses need to fulfil their tax obligations as per the relevant tax laws and regulations. This includes filing tax returns, maintaining proper financial records, and adhering to the tax provisions applicable within GIFT City.

Reporting Requirements: GIFT City has its own reporting requirements to monitor business activities and ensure compliance. Companies may need to submit periodic reports, financial statements, or other relevant information to the regulatory authorities.

Regulatory Oversight: GIFT City operates within a well-defined regulatory framework. The International Financial Services Centre Authority (IFSCA) and other regulatory bodies have the responsibility to oversee and regulate the activities of businesses operating in GIFT City, ensuring compliance with the applicable regulations.

Research Desk

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