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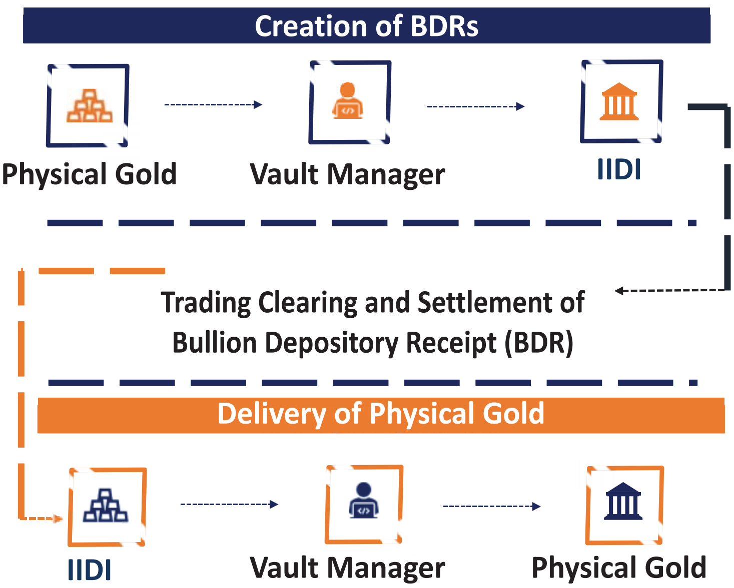
1.3 SEZ v/s DTA in GIFT City

Particulars	GIFT SEZ	GIFT DTA
Area Distribution	216 acres of area is demarcated as Multi-Service SEZ area in GIFT City	625 acres of area is demarcated as DTA area in GIFT City
Currency	Units can carry out administrative and statutory expenses in Indian Rupees. Other than this, All the transactions should be in foreign currency (other than Rupee).	Rupee denominated domestic transaction can be undertaken
Area of operations	In area demarcated as SEZ	In area demarcated as DTA
Approval Authority	Approval required under 1) IFSC regulations to be granted by IFSC Authority 2) SEZ regulations to be granted by Development Commissioner of concerned SEZ	- NA -
Imports	Office of Administrator (IFSCA) All imports are exempt from payment of all types of customs duties (BCD, SWS, IGST, Cess, etc.)	Imports are allowed on payment of applicable customs duties (However, benefit of the advance authorization and EPCG Scheme can be availed)
Export on payment of IGST	Have the option to pay applicable IGST and later claim refund of the same	Have the option to pay applicable IGST and later claim refund of the same
Procurement from DTA	All procurements which are acquired for authorized operations are allowed without payment of applicable GST (under LUT) or on payment of GST (of which refund can be obtained)	Applicable GST is payable on such procurements (of which ITC is available)
DTA Clearances	All DTA clearances are allowed on payment of applicable customs duties (BCD, SWS, IGST, Cess, etc.). Bill of entry required to be filed by the importer or the SEZ unit (on behalf of the importer) (Administrator IFSCA)	Applicable GST is payable on such clearances. Only tax invoice required to be issued.
Authorities to deal with	SEZ Authority, IFSC Authority, GST Authorities, Customs Authorities, Income Tax Authorities	GST Authorities, Customs Authorities, Income Tax Authorities
Compliances	Compliances like setting up, SERF, Softex, APRs, QPRs, MPRs, ID Cards for employees under the SEZ laws in addition to regular DTA compliances	Compliances required under GST, ROC, Income tax laws
Applicable laws	SEZ Act, IFSC Regulations, Income Tax Act, GST Act, Customs Act, Companies Act	Income Tax Act, GST Act, Customs Act, Companies Act
Income tax Benefits	Various benefits and relaxations available	No Benefits
STT/CTT	Exemption from STT/CTT for transactions carried out on IFSC exchanges	No Exemption for STT/CTT
Stamp Duty	Stamp Duty not chargeable for transactions in RSE and depositories established in IFSC	No exemption for Stamp Duty except Stock Brokers
ROC Relaxations	Various relaxations available in ROC compliances	No Relaxations

Common Interface - Flow of Transaction

- Delivey of physical gold to Vault manager to create Bullion Deposit Receipts (BDRS)
- IIDI shall assign ISIN to BDRs to make it tadeable on IIBX
- IIBX informs IIDI for any changes in the beneficial owner of BDRs at the end of the trading day.
- Beneficial owner intend to obtain physical delivery against BDRs required to surrender BDRs.



Bullion Deposit

Due Diligence Process & BDR Issuance

1. On the request of the depositor, the depository will inform Vault for bullion deposit
2. For risk mitigation, Depository to allow access of BO ID, personal detail, authorized person and signatory detail before deposit
3. BO shall upload documents at depository to capture BO ID, ISIN, Units etc. before deposit of bullion; Checker at depository will verify
4. Depositor will deposit bullion with the identified vault & Vault Manager shall ensure completion of the documentation
5. Maker will upload details on refiner, serial number, purity, weight, packing etc. in the depository system
6. Checker to verify details and confirm the receipt of physical bullion and relay the information to the Depository
7. On verification , the depository may issue Bullion Depository Receipts in Dematerialize form with underlying bullion, bearing a unique identifier
8. Units will be credited to BO account of the depositor& Obtain the signature of the depositor on BDR for the records

Bullion Withdrawal

Verification / Due Diligence Process

KYC of BO / Authorized Person → Collection of due charges & customs duty from BO before delivery → Confirmation to the depository to extinguish BDR → Delivery to BO - After the confirmation of extinguishment of BDR from Depository → Obtain the signature of the depositor on BDR for the records

*For Gold, maker at vault will capture the necessary details including Bar serial number to be delivered to BO

Withdrawal Procedure

On withdrawal, Maker at Depository will confirm* and checker will verify → Withdrawal message will relay electronically to the Vault Manager → On the extinguishment of BDR, dematerialized balance will be reduced from BO Account → Vault Manager to intimate to the Depository, on the Withdrawal from vault → The audit trail shall be maintained in respect to the extinguised BDRs

*For Gold, Bar Serial Number to be delivered to BO.   Note : Domestic Requirement – Bill of entry to be filed for home consumption

Modes of Registration

Direct Entry (Authorization by IFSCA)

Permits certain technology entities direct entry.

- Deployable advanced technology solutions supporting financial products, services, and institutions.
- A revenue-earning track record in at least 1 of the last 3 financial years

Sandbox Approach

Sandbox framework allows financial entities to test Fintech solutions in a live environment for a limited time with a small group of real customers.

IFSCA sandbox allows applicants to undertake the following activities:

FinTech Regulatory Sandbox

FinTech Regulatory Sandbox: A controlled live-testing environment with regulatory relaxations for FinTech innovations.

Fintech Innovation Sandbox

FinTech Innovation Sandbox: An isolated IFSC testing environment using market data to trial FinTech solutions.

Inter-operable Regulatory Sandbox

Inter-operable Regulatory Sandbox (IORS) caters to hybrid financial products falling under multiple domestic regulators.

Overseas Regulatory Referral Mechanism

Overseas Regulatory Referral Mechanism: Facilitates cooperation between IFSCA and overseas regulators for FinTech operations.

Process for set-up FinTech Entities

Direct Authorization Process

1. Availability of name of FinTech Entity (New entity)
2. Identification of office space in GIFT CITY
3. SEZ Developer issues Provisional Letter of Allowment (PLOA)
4. Apply for Company / LLP incorporation
5. Obtain Certificate of Incorporation
6. Application to the DC - GIFT - SEZ
7. Submission of application to IFSCA
8. Pre-screening (eligibility relvance, priorit etc.)
9. Initial screening (includes pitch by Fintech applicant)
10. Evaluation Committee (makes) recommendation to final approving Authority
11. Authorization to operate in GIFT IFSC
12. Commencement of business and post-setup compliances

4.5 Benefit under State Incentive-GoG, IT & ITeS Policy (2022 - 2027) and GCC Policy (2025-2030)

4.5.1 IT & ITeS Policy (2022 - 2027)

Objectives of IT/ITeS Policy

- To promote the Information Technology Industry in GIFT City Gujarat and to attract entrepreneurs to set up units in Gujarat, the Government of Gujarat has declared the IT Policy 2022-27 G.R. dated 07th February 2022.
- The Department of Science & Technology (DST) undertakes following activities for implementation of this policy:
  - I. Registration of units as 'New' / 'Expansion' Unit.
  - II. Facilitation of investments including coordination with key infrastructure support providers.
  - III. Monitoring of investment progress and feedback reporting to the government.
  - V. To provide much needed impetus to the Start-ups.

ELIGIBLE SERVICES

- **ITeS services are construed as services resulting from use of IT software over a system of IT products for realising value addition services and shall include:**

- Emerging or Deep Technologies, viz.
  - i) Artificial Intelligence, Machine Learning, Generative AI;
  - ii) Internet of Things
  - iii) Analytics using AI Technologies (including Big Data & Data Science)
  - iv) Augmented Reality, Mixed Reality, Virtual Reality;
  - v) Distributed Ledger Technology (Blockchain)
  - vi) Quantum Computing
- Global In-house Center (GIC) / Global Capability Center (GCC)

- Back Office Operations / Business Process Outsourcing
- Knowledge Process Outsourcing
- Bio-Informatics
- Banking Financial Services and Insurance (BFSI)
- IT Support Centers
- Website Services
- GIS enabled Services
- Web/Digital Content Development ERP / Software and application development
- Depository, Security Registration and Dematerialisation Services

ELIGIBILITY CRITERIA

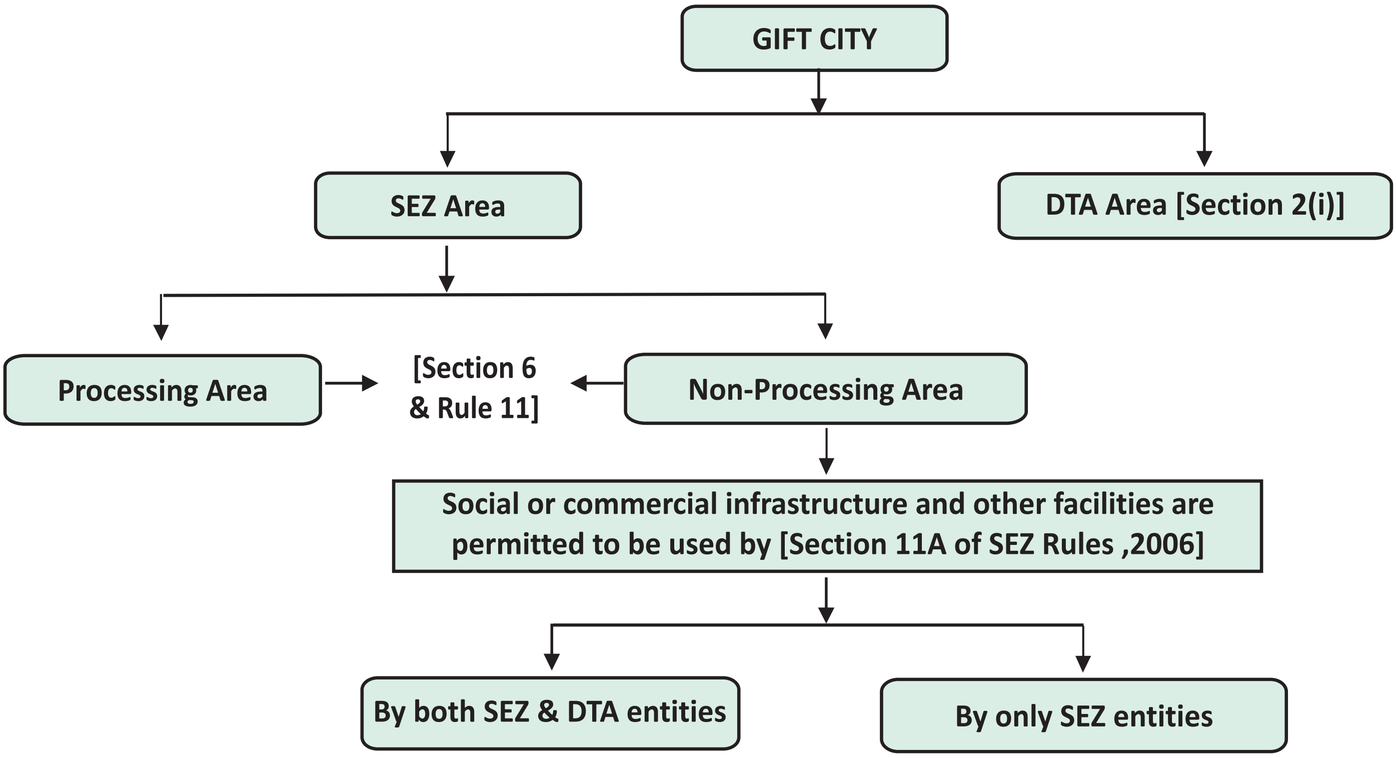
EXISTING UNIT

- Incorporated and already into operation on or before 8 February 2022
- Declare a month as a "month of expansion" Minimum 75 EEs on payroll and hires atleast 50% or more EEs over BASE EEs count within next 12 months & 80% of EE should have workstation / laptop / IT device
- Base Employee is an average of EE headcount of preceding 12 months from the month of expansion
- Can avail incentive benefits only one time

NEW UNIT

- Incorporated in Gujarat & commenced operation on or after 8 February 2022
- Incorporated outside Gujarat and Setting up Unit and Commencement of Operations post 8 February 2022
- Minimum 50 employees required to be eligible and apply for incentive
- Should file application within 12 month of commencement of commercial operations
- Can avail incentive twice - as a NEW unit and as an EXPANSION post 24-36 months

5.2 Opportunity for Real Estate Developers in GIFT CITY



Procedure for proposing infrastructure facilities in GIFT SEZ (Processing & Non-Processing Areas).

Proposal for providing infrastructure facilities in SEZ to board for approval as Co-developer

1. Any person who intends to provide any infrastructure facilities in the SEZ, or undertake any authorised operation may, after entering into an agreement with the Developer, make a proposal for the same to the Board for its approval. - Section 3(11) of SEZ Act, 2005.
2. As per Section 3A of SEZ Rules, 2006 The proposal for providing infrastructural facilities in the Special Economic Zone shall be made in **Form A1** to the concerned Development Commissioner, as specified in Annexure III, who, within a period of fifteen days, shall forward it to the Board with his recommendation.

Letter of Approval to the Developer & Validity of Letter of Approval :

1. The Central Government shall, within a period of thirty days of the communication received by it grant approvals in **Form-C** for providing infrastructure facilities in the Special Economic Zone, incorporating additional conditions, if any, specified by the Board while approving the proposal. - Rule 6(1)(a) of SEZ Rules, 2006.
2. The letter of approval of a Developer granted under clause (a) of sub- rule (1) shall be valid for a period of three years within which time at least one unit has commenced production and the Special Economic Zone become operational from the date of commencement of such production:
3. Provided that the Board may, on an application by the developer or the co-developer, as the case may be, for reasons to be recorded in writing extend the validity period:

5.4 Procedure under Customs Regulations for GIFT SEZ

#	Compliance	Details
1.	**Procurement of Goods Directly from DTA**	• Submit Appointment Letter, Purchase Order/Work Order, Bill Of Quantity to Authorised Officer / Specified Officer. • Tax Invoice mentioning supply to SEZ Unit & with/without payment of Tax.
2.	**Appointment of Third-party contractor**	• Submit Appointment Letter, Purchase Order/Work Order, Bill Of Quantity to Authorised Officer / Specified Officer. • Keep Delivery Challan and Purchase Bills of contractor (back to back invoice) while taking goods to GIFT SEZ.
3.	**Procedure on Goods inward**	• When goods are entered into GIFT SEZ, delivery challan/tax invoice will be stamped. The copy of the said delivery challan/tax invoice must be submitted online on SEZ Online Portal within 45 days. • When services are procured from DTA the tax invoice must be submitted online on SEZ Online Portal within 45 days. • Separate approval required from DC for bringing sand for Civil Works.
4.	**Excess/Unused Material outward**	• Letter must be submitted to Authorised Officer / Specified Officer for excess/unused material return.
5.	**Temporary Removal of Goods**	• Damaged goods can be temporarily removed out of GIFT SEZ for repairing / jobwork without payment of duty. • Unit have to apply online on SEZ Online portal for the same. • Afterwards take print out of the said document and submit it to customs officer. • The said goods must be returned withing 120 days.
6.	**Misc. procedures**	• Make an application for issuance of ID card of permanent employees to Authorised Officer / Specified Officer along with applicable form and govt photo ID proof (Aadhar preferable). • Prior permission of Authorised Officer / Specified Officer must be taken for daily in-out of personal laptop. • Prior permission required for Work From Home. Work From Home permitted under SEZ Rules. However, no such provisions given under IFSCA. • Each and every document submitted physically must be uploaded on SEZ Online Portal.
7.	**Import Procurement under SEZ Rules**	

6.10 Time limit for disposal of applications by various divisions/departments

#	Name of the Vertical	Category of application	Time limit* for disposal of applications
1	Banking Regulation and Development	Licensing of an applicant as IBU	90 days
		Licensing of an applicant as IBC	180 days
		Granting Letter of permission as RO	30 days
		Granting Letter of permission as GAO	60 days
2	Market Infrastructure Institutions	Broker-Dealer, Clearing Member, Depository Participant, Custodian	45 days
3	Primary Markets and Intermediaries	Investment Adviser, Investment Banker Credit Rating Agency	45 days
4	Division of Debt and Sustainable	Debenture Trustees	45 days
5	Ancillary Services	Authorisation under Ancillary Framework	60 days
6	Department of Insurance	IIO / IIIO	45 days
7	Department of Commodities	Bullion Trading /Clearing Member (Fresh Registration)	60 days
		Clearing Member (Cancellation /surrender of Registration)	
		Notification of Qualified Jewelers	
		Vault Manager	
8	Fund 1	Distributors of Capital Market Products & Services	45 days
		Angel Fund	
		Family Investment Fund	
9	Fund II	Fund Management Equity	45 days
		Funds/Scheme	
10	Fin Tech	Authorization (A)	60 days
		Limited-use Authorization (LUA)	120 days
11	Division of Finance Company Regulations	Finance Company (Core) and ITFS entities	90 days
		Finance Company (Non-Core)	60 days

*From the date of receipt of complete Application/information as specified in the directions and applicable fees