



**A BHATT & JOSHI PRACTITIONER HANDBOOK**  
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# **THE GLOBAL IN-HOUSE CENTRE PATHWAY**

*A Practitioner's Handbook on the IFSCA  
(Global In-House Centres) Regulations 2025*



IFSCA (GLOBAL IN-HOUSE CENTRES) REGULATIONS 2025  
NOTIFICATION F. NO. IFSCA/GN/2025/012 · IN FORCE 29 DEC 2025  
REG 8 — 10% INDIA CARVE-OUT · REG 10 KMP RESIDENCY  
FOUR MODELS — CAPTIVE · BOT · JV · HYBRID  
INCOME-TAX ACT 2025 §147 · §115JB(7) · CBDT NOTIFN 28/2024

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## **FOREWORD**

Booklet XI of the Practitioner Series sets out the Global In-House Centre (GIC) pathway at GIFT IFSC under the IFSCA (Global In-House Centres) Regulations 2025 — Notification F. No. IFSCA/GN/2025/012 of 24 December 2025, in force from 29 December 2025. The 2025 Regulations repeal the 2020 GIC framework and recalibrate the Indian offer for foreign financial-services groups looking for an onshore captive-services hub.

## CHAPTER ONE

# The 2025 Regulatory Reset

*Citations: IFSCA (Global In-House Centres) Regulations 2025, Notification F. No. IFSCA/GN/2025/012, signed by K. Rajaraman, Chairperson, 24 December 2025; in force 29 December 2025; repealing the IFSCA (Global-In-Centre) Regulations 2020.*

### **REGULATION 2 – OBJECTIVES (VERBATIM)**

to operationalize the Global In-House Centres (GICs) as a financial service for developing International Financial Services Centres (IFSCs) as global hub for delivery of high-value financial and related services, generating employment opportunities, and strengthening India's integration within the global value chain; to bring back the India centric financial services and transactions that are currently carried out in offshore financial centres.

*Source: IFSCA (GIC) Regulations 2025, Regulation 2.*

### **REGULATION 3(1)(d) – "GIC UNIT" (VERBATIM)**

a unit set up in International Financial Services Centre by an entity of a Financial Institution Group, either directly or through a third party service provider, and registered under these regulations for undertaking the activities of Global In-House Centres under any of the operating models, viz Captive Centre, Build-Operate-Transfer, Joint Venture, Hybrid or any other model as may be permitted by the Authority.

*Source: IFSCA (GIC) Regulations 2025, Reg. 3(1)(d).*

### **REGULATION 3(1)(e) – "FINANCIAL INSTITUTION GROUP" (VERBATIM)**

entity(ies) of a group engaged in providing financial services or carrying out financial activities, including but not limited to banks, non-banking financial companies, financial intermediaries, investment banks, insurance companies, re-insurance companies, actuaries, brokerage firms, funds, stock exchanges, clearing corporations, depositories, custodians, and any other similar financial institutions.

*Source: IFSCA (GIC) Regulations 2025, Reg. 3(1)(e).*

## CHAPTER TWO

# Eligibility, Operating Models and Sponsorship

*Citations: IFSCA (GIC) Regulations 2025, Regulations 4, 5 and 9; ELP comparator with the 2020 regime (12 January 2026).*

¶ **1. Eligibility.** An applicant must be "exclusively falling under the definition of Financial Institution Group" (Reg. 4). A third party may apply under the Build-Operate-Transfer or Hybrid model with a written authorisation letter from a FIG entity. Branches must originate from non-FATF-call-for-action jurisdictions; the legal form in IFSC must be a company or LLP, or a branch of one incorporated outside IFSC.

¶ **2. Operating models.** Four operating models are recognised by Reg. 3(1)(d): Captive Centre (direct FIG-owned), Build-Operate-Transfer (third-party builds, FIG takes over), Joint Venture (FIG + service provider), Hybrid (any blend of the above), and any other model the Authority may permit. The 2020 regime's 20% cap on the share of employees relocated from Indian affiliates has been dropped — Indian sponsors may now freely second staff to the IFSC GIC.

¶ **3. Fit-and-proper.** Fit-and-proper applies continuously to the entity, its directors / partners, controlling shareholders and the Principal and Compliance Officers (Reg. 9). Standard disqualifications: conviction for moral turpitude or economic offence in the last five years; pending charge-sheets; regulatory debarments; wilful-defaulter tag; fugitive-economic-offender declaration. The Authority's determination of FIG status is final (Reg. 4(1) Explanation).

## CHAPTER THREE

# Permitted Activities and the 10 Per Cent India Carve-Out

*Citation: Regulation 8 of the IFSCA (GIC) Regulations 2025.*

### **REGULATION 8(2) PROVISIO – 10% INDIA CARVE-OUT (VERBATIM)**

a GIC Unit may provide services to any entity(ies) of its Financial Institution Group in India for the purpose of delivery of GIC service from IFSC, not exceeding 10% of total revenue of the GIC Unit for the relevant financial year.

*Source: IFSCA (GIC) Regulations 2025, Reg. 8(2) proviso.*

### **REGULATION 8(4) – PROHIBITION ON CONTRACT TRANSFER (VERBATIM)**

A GIC Unit shall not be set up by way of transferring of existing contracts or work arrangements from any entity(ies) of its Financial Institution Group in India.

*Source: IFSCA (GIC) Regulations 2025, Reg. 8(4).*

¶ **1. The permitted universe.** The permitted-service universe (under Reg. 8(1)) is "services in relation to financial product(s) and financial service(s)." Within that envelope, IFSCA's GIC brochure and practitioner commentary (ELP, Nexpective, SCC Online) place: analytics and research; AI / ML and data science; risk management and modelling; financial-crime, AML/CFT and compliance monitoring; treasury back-office and reconciliation; accounting; technology build and BPM; TechFin and ancillary services.

¶ **2. The prohibited universe.** What a GIC may NOT do: no discretionary fund management (that sits under the IFSCA (Fund Management) Regulations 2025); no principal or proprietary trading; no customer-facing distribution or sales to non-FIG persons; no migration of existing Indian contracts.

## CHAPTER FOUR

# Governance Architecture – KMP, Substance, Reporting

*Citations: Regulations 10, 11 and 12 of the IFSCA (GIC) Regulations 2025; First Schedule of the IFSCA (Banking) Regulations 2020 (Specified Foreign Currencies).*

### REGULATION 10(3) – KMP RESIDENCY (VERBATIM)

The principal officer and compliance officer shall be full-time employees of GIC Unit and shall be based out of the International Financial Service Centre.

*Source: IFSCA (GIC) Regulations 2025, Reg. 10(3).*

¶ **1. Substance test.** Two named officers – Principal Officer (overall responsibility) and Compliance Officer (policies, records, board reporting) – both full-time and physically resident at GIFT IFSC (Reg. 10(1)-(3)). No statutory minimum headcount beyond these two KMPs.

¶ **2. Foreign-currency operations.** All operations must be conducted in a Specified Foreign Currency drawn from the First Schedule of the Banking Regulations 2020 (Reg. 11). An INR account is permitted for administrative and statutory spend only. The balance sheet is maintained in the Specified Foreign Currency; reporting to IFSCA is in U.S. Dollars (Reg. 12(2)).

## CHAPTER FIVE

# Tax, Transfer Pricing and CBDT Exemptions

*Citations: Section 80LA(1A) / Section 147 of the Income-tax Act 2025 (as expanded by Finance Act 2026 to 20-of-25 years); Section 115JB(7) (9% MAT); CBDT Notification 28/2024 of 7 March 2024 (TDS exemption on specified payments to IFSC units); IGST framework for export of services.*

¶ **1. The tax stack.** Post the Finance Act 2026, an IFSC unit may claim 100% deduction of business income for any 20 consecutive assessment years out of a block of 25 — expanded from the legacy 10-of-15 framework. After the holiday, the 15% concessional corporate rate applies if the foreign-currency condition under Section 115JB(7) is met. MAT for IFSC units deriving income solely in convertible foreign exchange is 9% (vs 15% mainland) — directly applicable because the GIC Regulations 2025 themselves mandate foreign-currency operations.

¶ **2. Transfer pricing.** CBDT Notification 28/2024 (7 March 2024, effective 1 April 2024) invokes Section 197A(1F) read with Section 80LA to exempt TDS on specified payments to IFSC units for ten consecutive assessment years upon a Form-1 declaration. Inter-company GIC services are international transactions under Section 92B; the safe-harbour for ITES / KPO captives (Rules 10TD-10TG) provides a benchmark, but most foreign-bank GICs use TNMM cost-plus mark-ups in the 12-18% band. Advance Pricing Agreements are recommended given the captive risk profile.

## CHAPTER SIX

# GIC vs GAO — When to Choose Which, plus Comparator and the BoA Precedent

*Citations: IFSCA (GIC) Regulations 2025 (Reg 4) vs IFSCA Banking Handbook Module 17 (GAO); Business Standard 6 December 2019 on Bank of America Global Business Services Centre opening at GIFT; HSBC-EY GIFT compendium December 2025 (USD 100 bn+ IBU assets); Bloomberg 14 November 2025 on MUFG / HSBC GIFT bets.*

Dimension	GIC (Reg 2025) vs GAO (Module 17)
Eligible parent	GIC — entire Financial Institution Group (banks, NBFCs, insurers, brokers, funds, custodians, clearing corps). GAO — bank-only, with an existing IBU or Representative Office in IFSC.
Pre-requisite	GIC — none beyond FIG status. GAO — pre-existing IBU/RO in IFSC.
Scope	GIC — financial-product / financial-service support to the whole FIG. GAO — product development, market research, marketing and other parent-bank support functions otherwise restricted onshore by RBI.
India customers	GIC — up to 10% of revenue. GAO — group-bank support only.
KMP residency	GIC — Principal Officer + Compliance Officer full-time in IFSC. GAO — lighter governance.

¶ **1. Choosing between GIC and GAO.** Use the GIC pathway when the parent is non-bank (insurer, AMC, broker, custodian) or a mixed financial group; when scope extends beyond banking-specific support into analytics / AI / risk for multiple group lines; when no IBU exists. Use GAO when a pure-play bank with an existing IBU wants a contiguous administrative office for parent-bank work.

¶ **2. The Bank of America precedent.** Bank of America's Global Business Services Centre — inaugurated 6 December 2019 by COO Cathy Bessant and the then Gujarat Chief Minister, approximately 1 lakh sq ft across six floors, initial hiring of 500 with a planned ramp to 1,500 — is the marquee operating precedent. The footprint pre-dates the 2025 regime but sits today most naturally inside the GIC envelope (group-wide support, non-customer-facing) and could equally have used a GAO architecture given Bank of America's IBU presence.

¶ **3. The wider footprint.** Other foreign banks with GIFT presence — HSBC (12,550 sq ft expansion 20 January 2025), Standard Chartered, Citibank, JPMorgan Chase (July 2022), Deutsche Bank, MUFG (two-thirds of its USD 20 bn India

balance sheet now booked at GIFT, per Bloomberg 14 November 2025), Mizuho, DBS, Société Générale, Crédit Agricole, Barclays — variously occupy the IBU / GIC / GAO spectrum. System-wide IFSC banking assets crossed USD 106.7 billion by February 2026.

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