



A BHATT & JOSHI PRACTITIONER HANDBOOK
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BATF SERVICES AT GIFT IFSC

*A Practitioner's Handbook on the IFSCA (BATF)
Regulations 2024 (Notified 6 June 2024)*



IFSCA (BATF) REGULATIONS 2024 · NOTIFIED 6 JUN 2024
MoF S.O. 291(E) (18 JAN 2024) · BAT-F AS "FINANCIAL SERVICES"
B-A-T-F FOUR SERVICE BUCKETS · USD 1k + 5k + 5k PER ACTIVITY
60 SQ FT / EMPLOYEE · 20% INDIA-TRANSFER CAP · NO SUB-CONTRACT
ICAI MIRROR-FIRM · \$80LA · BOUNDARY WITH TAS 2025

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FOREWORD

Booklet XXII of the Practitioner Series addresses BATF Services at GIFT-IFSC. The operative instrument is the IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations 2024, notified on 6 June 2024. The Regulations follow the Ministry of Finance Gazette Notification S.O. 291(E) of 18 January 2024 — which classified these four services as 'financial services' under Section 3(1)(e)(xiv) of the IFSCA Act 2019 — and operationalise a stand-alone regime that carves the four BATF activities out of the earlier Ancillary Services Framework of 10 February 2021. The BATF Regulations are **lex specialis**: any IFSC unit providing book-keeping, accounting, taxation or financial-crime-compliance services on a separately-invoiced basis must register under the BATF Regulations, not under the 2021 Ancillary Framework or the 2025 TAS Regulations. The architectural intent — articulated by IFSCA in its 10 June 2024 Press Release and the December 2024 FAQs — is to develop GIFT-IFSC as a 'Global Finance and Accounting Hub' absorbing the captive operations of the global Big-Four networks and the mid-tier audit-and-tax firms.

CHAPTER ONE

Why GIFT-IFSC for BATF — the Global Finance and Accounting Hub Thesis

Citations: IFSCA Press Release on BATF Regulations dated 10 June 2024; IFSCA Expert Committee report on developing GIFT-IFSC as a 'Global Finance and Accounting Hub'; trade-press reportage on Big-Four India captive operations at Bangalore, Hyderabad, Pune, Kolkata and Gurgaon.

¶ **1. The Big-Four captive migration thesis.** The investment thesis for BATF at GIFT-IFSC is the migration of the Big-Four and large-network firms' global delivery centres from mainland Indian metros to a regulated IFSC perimeter. Deloitte USI, KPMG Global Services, EY Global Delivery Services and PwC Acceleration Centres collectively employ approximately 250,000 personnel across Bangalore, Hyderabad, Pune, Kolkata and Gurgaon, delivering accounting, audit-support, tax, financial-crime-compliance and advisory services to their global member-firm networks. The mainland model was built on cost arbitrage and a large English-speaking, accounting-qualified talent pool. The IFSC pathway offers a regulated, USD-invoiced, 100-per-cent-tax-holiday alternative that is structurally more attractive for the higher-value, regulated-financial-services slice of the delivery-centre footprint.

¶ **2. The three convergent factors.** Three convergent factors make the IFSC pathway commercially compelling. (i) Currency and tax — USD-denominated invoicing to non-resident affiliates removes both FX-conversion friction and GST friction (export of services); Section 80LA's 100 per cent profit deduction for ten consecutive years out of fifteen (proposed to expand to twenty out of twenty-five under Clause 147 of the IT Act 2025) materially improves the post-tax economics of the captive's intra-group transfer-pricing arrangements. (ii) ICAI mirror-firm relaxation — the Indian Institute of Chartered Accountants amended Form 18 and the associated guidelines (Notification 1-CA(7)/197/2021 dated 8 July 2021) to permit Chartered Accountants to set up a 'mirror firm' in GIFT-IFSC without losing the empanelment exclusivity that the principal Indian firm enjoys with the Reserve Bank and the Comptroller and Auditor General. (iii) Talent depth — the Gandhinagar-Ahmedabad corridor's accounting and finance talent pool is rapidly closing the gap with the mainland metros, supported by Gujarat National Law University and the proliferating CA / CS / CMA training institutes in the region.

¶ **3. Beyond Big-Four — mid-tier and boutique entry.** Beyond the Big-Four migration thesis, the BATF Regulations open the IFSC pathway for mid-tier audit firms, boutique tax-practice firms, dedicated financial-crime-compliance consultancies, KPO providers, and new-entrant standalone ventures. The deliberate 'low capital, high conduct' design — no minimum net-worth requirement, but rigorous fit-and-proper, infrastructure and operational ring-fencing — calibrates the barriers to entry away from balance-sheet scale and

toward professional discipline. For an Indian boutique CA or CS firm with a strong international-client book, the BATF Regulations offer the cleanest regulated route to extend that book through an IFSC entity.

CHAPTER TWO

The BATF Regulations 2024 – Architecture and Carve-Out

Citations: Ministry of Finance Gazette Notification S.O. 291(E) dated 18 January 2024 (classifying BATF as 'financial services' under Section 3(1)(e)(xiv) of the IFSCA Act 2019); IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations 2024 notified 6 June 2024; IFSCA Press Release of 10 June 2024; IFSCA Circular on Form and Manner for Registration under BATF Regulations dated 28 June 2024.

¶ **1. The three-step statutory architecture.** The statutory architecture proceeds in three steps. (i) The Ministry of Finance Gazette Notification S.O. 291(E) of 18 January 2024 added 'book-keeping, accounting, taxation and financial crime compliance services' to the list of 'financial services' under Section 3(1)(e)(xiv) of the IFSCA Act 2019. The structural significance of this classification is that these services now sit squarely within the IFSCA's regulation-making perimeter under Sections 12 and 28 of the Act. (ii) IFSCA exercised the consequential regulation-making power by notifying the BATF Regulations on 6 June 2024 — seven chapters and two schedules covering eligibility, registration, conduct, transition, anti-splitting safeguards and fee structure. (iii) The 28 June 2024 Circular on the Form and Manner of Registration operationalises the application process through the SWIT portal.

PRESS RELEASE — STATUTORY BASIS (VERBATIM)

The BATF Regulations were notified following the Government of India's notification dated January 18, 2024, which recognized — book-keeping, accounting, taxation, and financial crime compliance services as 'financial services' under Sec 3 of the IFSCA Act, 2019. The new regulations are divided into seven chapters and two schedules, including provisions to facilitate the transition of existing units, providing similar services, to the BATF Regulations.

Source: IFSCA Press Release on BATF Regulations 2024 dated 10 June 2024.

¶ **2. The lex specialis structure and the three-year migration.** The Regulations operate as *lex specialis* — a specialised regulation that overrides the general framework. The 2021 Ancillary Services Framework covered, at the time of its notification, all four BATF categories as part of its twenty-eight-head menu. From 6 June 2024, the BAT and F categories migrated out of the Ancillary umbrella into the stand-alone BATF Regulations. The Second Schedule to the BATF Regulations provides a transitional pathway: existing Ancillary Service Providers undertaking B, A or T services as at 6 June 2024 had sixty days to submit a written willingness to migrate, and three years from the date of the Letter of Continuation to obtain a formal certificate of registration under the BATF Regulations. The transition is therefore running through 2027 — counsel advising a legacy Ancillary unit doing B / A / T services should plan the migration well before the three-year window closes.

¶ **3. The three-regime landscape.** The relationship with the IFSCA (TechFin and Ancillary Services) Regulations 2025 (notified 8 July 2025) creates a three-regime landscape that counsel must navigate. (i) BATF Regulations 2024 govern B, A, T and F services. (ii) TAS Regulations 2025 govern the residual ancillary services — legal advisory, secretarial, management consulting, administration including fund accounting, trusteeship, asset-management support, and the TechFin services in the Second Schedule. (iii) A single entity providing both BATF and Ancillary services may hold both registrations concurrently (BATF FAQ Q.1), subject to mandatory revenue ring-fencing and separate audited segment reporting. The boundary test — addressed in Chapter Five — is the single most important structuring decision for a new entrant.

CHAPTER THREE

The Four Service Buckets — B, A, T, F in Detail

Citations: Definitions of Book-Keeping, Accounting, Taxation and Financial Crime Compliance Services in the IFSCA BATF investor booklet (published by GIFT City Company on behalf of IFSCA); IFSCA BATF FAQ; United Nations International Standard Industrial Classification of All Economic Activities (ISIC); UN Central Product Classification (CPC).

BOOK-KEEPING SERVICES (VERBATIM, INVESTOR BOOKLET)

Book-Keeping Services includes classifying and recording transactions including payroll ledgers, in monetary terms or other units of measurement in books of account or related documents.

Source: IFSCA-published Investor Booklet on BATF Regulations 2024.

ACCOUNTING SERVICES (VERBATIM, INVESTOR BOOKLET)

Accounting Services includes — Review and Compilation of Financial Statements; Preparation and Analysis of Financial Statements; Compilation of Income Statements, Balance Sheets, and other financial information; Other related accounting support services.

Source: IFSCA-published Investor Booklet on BATF Regulations 2024.

TAXATION SERVICES (VERBATIM, INVESTOR BOOKLET)

Taxation Services means tax planning and preparation, tax return preparation and filing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds.

Source: IFSCA-published Investor Booklet on BATF Regulations 2024.

FINANCIAL CRIME COMPLIANCE (VERBATIM, INVESTOR BOOKLET)

Financial Crime Compliance includes services rendered for compliances of: Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Measures; Financial Action Task Force (FATF) Recommendations; Other Related Compliance Activities.

Source: IFSCA-published Investor Booklet on BATF Regulations 2024.

¶ **1. The four buckets in operational detail.** The four service buckets are deliberately broad. Book-keeping captures the transactional foundation of accounting — entry of journals, payroll, supplier and customer ledgers, fixed-asset registers. Accounting captures the conversion of the book-keeping output into financial statements — income statement, balance sheet, cash-flow statement, with the associated review and compilation work. Taxation captures the advisory, planning, return-preparation and return-filing work across all jurisdictions of tax. Financial Crime Compliance captures the design, implementation, monitoring and remediation work on AML, CFT, sanctions screening, KYC, EDD, beneficial-ownership tracing, transaction-monitoring, and MLRO outsourcing. The four together cover essentially the entire operational compliance stack of a regulated financial entity.

¶ 2. **The three operational restrictions.** Three operational restrictions warrant attention. (i) The service-recipient is restricted to non-residents (including IFSC units) only — a BATF Service Provider cannot, for example, provide tax advisory to a mainland Indian resident entity even where that entity is in the process of setting up an IFSC unit (BATF FAQ Q.2 expressly excludes this). The resident-entity tax advisory work routes through the TAS Regulations 2025, not BATF. (ii) Fund accounting is carved out — even where the fund accounting work substantively involves book-keeping and accounting activity, FAQ Q.10 confirms that fund accounting under 'Administration Services' of the Ancillary / TAS framework does not require a separate BATF registration. (iii) Sub-contracting back to mainland India is prohibited (FAQ Q.8) — the operational ring-fence is structurally absolute.

CHAPTER FOUR

Eligibility, Capital and Registration — Low Capital, High Conduct

Citations: Regulations 4, 8, 9, 11 and 19 of the IFSCA BATF Regulations 2024; First Schedule (Safeguarding Conditions); IFSCA BATF FAQ Questions 7, 11, 17, 20, 22 and 24; SWIT (Single Window IT System) portal documentation.

¶ **1. The 'low capital, high conduct' design.** The eligibility architecture is deliberately calibrated as 'low capital, high conduct'. There is no minimum net-worth or paid-up-capital requirement — unlike the IFSC Banking Unit, Finance Company, or Capital Market Intermediary regimes. The capital model is instead built on three operational pillars. (i) Fees — USD 1,000 application fee, USD 5,000 registration fee, and USD 5,000 / USD 7,500 / USD 10,000 annual fee (calibrated to employee headcount bands of under 500, 500-1000, and over 1000), all *per activity* — B, A, T and F each treated as a separate activity. (ii) Infrastructure floor — a minimum of 60 square feet of dedicated office space per employee in the IFSC. (iii) Conduct safeguards — the First Schedule's anti-splitting, anti-reconstruction and anti-reorganisation undertakings, plus the 20 per cent cap on India-group-entity employee transfers, plus the prohibition on sub-contracting back to India.

FEE STRUCTURE (VERBATIM, FAQ Q.22 AND Q.24)

BATF Service Providers must ensure a minimum office space of 60 sq. ft. per employee in the IFSC. Application Fee: USD 1,000 per activity; Registration Fee: USD 5,000 per activity; Annual Fee: USD 5,000 per activity (<500 employees), USD 7,500 (500-1000), USD 10,000 (>1000).

Source: IFSCA BATF FAQs (December 2024), Questions 22 and 24.

ANTI-SPLITTING SAFEGUARDS (VERBATIM, FAQ Q.17)

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.

Source: IFSCA BATF FAQs (December 2024), Question 17.

20-PERCENT EMPLOYEE-TRANSFER CAP (VERBATIM, FAQ Q.7)

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.

Source: IFSCA BATF FAQs (December 2024), Question 7.

¶ 2. **The 20% cap as a binding architectural constraint.** The anti-splitting safeguards and the 20 per cent India-transfer cap together create the operational ring-fence that distinguishes the BATF Service Provider from a routine KPO or captive arrangement. The structural intent is that the IFSC BATF unit must be a genuine new operational footprint — not a relabelling of an existing mainland Indian operation. For a Big-Four firm planning the migration of, say, its tax-advisory global-delivery-centre operations to GIFT-IFSC, the practical consequence is that at least 80 per cent of the IFSC unit's employees must be fresh hires from the local Gujarat talent pool or external recruits, with no more than 20 per cent transferred from the mainland group's existing operations. Counsel advising on the migration plan should treat the 20 per cent cap as a binding architectural constraint that shapes the recruitment and headcount-growth strategy from day one.

¶ 3. **The SWIT registration process and fit-and-proper.** Registration runs through the SWIT portal. The applicant is an IFSC company or LLP (the latter being the predominant form for professional-services entities). The Principal Officer and Compliance Officer must satisfy the qualification and experience criteria specified in Regulation 11(3) — typically requiring a Chartered Accountancy, Company Secretarial, Cost Accountancy, or equivalent professional qualification with a specified minimum experience cohort. Both officers must be IFSC-based full-time employees. Fit-and-proper screening applies to the entity, the directors or partners, the Key Managerial Personnel, and any shareholder or partner holding 10 per cent or more. Promoters must be from a FATF-clean jurisdiction. Existing Ancillary Service Provider unit officers can serve concurrently as BATF Principal Officer and Compliance Officer during the three-year migration window (FAQ Q.20) — a sensible transitional concession that avoids unnecessary headcount duplication.

CHAPTER FIVE

BATF vs Ancillary vs TAS 2025 – The Boundary Question

Citations: BATF FAQ Question 1 (concurrent registration) and Question 10 (fund-accounting carve-out); IFSCA (TechFin and Ancillary Services) Regulations 2025 First Schedule (28 ancillary heads) and Second Schedule (24 TechFin heads); IFSCA Framework for Enabling Ancillary Services 2021 Annexure I.

¶ **1. The four-limb boundary test.** The boundary between BATF and Ancillary / TAS is the single most important structuring question for a new entrant. The boundary test has four operative limbs. (i) Is the activity primarily classification or recording of transactions? If yes — Book-keeping under BATF. (ii) Is the activity primarily financial-statement preparation, review or compilation? If yes — Accounting under BATF. (iii) Is the activity primarily tax planning, return preparation, return filing, or tax advisory? If yes — Taxation under BATF (but with the strict non-resident-only recipient restriction). (iv) Is the activity primarily AML, CFT, FATF-compliance or sanctions-screening implementation? If yes — Financial Crime Compliance under BATF.

FUND-ACCOUNTING CARVE-OUT (VERBATIM, FAQ Q.10)

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.

Source: IFSCA BATF FAQs (December 2024), Question 10.

CONCURRENT REGISTRATION (VERBATIM, FAQ Q.1)

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.

Source: IFSCA BATF FAQs (December 2024), Question 1.

¶ **2. Three confusion areas.** Three confusion areas warrant explicit attention. (i) Tax advisory to Indian-resident entities setting up in IFSC — this is barred under BATF (the non-resident-only recipient rule). The Indian-resident tax advisory work must route through the TAS Regulations 2025 (where the limited Resident carve-out for IFSC or overseas office setup applies). A Big-Four firm advising an Indian corporate on its IFSC entry structuring must therefore route that work through its TAS registration, not its BATF registration. (ii) Fund accounting — even though fund accounting substantively involves the same book-keeping and accounting work that BATF covers, FAQ Q.10 preserves fund accounting within the Administration Services head of the Ancillary / TAS framework. The carve-out is policy-driven and not subject to materiality analysis. (iii) Legal, secretarial, management consulting and trusteeship — these remain outside BATF entirely and continue to route through the TAS Regulations 2025.

¶ 3. **The concurrent registration model and revenue ring-fencing.** A single entity may hold both a BATF registration and a TAS registration concurrently. This is the typical Big-Four structuring pattern — a single IFSC LLP holds the BATF registration for its B / A / T / F work and the TAS registration for its legal / secretarial / management-consulting / fund-administration work. The two registrations operate in parallel, with mandatory revenue ring-fencing in the entity's audited financial statements. The segregation is operationally consequential: the Section 80LA deduction is activity-specific, and the audit-defensibility of the deduction depends on demonstrably separate revenue streams for each registered activity.

CHAPTER SIX

Tax — Section 80LA Applicability to BATF Units

Citations: Section 80LA(1A) of the Income-tax Act 1961; Section 115JB(7) of the Income-tax Act 1961; Clause 147 of the proposed Income-tax Act 2025; CBDT TDS-exemption notification regime; GST Notification 9/2017-IGST.

¶ **1. The Section 80LA tax holiday for BATF units.** The tax architecture for a BATF Service Provider is the Section 80LA tax-holiday architecture common to all IFSC units. The classification of BAT and F as 'financial services' under Section 3(1)(e)(xiv) of the IFSCA Act 2019 by the Ministry of Finance Notification of 18 January 2024 is the key statutory hinge — without that classification, the IFSC BATF unit would not qualify as a 'unit' for Section 80LA purposes. Once classified, the standard tax-holiday architecture applies: 100 per cent deduction of profits and gains for any ten consecutive assessment years out of the first fifteen; proposed expansion to twenty out of twenty-five under Clause 147 of the IT Act 2025; MAT capped at 9 per cent under Section 115JB(7) (and disappplied under the new corporate-tax regime); GST zero-rated on services to non-residents.

¶ **2. Two practical caveats — activity-specificity and revenue isolation.** Two practical caveats warrant attention. First, the Section 80LA deduction is activity-specific — not entity-level or location-level. Income that is not traceable to the specific registered BATF activity, or fees received in INR or from mainland Indian residents, does not qualify and risks disqualifying the entire deduction on assessment. The non-resident-only recipient rule under Regulation 19(1) is therefore not just a regulatory requirement but a tax-preservation rule. Counsel structuring the BATF unit's revenue model should ensure that the billing protocol isolates BATF-qualifying revenue from any non-qualifying revenue and that the audited segment reporting demonstrates the separation. Second, where the entity also holds a TAS registration, the activity-specific deduction analysis applies separately to each registration's revenue stream.

¶ **3. GST and the combined tax stack.** GST treatment is favourable. Services provided to non-resident recipients in convertible foreign currency are treated as export of services and are zero-rated under Notification 9/2017-IGST. Services received by the IFSC BATF unit attract nil GST. The combined effect — Section 80LA income-tax holiday plus zero-rated GST plus the CBDT TDS-exemption regime for IFSC units — creates an unusually clean tax stack for the BATF Service Provider's principal revenue model (USD-invoiced services to non-resident affiliates or third-party clients). The structural caveat noted above on activity-specificity continues to apply: a clean tax stack on paper does not survive audit unless the billing and segment-reporting discipline holds.

CHAPTER SEVEN

Professional Regulatory Interface — ICAI, ICSI, CMA, BCI

Citations: Chartered Accountants Act 1949 (Section 25, Section 2(2), Clause 4 Part I First Schedule); Chartered Accountants Regulations 1988 Regulation 53B (Multi-Disciplinary Partnerships); ICAI Notification 1-CA(7)/197/2021 dated 8 July 2021 (revised Form 18 and mirror-firm relaxation); ICAI Multi-Disciplinary Partnership Formation Guidelines; Company Secretaries Act 1980; Cost and Works Accountants Act 1959; Advocates Act 1961; Bar Council of India (Foreign Lawyers and Foreign Law Firms) Rules 2022 (as amended 13 May 2025).

¶ **1. The ICAI mirror-firm relaxation as the practical unlock.** The professional regulatory interface is the principal structuring complexity for an Indian professional-services firm entering the BATF perimeter. The ICAI mirror-firm relaxation under Notification 1-CA(7)/197/2021 of 8 July 2021 is the practical unlock — a CA firm partner who joins the IFSC entity does not, by virtue of that membership, cause the principal Indian firm to lose its RBI bank-audit empanelment or CAG public-sector-audit empanelment exclusivity. Before the relaxation, the prevailing ICAI regulatory architecture would have created precisely that exclusivity loss — a structural disincentive that effectively barred the partners of the leading Indian CA firms from personally participating in an IFSC entity.

¶ **2. Multi-Disciplinary Partnerships and the firm-versus-company structure.** Multi-Disciplinary Partnerships under Section 25 of the Chartered Accountants Act 1949 read with Regulation 53B of the CA Regulations 1988 permit Chartered Accountants to partner with Company Secretaries, Cost Accountants, Advocates, Engineers, Architects and Actuaries. An MDP firm in India is, however, a *firm* — not a company — and Section 25 prohibits incorporation of a CA practice as a company. The BATF Regulations require an IFSC company or LLP — not a firm. The structural reconciliation is therefore as follows: the Indian MDP firm holds equity (typically in an LLP form) in the GIFT-IFSC entity, with the entity itself being a Company or LLP under the Companies Act 2013 / LLP Act 2008 rather than a CA firm. The IFSC entity is regulated by IFSCA; the partner-level professional regulation continues to sit with ICAI / ICSI / ICMAI as applicable.

¶ **3. The Bar Council interface and the legal-advisory carve-out.** The Bar Council of India interface is the most operationally consequential restriction for an entity wishing to add legal advisory to its BATF stack. Legal advisory is not within the BATF perimeter — it sits in the TAS / Ancillary perimeter. The BCI Rules of 2022 (as amended 13 May 2025) permit foreign lawyers and foreign law firms to practise in India on a reciprocity basis, but only foreign law, international law and international arbitration, with a sixty-day-in-any-twelve-month fly-in-fly-out cap and mandatory BCI registration. An Indian advocate's practice in the IFSC must continue under their state Bar Council enrolment; the BATF entity cannot be the

vehicle for legal-opinion work without satisfying the Advocates Act perimeter independently. The operationally clean structure is therefore: the BATF entity for B / A / T / F services; a separately-registered TAS entity (or the same entity with parallel TAS registration) for legal advisory work; and the individual advocate's mainland practice retained under state Bar Council enrolment.

CHAPTER EIGHT

Standard of Practice — AML on the FCC Service Provider Itself

Citations: IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines 2022 dated 28 October 2022; PMLA 2002 and PMLA Rules; FATF 40 Recommendations (Recommendations 22 and 23 on Designated Non-Financial Businesses and Professions); FATF Public Statement on High-Risk Jurisdictions subject to a Call for Action; OFAC SDN List; EU Consolidated Sanctions List; UK OFSI Notices; UN Security Council Resolutions.

SERVICE-RECIPIENT FATF SCREENING (VERBATIM, FAQ Q.18)

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'.

Source: IFSCA BATF FAQs (December 2024), Question 18.

¶ 1. **The DNFBP designation and the doubly-load-bearing AML obligation.**

The AML / CFT calibration for a BATF Service Provider is doubly load-bearing — particularly for entities in the F bucket. The Service Provider is itself a Designated Non-Financial Business and Profession (DNFBP) under FATF Recommendations 22 and 23, subject to the IFSCA AML / CFT / KYC Guidelines 2022 in full. The Service Provider must screen every service recipient against the FATF Public Statement on High-Risk Jurisdictions (FAQ Q.18 — service recipients from Call-for-Action jurisdictions are barred). The Service Provider must also screen every service recipient against the OFAC SDN List, the EU Consolidated Sanctions List, the UK OFSI Notices, the UN Security Council Resolutions, and the Indian UAPA Schedules. A Financial Crime Compliance consultancy that sells AML expertise but does not demonstrably apply that expertise to its own onboarding cannot survive supervisory scrutiny.

¶ 2. **Standard of Practice.** Standard of Practice. The Firm advises and assists clients exclusively in matters consistent with applicable U.S., European Union, United Kingdom, United Nations and Indian sanctions and anti-money-laundering regimes. The Firm does not advise on, structure or facilitate transactions whose principal purpose or principal effect is to bring a designated person into a regulated market in a manner that is foreseeably exposed to a sanctions perimeter the parties cannot lawfully discharge. In a BATF context — and acutely in the Financial Crime Compliance context — this Standard operates at the level of the entity's own onboarding, the service recipient, the recipient's beneficial owners, and the subject-matter of the BATF engagement (a tax-advisory engagement that touches on a sanctioned-counterparty transaction structure is itself exposed).

¶ 3. **The Firm's three-phase engagement model.** The Firm's engagement model for BATF work proceeds in three phases. (i) Pre-engagement — service-scope and registration scoping (B / A / T / F with materiality assessment; TAS-vs-

BATF boundary analysis; concurrent-registration planning where mixed); professional-body screening (ICAI mirror-firm applicability; MDP structuring if applicable; Bar Council interface if legal-advisory is in scope); preliminary fit-and-proper screening of promoters and KMPs. (ii) Structuring and documentation — IFSCA SWIT application file for each registered activity; Principal Officer and Compliance Officer designations and qualifications; AML / CFT policy calibrated to IFSCA Guidelines 2022; First Schedule anti-splitting undertakings; recruitment and headcount plan aligned to the 20 per cent India-transfer cap; lease agreement at 60 square feet per employee. (iii) Post-execution — annual fit-and-proper refresh, FATF and sanctions-screening cadence, segment-reporting discipline for tax-holiday preservation, transition-to-BATF migration for legacy Ancillary units where applicable.



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