IFSCA BATF FAQs

FAQs: IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 (“BATF Regulations”)

The answers below reflect the IFSCA (BATF) Regulations, 2024 (notified June 6, 2024), IFSCA's official FAQ circular on the BATF Regulations, the IFSCA (BATF) (Amendment) Regulations, 2026 (notified January 5, 2026, F. No. IFSCA/GN/2026/002), and IFSCA's fee circular dated March 2, 2026 (Circular No. IFSCA-DTFA/1/2026), as corrected by the corrigendum dated March 13, 2026, and the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (notified July 8, 2025), which has since replaced the erstwhile Ancillary Services Framework referenced throughout Section D below, current as of July 2026. This document is for general informational purposes and does not constitute legal or regulatory advice; entities should seek specific guidance for their own facts and circumstances.

A. What BATF Is & Who It Covers

1. What are the BATF Regulations, and why does GIFT City have a separate framework just for accounting and tax services?

The IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 were notified on June 6, 2024, following a Government of India notification of January 18, 2024, that formally recognize book-keeping, accounting, taxation, and financial crime compliance services as “financial services” under the IFSCA Act, 2019. Before this, entities offering these services from GIFT City did so under the general Ancillary Services Framework. BATF carves this out into its own dedicated, more detailed regulatory regime — reflecting how large and strategically important this segment has become for GIFT City as a global accounting and compliance outsourcing hub.

2. What exactly counts as a “BATF service”?

Four categories: book-keeping (classifying and recording transactions, including payroll ledgers, in the books of account); accounting (broader financial statement and reporting work); taxation services (tax consultation, preparation, planning, and filing of returns); and financial crime compliance services (AML/CFT compliance work and related FATF-recommendation compliance activity). A business only needs to register under BATF if it is offering one or more of these four categories as a service to clients — not merely doing its own internal bookkeeping.

3. Can a unit hold both a BATF registration and an Ancillary Services authorization at the same time, under the same legal entity?

Yes — IFSCA's own FAQ confirms that an IFSC unit can obtain and maintain separate registration under BATF and authorization under the Ancillary Services Framework simultaneously, within the same legal form, provided each is properly registered and the operations are ring-fenced from each other. Note that the "Ancillary Services Framework" referred to here — and throughout this FAQ — was itself repealed and superseded on July 8, 2025 by the IFSCA (TechFin and Ancillary Services) Regulations, 2025 ("TAS Regulations"). Entities still operating under the old framework continue to be governed by it only until they receive a Certificate of Registration under TAS, or for 12 months from that date, whichever is earlier — a window that, absent an extension by IFSCA, has now effectively run out. The BATF-specific migration mechanics described later in this FAQ (Q9–Q14) are unaffected in substance, but any live non-BATF registration referenced alongside BATF should now be understood as a TAS registration rather than a pre-2025 "Ancillary Services" authorization.

B. Eligibility, Legal Form & Setting Up

4. What legal forms are eligible to register as a BATF Service Provider?

A company or an LLP set up as an IFSC unit in GIFT-IFSC. This applies equally to an entity already operating in IFSC seeking to add BATF registration, and to a brand-new unit being incorporated specifically for BATF services — there is no requirement that it already be an existing group entity.

5. Can an Indian company simply carve out its existing bookkeeping or tax practice and reopen it as a BATF unit in GIFT City?

No, not in that form. Regulations 8 and 9, read with the First Schedule, specifically prohibit setting up the IFSC business by splitting up, reconstructing, or reorganizing a business already in existence in India. On top of that, a BATF Service Provider cannot offer its services by transferring or receiving existing contracts or work arrangements from its Group Entities in India. This is one of the more commercially significant restrictions in the framework — it is aimed squarely at preventing Indian firms from re-badging existing domestic client work as an IFSC-origin service purely to access the tax and regulatory benefits.

6. Can a BATF Service Provider outsource or sub-contract work back to entities in India, including its own group companies?

No. IFSCA's FAQ is direct on this: further outsourcing or sub-contracting of BATF services to domestic India is not envisaged under the regulations. This is a meaningful operational constraint for firms used to a delivery model that routes work back to India-based teams.

C. Registration Process

7. What is the actual process to register as a BATF Service Provider?

The specific form, manner, and procedural requirements are set out in IFSCA's Circular dated June 28, 2024 ("Form and Manner for seeking registration and other requirements under the BATF Regulations"). Any entity intending to provide BATF services must obtain a certificate of registration from IFSCA before commencing operations — there is no exemption from registration itself, only a transitional pathway for entities already operating as Ancillary Service Providers before the BATF Regulations came into force.

8. Is there an ongoing compliance certificate requirement, separate from the annual financial report?

Yes — a BATF Service Provider must obtain and submit a compliance certificate from an independent professional (Chartered Accountant, Company Secretary, or Cost and Management Accountant) within 90 days of the financial year-end, confirming compliance with the regulation's requirements. This is in addition to — not instead of — the annual financial reporting obligation.

D. Migration for Existing Ancillary Service Providers

9. We were offering bookkeeping or tax services as an Ancillary Service Provider before BATF came into force. What did we need to do, and is it too late now?

Existing Ancillary Service Providers undertaking book-keeping, accounting, or taxation services before the BATF Regulations were notified needed to submit their willingness to operate under BATF within 60 days of commencement. Based on that, IFSCA issued a letter of continuation giving a 3-year window to migrate and obtain full BATF registration. Since the regulations were notified in June 2024, that 3-year transition window runs through roughly mid-2027 for entities that filed on time — but the 60-day willingness-declaration window itself has long since closed, so an entity that never filed that initial declaration does not get to migrate under this transitional route at all; it would need to apply as a fresh BATF applicant. Separately, note that "Ancillary Service Provider" status itself was defined under the framework dated February 10, 2021, which has since been superseded by the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (see Q3) — so an entity weighing this question today needs to check both its BATF migration position and its underlying TAS registration status.

10. During the transition period, can we keep providing our other, non-BATF ancillary services out of the same unit?

Yes — an existing Ancillary Service Provider migrating to BATF can continue providing its other, non-BATF services that remain permissible under the Ancillary Services Framework, for the duration of the migration period.

What's not permitted is mixing BATF and non-BATF revenue and reporting together during this period; the two need to be clearly segregated.

11. What does “ring-fencing” require of us operationally during migration?

Separate revenue heads and separate reporting for BATF activity versus other Ancillary Services activity, plus compliance with the manpower, asset, and existing-contract conditions in the Second Schedule specifically in relation to the BATF-designated portion of the business. The intent is that IFSCA can see BATF revenue, contracts, and expenditure demonstrated distinctly from the rest of the unit's operations — not that the two need to be entirely separate legal entities during the transition itself.

12. Once we've fully migrated from Ancillary Services to a standalone BATF entity, can the old and new units still share staff or resources as group companies?

No — once migration is complete, a resource-sharing arrangement between the two IFSC units is not permitted, precisely because of the ring-fencing principle. The relaxation on this only applies during the transition period itself, and even then, only in relation to contracts, manpower, and assets that were already in place before the BATF Regulations were notified.

13. Can our Principal Officer and Compliance Officer for the existing Ancillary Services unit also serve in those roles for the new BATF unit during migration?

Yes, but only up to the date migration is fully complete, or up to the 3-year transition period, whichever comes first. This is a genuine practical relief — it means a smaller firm migrating doesn't need to immediately recruit a second PO/CO pair — but it is time-bound, not a permanent dual-hatting arrangement.

14. Does an Ancillary Service Provider offering Fund Accounting Services under “Administration Services” need to separately register under BATF?

No — IFSCA has specifically clarified that Fund Accounting Services delivered under the “Administration Services” category of the Ancillary Services Framework can continue there without a separate BATF registration. This is a useful carve-out for fund administrators who might otherwise assume their bookkeeping-adjacent work automatically triggers BATF Registration. This carve-out was issued under the pre-2025 Ancillary Services Framework; since that framework has been folded into the successor IFSCA (TechFin and Ancillary Services) Regulations, 2025 (see Q3), fund administrators should confirm the carve-out's continued availability under the current TAS Regulations schedule of permissible activities before relying on it.

E. Key Managerial Personnel

15. What qualifications does the Principal Officer or Compliance Officer of a BATF Service Provider need?

A professional qualification as a Chartered Accountant, Company Secretary, Cost and Management Accountant, Certified Public Accountant, Chartered Financial Analyst, or an equivalent recognized professional qualification — or, alternatively, a postgraduate degree in finance, accountancy, business management, commerce, economics, taxation, or a law degree from a UGC/AICTE-recognized (or equivalent foreign) institution. This is a notably broader qualification route than some other IFSCA frameworks, which lean more heavily toward finance-specific Post Graduate degrees alone.

F. Workforce & Asset Safeguarding

16. Is there a cap on how many employees a BATF unit can bring in by transfer from its Group Entities in India?

Yes — under Part A of the First Schedule, the number of employees transferred or relocated from Group Entities in India, measured at the end of the financial year, cannot exceed 20% of the BATF Service Provider's total workforce. This directly limits how much of the IFSC operation can effectively be a relocated Indian team, reinforcing the broader intent that this should be substantively new activity, not a relabeled domestic operation.

17. Does the 20% cap on transferred employees apply only at the time of setup, or is it an ongoing test?

The regulation frames it as measured at the end of the financial year, which reads as an ongoing, recurring test rather than a one-time check at incorporation. Entities should treat workforce composition as something to monitor annually, not just confirm once at the registration stage.

G. Who a BATF Provider Can Serve

18. Can BATF services be provided to Indian residents?

No — service recipients must be non-residents, including IFSC units themselves, and must not be connected to a jurisdiction FATF has publicly identified as a "High-Risk Jurisdiction subject to call for action." This mirrors the non-resident orientation common across most IFSCA service-provider frameworks.

19. Can a BATF-registered unit advise an Indian company that is planning to set up its own operations in GIFT IFSC?

No. This is a specific and easily missed restriction: under Government of India Notification No. S.O.291(E) dated January 18, 2024, read with Regulation 19(1), BATF services cannot be provided to an Indian entity even where the purpose is helping that entity establish IFSC operations. The non-resident condition is applied strictly to the client relationship itself, regardless of how forward-looking or IFSC-linked the purpose is.

H. Currency & Office Space

20. What currencies can a BATF Service Provider transact in?

Any of fifteen Specified Foreign Currencies — USD, EUR, JPY, GBP, CAD, AUD, CHF, HKD, SGD, AED, RUB, SEK, NOK, NZD, and DKK. An INR account is permitted specifically for administrative and statutory expenses, and for any other purpose separately permitted under applicable law — it is not meant to be used for client-facing transactions.

21. Is there still a minimum office space requirement for BATF Service Providers?

No — and this is worth flagging specifically, because some published FAQ material still states a 60 sq. ft. per employee requirement, which was accurate under the original 2024 regulation but is now outdated. The IFSCA (BATF) (Amendment) Regulations, 2026, notified January 5, 2026 (F. No. IFSCA/GN/2026/002), omitted Regulation 12 entirely, removing the minimum office space mandate, with consequential changes made to the Second Schedule. Any client-facing material still citing the 60 sq. ft. figure as a current requirement should be corrected.

I. Fees

22. What are the current registration and annual fees for a BATF Service Provider?

The fee structure changed materially with IFSCA's comprehensive fee circular (Circular No. IFSCA-DTFA/1/2026, dated March 2, 2026), effective from FY 2026-27, which superseded the earlier circular dated April 8, 2025 that had itself replaced the original 2024 BATF fee schedule. Under the original 2024 framework (per IFSCA's BATF FAQ), fees were an application fee of USD 1,000 per activity, an authorization/registration fee of USD 5,000 per activity, and a headcount-linked annual fee starting at USD 5,000 per activity for providers with under 500 employees. Under the March 2026 circular, Schedule-I confirms a BATF Service Provider now pays a flat application fee of USD 1,000, a registration fee of USD 2,500, and an annual fee made up of a flat USD 2,500 plus a turnover-linked component — nil for annual turnover under USD 1 million, then USD 2,500 (USD 1–5 million), USD 5,000 (USD 5–25 million), USD 7,500 (USD 25–50 million), and USD 10,000 above USD 50 million. The activity-based fee for BATF Service Providers is nil. In total, the annual fee therefore now ranges from USD 2,500 to USD 12,500 depending on turnover, in place of the old headcount-based test, and — unlike the earlier 2024 and 2025 schedules — the application and registration fee are no longer expressed on a "per activity" basis.

23. Has the reference rate used for INR fee payments changed?

Yes, confirmed by the text of the March 2026 circular itself: fees are to be paid in USD as the default, but an Indian applicant not yet registered with IFSCA may pay its application fee and registration fee (only — not recurring or activity-based fees) in equivalent INR, using the FBIL reference rate for USD-INR prevailing on the date of remittance. Earlier practice referenced the RBI reference rate as published on the FBIL website; the March 2026 circular now frames this directly as the "FBIL reference rate." This is a modest terminology shift more than a substantive one, but worth reflecting in internal payment templates. Separately, IFSCA issued a corrigendum to the fee circular on March 13, 2026 (Circular No. IFSCA-DTFA/2/2026), clarifying the designated bank account details for USD remittances; it does not alter the FBIL-rate mechanism for INR payments described above, but firms should check the corrigendum before finalizing payment instructions to avoid remitting to a superseded account.

24. Are there late fees or interest for delayed fee payment?

These are two distinct charges, and it's worth being precise about which applies where. For delayed payment of any fee or due, the March 2026 circular imposes simple interest of 0.75% per month (or part month) on the outstanding amount — there is no flat late fee for delayed fee payment itself. Separately, a flat charge of USD 100 per month (or part month), per instance, applies where a Regulated Entity fails to submit a periodic regulatory or supervisory report or return on time — this is a delayed-reporting charge, not a delayed-payment charge, and it is worth not conflating the two when advising a client.

J. Reporting & Compliance

25. What ongoing reporting is the BATF Service Provider required to do?

Under Regulation 14, BATF Service Providers must submit information about their operations to IFSCA in the manner and at the intervals specified and provide annual financial reports in US Dollars unless otherwise specified. On top of this, the standard reporting and compliance obligations applicable to all IFSC units apply, including under the IFSCA (Anti-Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 — which is particularly relevant here given that financial crime compliance is itself one of the four BATF service categories.

26. How is revenue segregation verified by IFSCA — is it just a self-certification?

The compliance certificate from an independent professional (CA/CS/CMA), due within 90 days of financial year-end, is the main external verification mechanism, alongside the standard IFSC reporting obligations. This means revenue segregation between BATF, and non-BATF activity isn't simply an internal bookkeeping choice — it needs to hold up to independent professional certification annually.

K. Enforcement & Practical Questions

27. Can IFSCA revoke a BATF registration, and is there a right to be heard before that happens?

Yes, IFSCA can revoke a registration for non-compliance, but the order for revocation must be issued only after giving the concerned BATF Service Provider a reasonable opportunity of hearing — due process is built into the enforcement mechanism, not left to general principle.

28. If we're unsure whether a specific service line falls within BATF or general Ancillary Services, who do we ask?

IFSCA's designated point of contact for this is its Division of Ancillary Services, GIC and BATF — the same division handles all three adjacent frameworks, which makes sense given how often the boundary questions between them come up in practice (as with the Fund Accounting Services carve-out above). It's worth noting, though, that IFSCA's own FAQ carries a disclaimer that these FAQs are a simplified explanation, not a legal interpretation — for a genuinely close-call classification question, a written clarification request is safer than relying on the FAQ alone.

L. Staying Current

29. Is the BATF framework, on balance, more restrictive than it first appears?

Yes, in the sense that several of its restrictions only become visible once you look past the headline registration and fee requirements. The anti-splitting restrictions (Q5), the 20% cap on transferred employees (Q16), and the ban on sub-contracting back to India (Q6) are all aimed at the same underlying concern — ensuring GIFT City BATF activity is substantively new, not a relabeled domestic practice — and together they meaningfully constrain how a firm can structure its IFSC delivery model.

30. Which recent regulatory changes are most important to double-check against older BATF material?

Three, in particular. First, the January 2026 amendment removed the minimum office space requirement entirely (Q21) — any material still citing the 60 sq. ft. per employee figure as current is outdated. Second, the March 2026 fee circular (IFSCA-DTFA/1/2026) materially restructured registration and annual fees onto a flat-plus-turnover-slab basis, and separated the interest-on-late-payment charge from the flat late-reporting charge (Q22–Q24). Third, and most consequential for the migration questions in Section D, the July 2025 IFSCA (TechFin and Ancillary Services) Regulations replaced the old Ancillary Services Framework that BATF's migration provisions were originally built around, with a 12-month window — now effectively closed absent an extension — for existing entities to move onto the new regime (Q3, Q9). Entities relying on BATF FAQ material published before mid-2025 should specifically re-verify all three areas before acting on it.

M. Getting Help

31. Where can I get help applying this to my specific situation?

If you are evaluating a BATF registration, migrating from an existing Ancillary Services or TAS authorization, or need help working through the current fee structure, our team at PKM Advisory would be glad to help you work through the specifics.