



# **A Guide to Foreign Exchange Transactions**



**Central Bank of Sri Lanka**

**2005**

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Exchange Control Department  
Central Bank of Sri Lanka

## Foreword

The purpose of this Guide is to provide the general public with information on the current rules and procedures applicable to foreign exchange transactions. This Guide should not be used as an authoritative source of law relating to exchange control. The law regulating foreign exchange transactions is contained in the Exchange Control Act No.24 of 1953, as amended from time to time. Rules and procedures applicable to foreign exchange transactions are contained in several Regulations, Notices and Operating Instructions issued by the Controller of Exchange and Orders made by the Minister of Finance under the Act.

This Guide was compiled by Ms. A.S. de Alwis, former Deputy Controller of Exchange under my supervision. While every effort has been made to make the publication a comprehensive compendium of the rules and procedures applicable to foreign exchange transactions, neither the compilers nor the Central Bank of Sri Lanka holds itself responsible for any errors or omissions.

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## 1. Introduction

- ◆ Trade and financial transactions within a country are generally carried out in local currencies i.e. Rupees and Cents in Sri Lanka, unless otherwise permitted in a foreign currency for a specific reason. When such transactions take place between persons/entities of two different countries that use different currencies, it is necessary to convert local currencies into foreign currencies or vice versa. These are known as foreign exchange transactions. In order to facilitate such transactions, commercial banks appointed as Authorised Dealers in foreign exchange are permitted to buy, sell, lend and borrow foreign currencies in foreign exchange markets. These foreign exchange dealings are also treated as foreign exchange transactions. The rate at which the currencies are converted is the exchange rate. The exchange rates are announced daily by Authorised Dealers in foreign exchange and are published in newspapers.
- ◆ In many countries, the exchange between a local currency and foreign currencies takes place freely through the banking system. However, half a century ago, a majority of countries in the world had restrictions on such conversions, which have come to be known as exchange controls.
- ◆ The exchange control function in Sri Lanka is performed and exercised by the Central Bank of Sri Lanka as an agent on behalf of the Government through the Department of Exchange Control. The powers of exchange control are derived from the Exchange Control Act (ECA) No. 24 of 1953. A publication containing exchange control laws and procedures could be purchased from the Central Bank.
- ◆ The ECA continues to be in force, but the freeing of foreign exchange transactions from control is effected by delegating the powers of the Central Bank to commercial banks that have been appointed to act as Authorized Dealers in foreign exchange and granting general permission under the Act.
- ◆ Foreign exchange transactions occur between residents and non-residents. Foreign exchange transactions between two residents is permitted only if specifically authorised by the Controller of Exchange. The definition of resident is given in the Gazette Notice No. 15,007 of 21.04.72 (refer Annex I).
- ◆ Under delegated authority, Authorised Dealers are expected to exercise their due diligence to ensure that the exchange of local currency into foreign currency or vice-versa is effected for a bona-fide transaction. The Controller of Exchange, however, monitors these transactions and advises the Authorised Dealers on good practice.
- ◆ The Central Bank has also appointed Money Changers who are authorised to only purchase foreign currency notes and exchange them for any other currency notes, but are not authorised to sell foreign exchange for Sri Lankan rupees.

- ◆ Some specialized banks such as the National Development Bank (NDB), the National Savings Bank (NSB) and the DFCC Bank have also been permitted to deal in foreign currency for restricted purposes.
- ◆ Permits have also been issued to certain persons and organisations that sell goods and services to tourists to accept payment in foreign currency on applications made to the Controller of Exchange by these persons and entities. Some of these organisations are hotels, persons engaged in the gem and jewellery trade, travel agents, duty free shops, hospitals, agency post offices approved by the Post Master General and providers of port services approved by the Sri Lanka Ports Authority. This brochure intends to provide information to the public of the following transactions under the ECA and procedures to be followed in undertaking such foreign exchange transactions:
  - a. payment or receipt of foreign currencies which are freely permitted as current transactions ;
  - b. capital transactions that have been permitted ;
  - c. capital transactions that require permission of the Controller of Exchange; and
  - d. capital transfers that are not permitted.

## 2. Current International Transactions

Current international transactions are the foreign exchange transactions relating to goods and services in trade, interest on loans, net income from other investments and remittances for family living expenses. Authorised Dealers (commercial banks) are permitted to call for relevant documentary evidence and release foreign exchange without restriction, for all current international transactions, exercising their judgement and discretion and satisfying themselves of the bona fides of such transactions. The following transactions are permitted as current international transactions:

### 2.1 Import and Export of Goods and Services

#### 2.1.1 Merchandise Exports

Exchange Control permission is not required for exports. Exporters are also free either to repatriate export proceeds and have such proceeds credited to a rupee account or to an Exporters Foreign Currency Account in a domestic banking unit of a commercial bank in Sri Lanka or to retain the export proceeds abroad in any commercial bank, provided such monies are not used for acquisition of capital assets abroad. However, export of a few items such as coral shanks and shells, ivory, ebony (handicraft form), timber (logs and plank form) vintage motor vehicles, require a licence from the Controller of Imports and Exports. This requirement is subject to revision by the Controller of Imports and Exports from time to time.

Therefore, except for exports requiring a licence from the Controller of Imports and Exports, exporters are in a position to make exports through commercial banks without any restriction.

#### 2.1.2 Merchandise Imports

Payments for import of goods are permitted without restriction, subject to the trade policy of the government specified in Gazette Notifications No. 291/7 of 15/11/1977, No.1022/6 of 08/04/98 (Annex II) and subsequent amendments thereto issued under the Import and Export Control Act (IECA) No.01 of 1969. (Annex II(a), II(b) & II(c)). The permitted payment terms for the import of goods for commercial purposes are the following:

- (a) Documents against Payment (D/P)
- (b) Documents against Acceptance (D/A)
- (c) Letters of Credit (L/C)
- (d) Advance payment where the value of goods imported does not exceed US \$ 7,500/= or its equivalent in other convertible foreign currencies. In the case of goods to be imported under this category, the importer has to give an

undertaking to the bank to the effect that he will produce evidence of clearance of the goods against such payment within 90 days from the date of remittance.

- (e) Consignment account basis, where the goods imported are books, periodicals or ornamental fish imported for the purpose of re-export
- (f) Consignment account basis, in the case of gold imported by commercial banks and companies approved by the Controller of Exchange subject to terms and conditions specified by the Controller of Exchange.

All shipping documents in relation to goods imported on payment terms in (a) to (c) above are required to be forwarded by the supplier's bank or the supplier of goods to a licensed commercial bank for release to the importer of goods.

In the event of original shipping documents not being received on time, the importer at the discretion of the bank may submit copies of those documents for certification of the bank for clearance of the goods. However, the importer should arrange the original shipping documents to be released to the bank within 30 days from the date of certification of copies.

In the case of goods, which are subject to licensing requirements, such licences should be obtained from the Controller of Imports and Exports prior to importation.

Gifts and donations received from abroad and trade samples where value in aggregate does not exceed US\$ 1,000, warranty replacements, goods imported to branches of foreign commercial enterprises, purchases made from earnings abroad etc. are permitted without applying the above provisions.

Goods for personal use not exceeding US\$ 3,000 (CIF) value or its equivalent in other convertible foreign currency can be imported without adhering to the above procedure.

Any imports not adhering to above requirement, should be referred to the Director General of Sri Lanka Customs for disposal at his discretion.

### **2.1.3 Entrepot Trade**

Import of goods for entrepot trade is permitted on DP, DA terms and on LCs being established in accordance with the following procedure:

- i. Goods imported to be stored in a customs bonded warehouse until they are re-exported to a third country.
- ii. Re-packing/labelling/simple processing of goods imported to be carried out in a customs bonded warehouse before re-export to a third country.

- iii. Exportation of goods directly from a second country to a third country without the goods physically arriving in the trader's country.
- iv. Transfer from one ship/air-craft to another within the port without the cargo being taken into a bonded warehouse.

However, the following items are prohibited to be imported for re-export under entrepot trade:

- a) Textile fabric
- b) Garments
- c) Narcotics
- d) Arms & ammunition

Re-export under entrepot trade is permitted only on payment terms of advanced payment, DP and letters of credit terms. Re-export on DA terms is not yet permitted.

#### **2.1.4 Service Payments**

Payment for services falling under current (non capital) transactions are permitted freely by commercial banks on the submission of documentary evidence to establish the bona fides of the transactions. It should, however, be noted that restrictions under any other statute such as payment of tax, if any, have to be complied with. The following categories of transactions are included under current service transactions:

- i. Transportation expenses relating to services involving the carriage of passengers (passage), the movement of goods (freight), and related supporting activities.
- ii. Travel and other expenses related to official, business, education, medical treatment, holidays, pilgrimages, seminars, conferences, sports, etc. subject to the provision of documentary evidence. Documentary evidence normally called for by commercial banks prior to the release of exchange for each purpose, are given in Annex III.
- iii. Communication services such as postal, courier, radio and telecommunication services.
- iv. Construction services such as design, construction and installation of projects.
- v. Insurance services such as marine insurance, travel insurance and reinsurance subject to local regulations relating to insurance. Overseas travel insurance could be obtained by paying the premia out of foreign exchange purchased for travel.
- vi. Financial services, which include fees, commission, brokerages and underwriting charges and other intermediary services.
- vii. Transactions related to computer and information services.
- viii. Royalties and license fees, provided that the royalty/license agreement is approved by the line ministry.

- ix. Other business services, which include entrepot and other trade related services, rental for charter of ships, aircrafts, containers and business, professional and technical services.
- x. Personal, cultural and recreation services including audio visual and related services and other personal, cultural and recreational services.
- xi. Government services, which include services between governments, international and regional organisations such as embassy expenses and membership subscriptions.
- xii. Remittance of family maintenance by persons resident in Sri Lanka to maintain their families living abroad. (Persons applying for the release of foreign exchange for this purpose should submit to the commercial bank documents in support of their application and banks may release at their judgement and discretion a reasonable amount of foreign exchange to cover the expenses for the maintenance of the members of the family of a resident).
- xiii. Foreign currency facilities permitted to emigrants are as follows:
  - a. The cost of passage and cost of transport of goods by sea, limited to the cost of passage by the most direct route certified by a travel agent and the cost of transport of goods by sea certified by a freight agent.
  - b. An exchange allowance upto a maximum of US\$ 2,000 for each individual emigrant.
  - c. Export of personal effects other than personal jewellery up to a reasonable amount.
  - d. Export of personal jewellery to the value of Rs.150,000 per married female, Rs. 60,000 per unmarried female above the age of 12 years, Rs. 30,000 per female under the age of twelve years and Rs.37,500 per male.
  - e. Income earned by emigrants from Sri Lanka such as, pension, interest, rental income and dividends/profits on business in Sri Lanka net of income taxes.

### **2.1.5 Current transactions relating to income remittances**

The following transactions are permitted through commercial banks:

- (i) Payment to expatriate employees, including wages, salaries and other benefits paid by employers in terms of their employment contracts.
- (ii) Investment income including dividends, interest, rent and profits.

## **2.2 Declaration of Foreign Currency**

Persons arriving or departing from Sri Lanka should declare to Customs the foreign currency brought in or taken out at the time of arrival or departure, if such amount exceeds US \$ 10,000 or its equivalent in other convertible foreign currencies. "Currency"

for this purpose includes currency notes, travellers cheques, bank drafts and other similar instruments.

Sri Lankans who travel abroad are presently permitted to take out with them Sri Lanka currency up to Rs 5,000 and to bring back this amount.

Persons resident in Sri Lanka are permitted to retain foreign exchange purchased from an Authorised Dealer and unutilised in previous travel abroad, upto a limit of US\$ 2,000 in any convertible foreign currency, provided that the amount retained in currency notes does not exceed US\$ 500, for use in future travel.

## **2.3 Sales and Purchases of Foreign Currency**

All sales and purchases of foreign currency by Authorised Dealers for any permitted transactions should be made only on production of an application on Form 1 and 2, respectively (Annex IV and Annex V). Only purchases by Authorised Dealers less than US\$ 5,000 or equivalent in other currencies may be made without an application on Form 2.

Where Sri Lankan currency is received by a foreign passport holder on the sale of foreign currency to an Authorised Dealer or money changer, such Sri Lankan currency as may be unused, may, on the production of the original receipt, be converted to foreign currency with an Authorised Dealer.

## **2.4 Shipping, Airlines and Freight Forwarding**

### **2.4.1 Shipping and Airlines**

Authorised Dealers may open rupee accounts in the name of foreign shipping and airlines for payments received for passage collection and freight. Credits permitted to the account are passage collection, freight charges and inward remittances received for the purpose of meeting local expenses. Authorised Dealers may also open a foreign currency account in the name of shipping/airlines to credit freight collection in foreign currency made by exporters and Companies approved under Section 17 of the BOI Act fully exempted from exchange controls(BOI companies). Credits to foreign currency accounts in respect of freight payments should be made by bank drafts or cheques drawn on foreign currency accounts held by such BOI companies and exporters. Inward remittances may also be credited to this account. Outward remittances from both accounts are permitted on the production of relevant documents such as the statement of passage collection (in the case of the rupee account only), cargo or freight manifests, airway bills, debit notes, tax clearance certificate, etc. Any outward remittance from the foreign currency account should be made only after ensuring that the foreign shipping/airline has adequate funds either in its foreign currency account or its rupee account to meet all its liabilities in Sri Lanka, including tax payable to the government. A confirmation from

the shipping/airline agent to this effect should be obtained by the bank before making outward remittances to the foreign shipping/airline from the foreign currency account.

#### **2.4.2 Freight Forwarding**

Companies carrying out the business of freight forwarding are required to be registered with the Exchange Control Department under Government Gazette (Extraordinary) No. 641/15 of 20/12/90(Annex VI) and those companies may operate a rupee current account for their freight forwarding transactions. The documents to be submitted along with the application for registration as a freight forwarder are given in Annex VII.

## 3. CAPITAL ACCOUNT TRANSACTIONS

Foreign exchange transactions relating to acquisition/sale of real and/or financial assets are classified as capital account transactions.

The following are considered as capital account transactions:

### 3.1 Foreign Direct Investments in Sri Lanka

#### 3.1.1 Share Investment

Non resident investment is permitted in respect of rupee companies up to 100 per cent of the issued capital, subject to specific exclusions and restrictions. These exclusions and restrictions are set out in the Gazette No: 1232/14 of 19/04/2002 ( Annex VIII) as revised by Gazette No1248/19 of 08.08.2002 (Annex IX). All share investment by non residents other than investors in BOI companies must be made through a Share Investment External Rupee Account (SIERA) (Please see subparagraph 5.4). Sale proceeds of shares and liquidation proceeds of these investments are permitted to be remitted freely after meeting domestic liabilities such as taxes. Non residents are permitted to invest in upto 100 per cent of a unit trust licensed under the Securities and Exchange Commission Act provided that the trust deed creating the unit trust and the agreement between the trustees and the management company of such unit trust contains a restriction that **not more than 20 per cent of the deposited property shall be invested in government securities**. A special scheme of investment is permitted to Sri Lankan citizens resident outside Sri Lanka through RANSI accounts (Please see subparagraph 5.5).

#### 3.1.2 Sri Lanka Development Bonds

Dollar denominated government bonds titled Sri Lanka Development Bonds (SLDBs) were permitted to be issued by the Government of Sri Lanka in 2001 and exchange control permission was granted to designated agents (ie. Authorised Dealers and primary dealers) to market such bonds to the categories of non resident persons and entities given below, who are also permitted to invest in such bonds in terms of a special gazette notification issued by the Controller of Exchange.

- (i) Citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka.
- (ii) Citizens of Sri Lanka who have made their permanent abode outside Sri Lanka.
- (iii) Citizens of Sri Lanka who have proceeded outside Sri Lanka to take up employment or to set up business or engage in a profession and are residing abroad.
- (iv) Bodies corporate or un-incorporate established under the laws of a country other than Sri Lanka.

Designated agents were also permitted to invest on their own account in SLDBs, and deal in SLDBs with eligible investors in the secondary market. Subsequently from July

2004, companies approved under Section 17 of the BOI Act with full exemption from Exchange Control were also permitted to invest in Sri Lanka Development Bonds.

## **3.2 Investments Abroad by Residents**

### **3.2.1 BOI Companies**

BOI Companies are freely permitted to make investments abroad, in the approved area of the enterprise.

### **3.2.2 Others**

All applications for foreign investments abroad by residents, which involve acquisition of shares have to be approved by the Hon. Minister of Finance in terms of current exchange control regulations. Applications for investment abroad should be submitted to the Exchange Control Department, which then would forward such applications to the Ministry of Finance. Permission would be granted on a case by case basis for companies/bodies registered in Sri Lanka to make investment abroad in accordance with guidelines set out. The factors considered in granting approval for foreign direct investment include, the export benefits accruing from the investment, the payback period of the investment and the return on investment. In a move towards further easing restrictions, new guidelines have been suggested in the area of foreign investment. In the area of portfolio investment, purchases of shares by employees of local branches/subsidiaries of foreign companies under Employee Share Option Schemes (ESOPS) are usually permitted with the approval of the Hon. Minister of Finance on a case by case basis after considering the benefits received by the recipient and the country.

## **3.3 Foreign Currency Borrowings by Residents**

### **3.3.1 Direct Exports**

Commercial banks are permitted to grant loans in foreign currency to exporters of goods and services (direct exporters) who satisfy the bank that they have adequate foreign currency earnings to meet their working capital and fixed capital requirements. These loans are granted to meet the working capital and fixed capital requirement of the exporter without restrictions on the duration of the period of the loan. Repayment of these loans and the interest on the loans should be in foreign currency. In the event of default of such loans every endeavour must be taken by the bank that granted the loan to sell any assets mortgaged as security for the loan for a consideration in foreign currency. If such attempts have been made and have failed, the bank may apply to the Controller of Exchange to permit the conversion of sale proceeds of mortgaged assets to foreign currency. The NDB and DFCC may also grant such foreign currency loans to exporters of goods and services, if they have the foreign currency credit lines to do so.

### 3.3.2 Indirect Exports

Foreign currency loans are also permitted to be granted to suppliers of accessories to direct exporters (indirect exporters) for the purpose of importing the inputs required to manufacture the accessories subject to the following conditions:

- (i) In the case of indirect exporters supplying accessories to enterprises approved by the Board of Investment, loans granted should be based on confirmed orders placed with the indirect exporter by such enterprises payable in foreign currency and should be repaid in foreign currency received from those orders.
- (ii) Loans granted to an indirect exporter supplying accessories to a direct exporter, other than an enterprise approved by the Board of Investment in Sri Lanka should be based on -
  - (a) domestic rupee letters of credit opened by the direct exporter in favour of the indirect exporter; or
  - (b) confirmed orders placed by the direct exporter with the indirect exporter in which the values are given in rupees.

### 3.3.3 Sri Lankans Employed Abroad

Sri Lankans employed abroad are permitted to obtain foreign currency loans which are released in rupees but repayable out of their foreign currency earnings for the purpose of construction or purchase of residential houses in Sri Lanka. Such persons are also permitted to borrow in foreign currency for any purpose against the pledge of their NRFC deposits. These loans should also be released in rupees but are repayable in foreign currency out of the foreign currency earnings of the borrower.

## 3.4 Borrowings from Abroad by Residents

At present borrowings from abroad of a short term nature are generally not permitted, while borrowings of a long term nature (over 7 years) are considered very restrictively on a case by case basis by the Controller of Exchange depending upon the terms and conditions of the loan. The major factors considered when approving such loans are whether the interest rate is comparatively low in terms of prevailing interest rates for local borrowings and whether such borrowings could be repaid out of foreign exchange earnings of the borrower, without any significant bearing on the country's foreign exchange reserves.

## 3.5 Rupee Credit Facilities to Companies Controlled by Non Residents

Commercial banks, NDB and DFCC are permitted to grant rupee loans and advances to companies incorporated in Sri Lanka with a majority of non resident shareholders.

### 3.6 Guarantees to Non Residents

The issue of a guarantee by a resident in respect of any debt or other obligation or liability outside Sri Lanka requires the general or special permission of the Controller of Exchange.

The Controller of Exchange has permitted an Authorised Dealer to issue or renew guarantees or similar undertakings, the implementation of which would involve a payment of Sri Lanka rupees remittable to a non resident or a payment in foreign currency for the following purposes:

- (a) Bid bonds in favour of persons resident outside Sri Lanka without a limit in respect of exports and other service contracts, subject to conditions stipulated in the tender or quotation as per conditions of the tender.
- (b) Performance bonds in favour of persons resident outside Sri Lanka without a limit in respect of exports or other service contracts subject to proof of the award of the contract and conditions stipulated in the contract
- (c) Letters of guarantee favouring non residents to be issued at the request of agents resident in Sri Lanka on behalf of their foreign principals upto the value of US\$ 500,000, subject to obtaining a counter guarantee or counter indemnity on identical terms from the non resident principal in addition to other terms and conditions stipulated above in respect of letters of guarantee.

Authorised dealers may also issue and renew above guarantees and make payment in respect of claims on such guarantees.

### 3.7 Capital Transfers to Emigrants

Transfer of funds realised from capital assets is limited to a sum of Rs.750,000 for each individual emigrant, subject to a ceiling of Rs. 1 million per family.

#### 3.7.1 Documentary Requirements

The following documents should be submitted to the commercial bank when applying for foreign exchange facilities:

- (a) An affidavit by the emigrant declaring his/her final and irrevocable decision to leave Sri Lanka for permanent residence abroad, the date of intended departure, and a statement as to whether or not he is a director of any company incorporated in Sri Lanka or is a taxpayer.
- (b) A certified copy of the passport of the emigrant and of the immigration visa to the country of destination, if such immigration visa is required in that country.
- (c) If the emigrant is a taxpayer or is a non taxpayer, whose total remittance exceeds Rs. 500,000 or is to transfer funds realised from capital assets, an income tax clearance.
- (d) If employed prior to departure, a letter from the employer accepting the resignation of the emigrant.

- (e) For the export of personal effects, a list of items in triplicate together with their value, which in the case of items of archaeological value should be obtained from the Department of the Commissioner of Archaeology and in the case of items requiring an export license, a license obtained from the Controller of Imports and Exports.
- (f) For the export of jewellery, a list of the items in triplicate together with their value declared by the National Gem and Jewellery Authority or by a recognised jeweller and appraised by Customs.

### **3.7.2 Facilities Available to Emigrants**

- (a) Remittance of the full value of the emigrants income (including the interest and rent) derived from any investment made by the emigrant in Sri Lanka and the interest earned on funds on any blocked account (see 3.7.3) payable to the emigrant.
- (b) Remittance of any other funds after the emigrant's departure from Sri Lanka requires the prior approval of the Controller of Exchange.

### **3.7.3 Blocked Accounts**

Any payments made to the credit of an emigrant must be to a blocked account only, and payment to a blocked account would be a good discharge to persons from whom payments are due to an emigrant. All residual funds from capital transactions after remitting out of the emigrant's entitlement must be maintained in a blocked account. Interest is payable on such blocked accounts and this interest is remittable. Funds in a blocked account shall be dealt with only as directed by the Controller of Exchange.

## **3.8 Acquisition and Disposal of Fixed Assets by Non Nationals in Sri Lanka**

In the disposal of property by persons resident outside Sri Lanka, the remittance of sales proceeds is permitted without prior approval of Exchange Control to the extent of investment made in foreign exchange for the purchase and development of the property, while any capital gain realised is placed in a blocked account. In respect of foreign citizens who are not emigrants, remittance of blocked funds is permitted up to a limit of Rs. 350,000.

## **3.9 Contracts in Sri Lanka by Non Residents and Contracts Abroad by Residents**

Foreign companies and foreign personnel engaged in contracts with the government or private organisations in Sri Lanka are permitted to maintain Resident Current Accounts which may be credited with inward remittances and payments made in respect of the contract. Debits to the account may be made in respect of local disbursements, and outward remittances relating only to the maintenance of dependents abroad.

Local contractors who enter into contracts with parties abroad are permitted to take out their initial capital with prior approval of the Exchange Control Department subject to monitoring of surplus funds to be received in Sri Lanka.

### **3.10 Purchase of Patent Rights**

Remittance for the acquisition of patent rights, copy rights, trade marks and franchises requires prior approval of the Exchange Control which is granted on a recommendation of the relevant line ministry.

### **3.11 Life Insurance**

Life insurance is considered as a financial asset and therefore, is not permitted to be placed with a foreign insurer.

### **3.12 Off-Shore Banking**

#### **3.12.1 Off-Shore Banking Order**

Licensed commercial banks are authorised under the Banking Act to carry on off-shore banking business and such off-shore banking business is regulated in accordance with the off-shore banking order formulated by the Governor of the Central Bank.

#### **3.12.2 Loans**

Loans granted in foreign currency by an off shore unit to direct exporters and indirect exporters must be in accordance with instructions on foreign currency loans to exporters and indirect exporters issued by the Controller of Exchange.

#### **3.12.3 Guarantees**

Transactions by offshore units in foreign currency relating to letters of credit, guarantees and indemnities should be transacted only on behalf of non-residents or residents approved by the Monetary Board.

## 4. MISCELLANEOUS

### 4.1 Electronic Fund Transfer Cards

Credit, debit and other electronic fund transfer cards (EFTCs) may be issued to residents of Sri Lanka by authorised dealers. Such cards may also be issued to NRFC, RNNFC, RFC and FCBU account holders, irrespective of their residential status provided that expenditure incurred on such EFTCs would be debited only to the above mentioned accounts. EFTCs with international access can be used to make foreign currency payments for personal expenses such as travel expenses, hotel charges, incidental expenses, medical expenses and purchase of goods for personal use. EFTCs cannot be utilized for making foreign exchange payments for capital transactions or for purchase/import of goods in commercial quantities and EFTC holders cannot use their EFTCs to make payment in foreign exchange to non residents on behalf of third parties.

### 4.2 Pensions

Pensions drawn by a Sri Lankan living abroad on migration or temporarily, may be remitted through an authorised dealer on production of documentary evidence of residence outside Sri Lanka.

### 4.3 Temporary Rupee Accounts for Non-Residents

Authorised dealers may open temporary current rupee accounts for foreign passport holders, which may be credited with rupee proceeds of foreign exchange brought into the country on arrival by the passport holder or inward remittances received subsequently by the passport holder during the period of his/her stay in Sri Lanka. Such funds may be used for local expenses of the account holder during his/her stay and for outward remittances in any foreign currency converted at the prevailing rate of exchange or for the issue of foreign currency notes upto US\$ 500. Closure of such accounts should be notified to the Controller of Exchange and unutilised funds transferred to a Non Resident Temporary Current Account. Further credits (other than inward remittances), and further debits (other than local disbursements) require the approval of the Controller of Exchange.

### 4.4 Gold Trade

The Controller of Exchange has permitted –

- (i) buying of gold in Sri Lanka by any person
- (ii) selling of gold in Sri Lanka by any person resident in Sri Lanka
- (iii) importing into Sri Lanka and exporting from Sri Lanka of gold by any person provided that the importer/exporter makes a declaration to the Director General of Customs of the quantity and value of gold and purpose for which the gold is imported/exported and also complies with the provisions of the Import and Export Control Act and regulations made thereunder regulating the import and export of goods
- (iv) import of gold on consignment account basis could be done only by a licensed commercial bank.

## 5. FOREIGN CURRENCY ACCOUNTS PERMITTED TO RESIDENTS AND RUPEE ACCOUNTS PERMITTED TO NON RESIDENTS

### 5.1 Foreign Currency Accounts for Residents

In order to encourage Sri Lankans to bring into the country their earnings abroad while enjoying the benefits of holding hard currency, certain categories of residents have been permitted to hold foreign currency accounts. These are the following:

- i. Non Resident Foreign Currency Accounts (NRFC)
- ii. Resident Foreign Currency Accounts (RFC)
- iii. Resident Non National Foreign Currency Accounts (RNNFC)
- iv. Exporters' Foreign Currency Accounts (EFCA)
- v. Resident Guest Foreign Currency Accounts (RGFC)

Eligibility to operate these accounts, permitted credits and debits and other details are given in Annex X.

### 5.2 Rupee Account Facilities for Non Residents

Commercial banks are permitted to open and maintain the following rupee accounts for non residents :

- i. Non Resident Rupee Accounts (NRRA)
- ii. Share Investment External Rupee Accounts (SIERA)
- iii. Rupee Accounts for Non Resident Sri Lankan Investment (RANSI)

### 5.3 Non Resident Rupee Accounts (NRRA)

- a) Non resident rupee accounts may be opened for foreign nationals resident outside Sri Lanka, companies and firms registered outside Sri Lanka, Sri Lankan nationals resident outside Sri Lanka (other than emigrants), foreign banks, which do not carry on banking activities in Sri Lanka.
- b) Permitted credits and debits to Non Resident Rupee Accounts (NRRA) held by foreign nationals resident outside Sri Lanka and companies and firms registered outside Sri Lanka are the following:

**Credits** proceeds of inward remittances received in favour of the account holder and permitted local credits other than funds derived from capital transactions.

**Debits** outward remittances in respect of current account transactions and local disbursements.

- c) Permitted credits and debits to NRRAs held by Sri Lankan Nationals resident outside Sri Lanka are the following:

**Credits** proceeds of inward remittances in favour of the account holder and local credits.

**Debits** outward remittances in respect of current account transactions.

- d) NRRAs in respect of foreign banks may be operated without any restriction.

#### 5.4 Share Investment External Rupee Accounts (SIERA)

Permitted credits and debits to SIERA are given below:

Authorised dealers must examine documentary evidence to determine the source of credits/debits.

##### A. Permitted Credits:

- (a) Inward remittances
- (b) Transfers from NRFC/Off-shore accounts
- (c) Sale proceeds of shares and dividends earned on shares
- (d) Commissions relating to transaction of shares
- (e) Fees and any corporate benefits received by a non resident lender in respect of shares lent to a borrower under the Stock Borrowing and Lending Scheme (SBL)
- (f) Cash collateral paid out of a SIERA of a non resident borrower and refunded to the same non resident borrower under the SBL scheme
- (g) Cash to be credited to the lender in the event of any failure to transfer shares by the borrower under the SBL scheme

##### B. Permitted Debits to SIERA:

- (a) Expenses for the purchase of shares
- (b) Remittances of dividends of shares
- (c) Remittances of sale proceeds of shares
- (d) Local expenses of the account holder
- (e) Payment to stock brokers or commercial banks as commissions
- (f) Fees and funds required to pay corporate benefits to the security lender on shares borrowed by a non resident borrower under the SBL scheme.
- (g) Any cash collateral to be provided by a non resident borrower

### **C. Other issues with regard to investment in Sri Lanka through a SIERA**

Authorised dealers may enter into contracts with foreign investors for the purchase of foreign exchange forward, for settlement of payments in respect of shares purchased on their behalf up to a period calculated in accordance with the rules laid down by the Colombo Stock Exchange (CSE) for buyers' settlements. The duration of such contract is limited to a period from the date of transaction to the date of settlement i.e., trade plus five market days.

Foreign currency remitted by the foreign investors as subscription for primary shares may be held in an off-shore banking unit and credited upon allotment of shares, to the SIERA of the investor. In the event of any failure in this process, the remittance will be refunded to the investor. Authorised Dealers are permitted to approve applications for export of share certificates issued by companies in the CSE in respect of shares purchased by a SIERA account holder out of the funds held in the account.

### **5.5 Rupee Account for Non Resident Sri Lankan Investment (RANSI)**

Non Resident Sri Lankans, that is Sri Lankan citizens who have proceeded abroad to take up employment or to set up a business or engage in a profession and continue to live abroad, and citizens of Sri Lanka who have made their permanent place of abode outside Sri Lanka, are exempted from all exchange control restrictions applicable to non resident investment provided that they remit foreign exchange earnings for investment through a Rupee Account for Non Resident Sri Lankan Investment (RANSI). Funds channelled through this account may be invested in shares, government securities, debentures, units in Unit Trusts and in real assets such as land and building. (The exclusions and restrictions applicable to non resident investment in terms of the Gazette Notification 1232/14 of 19.04.2002 do not apply for investments under the RANSI Scheme). Payments for investment under the scheme have to be made by bank drafts purchased out of funds in a RANSI account. All income from investments such as interest, dividends, profits and rental income could be credited to the RANSI account. Funds realised on the sale and liquidation of investment could also be credited to the RANSI account. There are no exchange control restrictions on remittance abroad of funds lying to the credit of a RANSI account.

THE CEYLON GOVERNMENT GAZETTE  
No. 15,007 – Friday, April 21, 1972**EXCHANGE CONTROL ACT**

DIRECTION given by the Minister of Finance, under section 37(1) of the Exchange Control Act (Chapter 423), as amended by Act No. 17 of 1971.

BERNARD SOYSA  
Acting Minister of Finance

Colombo, 4<sup>th</sup> April 1972.

**Direction**

For the purpose of determining the residential status of persons under the Exchange Control Act the following provisions shall apply –

1. The following shall be treated as 'resident in Ceylon':
  - (i) Citizens of Ceylon or citizens of foreign countries married to citizens of Ceylon, if the permanent place of abode of such person is Ceylon.
  - (ii) Citizens of Ceylon referred to in paragraph 1(i) above, who have proceeded outside Ceylon temporarily on holiday, business or medical treatment, or for any other similar reason.
  - (iii) (a) The Diplomatic Representative, Consul or Trade Commissioner of the Government of Ceylon resident outside Ceylon (by whatever name or title designated);  
(b) Any person who is a citizen of Ceylon, if he is a member of the staff of any person referred to in sub-paragraph (a) above, or a member of the staff of a Government Corporation, Institution or a Statutory Board incorporated in Ceylon, serving abroad, except those recruited abroad;  
(c) Any member of the family of any person treated as being resident in Ceylon under sub-paragraph (a) or (b) of paragraph 1(iii).
  - (iv) Citizens of foreign countries who are in Ceylon, except passengers in transit to other countries or visitors touring the country for pleasure or business.
  - (v) Offices and Branches in Ceylon of Companies, Firms, Banks or any other Organisations whether owned by citizens of Ceylon or foreigners.
2. The following shall be treated as 'resident outside Ceylon':
  - (i) All persons whose permanent place of abode is outside Ceylon including citizens of Ceylon who have made their permanent abode outside Ceylon.
  - (ii) Citizens of Ceylon who have emigrated from Ceylon or who have proceeded outside Ceylon for taking up employment or setting up in business or profession.
  - (iii) (a) The Diplomatic Representative, Consul or Trade Commissioner in Ceylon (by whatever name or title designated) of the Government of any foreign country.

- (b) Any member of the staff of any person referred to in sub-paragraph (a) who is a citizen of the country represented by such Diplomatic Representative, Consul or Trade Commissioner, and is not a person who carries on or exercises in Ceylon any other employment, trade, business, profession or vocation.
- (c) Any expert, adviser, technician or official whose salary or principal emolument is not payable by the Government of Ceylon and who is brought to Ceylon through any specialised Agency of the United Nations Organisation or any organisation approved by the Minister.
- (d) Any official of the United Nations Organisation, IMF, World Bank, IBRD, ADB or other similar organisation, who is in Ceylon, excluding citizens of Ceylon who have been recruited locally.
- (e) Any member of the family of any person treated as being resident outside Ceylon under sub-paragraph (a), (b), (c) or (d) of paragraph 2(ii).
- (f) Any trainee from abroad who is sent to Ceylon under any of the Technical Co-operation Programmes of the United Nations Organisation and its Specialised Agencies or of the Colombo Plan Organisation or of any other organisation approved by the Minister.
- (g) Personal Representatives, including Attorneys, Administrators, when acting solely in that capacity for a deceased person, who at the date of death was resident, for Exchange Control purposes, in a country outside Ceylon.
- (h) Ceylon Trustees of will trusts or inter-vivos settlements when acting solely in that capacity where the deceased at the time of death, or the settler at the time the settlement was made, was resident, for Exchange Control purposes, outside Ceylon.

# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

No. 1022/6 – WEDNESDAY, APRIL 08, 1998

(Published by Authority)

### PART I : SECTION (I) – GENERAL

#### Government Notifications

##### IMPORTS AND EXPORTS (CONTROL) ACT, NO. 1 OF 1969

REGULATIONS made by the Minister of Internal and International Commerce and Food under Section 4(3), 14 and 20 of the Imports and Exports (Control) Act, No. 1 of 1969, as amended by Act No. 48 of 1985 and Act, No. 28 of 1987.

KINGSLEY T. WICKREMARATNE  
Minister of Internal and International  
Commerce and Food

Ministry of Internal and International Commerce and Food,  
Colombo 02.  
07<sup>th</sup> April, 1998.

#### Regulations

The Special Import Licence, No. 1 of 1977 published in Gazette Extraordinary No. 291/7 of 15th November 1977, as amended by Regulations published in Gazette Extraordinary No. 713/13 of 08th May, 1992 and in Gazette Extraordinary No. 717/13 of 04th June, 1992 and in Gazette Extraordinary No. 718/6 of 10th June, 1992 and in Gazette Extraordinary No. 729/14 of 28th August, 1992 and in Gazette Extraordinary No. 732/15 of 17th September, 1992 and in Gazette Extraordinary No. 748/13 of 07th January, 1993 and in Gazette Extraordinary No. 768/14 of 27th May, 1993 and in Gazette Extraordinary No. 768/15 of 27th May, 1993 and in Gazette Extraordinary No. 770/9 of 09th June, 1993 and in Gazette Extraordinary No. 791/12 of 05th November, 1993 and in Gazette Extraordinary No. 802/7 of 18th January, 1994 and in Gazette Extraordinary No. 809/6 of 08th March, 1994 and in Gazette Extraordinary No. 815/12 of 21st April, 1994 and in Gazette Extraordinary No. 821/29 of 03rd June, 1994 and in Gazette Extraordinary No. 825/13 of 30th June 1994 and in Gazette Extraordinary No. 847/5 of 28th November, 1994 and in Gazette Extraordinary No. 915/15 of 21st March, 1996 and in Gazette Extraordinary No. 929/8 of 25th June, 1996 and in Gazette Extraordinary No. 933/10 of 25th July, 1996 and in Gazette Extraordinary No. 933/20 of 26th July, 1996 and in Gazette Extraordinary No. 938/14 of 30th August, 1996 and in Gazette Extraordinary No. 949/5 of 12th November, 1996 and in Gazette Extraordinary No. 949/11 of 13th November, 1996 and in Gazette Extraordinary No. 1,007/14 of 24th December, 1997 is further amended as follows:

Delete existing Regulations 2 published in Government Gazette Extraordinary No. 915/15 of 21<sup>st</sup> March 1996 and substitute therefor the following:

“2. Goods other than goods specified in Column 3 of Schedule 1 to these Regulations, may, subject to sub-regulations 2(i) to 2(x) be imported into Sri Lanka by any person or class of persons specified in Schedule III to these Regulations without a licence issued by the Controller of Imports and Exports.

2. (i) Import of all goods for commercial purposes shall be made on any one of the following terms of payment-

- (a) documents against payment (D/P);

- (b) documents against acceptance (D/A);
  - (c) letter of credit (L/C);
  - (d) advance payment, where the total value of any goods does not exceed United States Dollars Seven Thousand Five Hundred (USD 7500) CIF Sri Lanka, or its equivalent in other convertible foreign currencies. This limit will not be applicable for advance payments for Gold Harmonised Systems Codes 71.08 where the application for the remittance is certified by the National Gem and Jewellery Authority. The licensed commercial bank (hereafter referred to as “bank”) shall forward, the relevant Exchange Control Form in respect of advance payments for imports duly completed by the applicant, together with a copy of the Proforma Invoice or other documentary proof of value, to the Controller of Exchange for monitoring purposes.
  - (e) Consignment account basis, where the goods imported are books and periodicals or ornamental fish imported for purpose of re-export.
- 2.(ii) (a) All shipping documents in relation to goods imported on the terms of payment referred to in Sub-regulation 2(i)(a) to 2(i)(c) above shall be forwarded by the supplier’s bank or by the supplier of the goods to a licensed commercial bank for release to the importer of those goods.
- (b) In an event of the original shipping documents not being received on time, the importer, at the discretion of the bank, may submit copies of those documents for certification by the bank for clearance of the goods and the importer shall arrange the original shipping documents to be received by the bank concerned within 30 days from the date of certification of those copies.
- 2.(iii) Shipping documents referred to in Sub-regulation 2(ii) shall include:
- (a) commercial invoices
  - (b) transport documents
- 2.(iv) (a) The bank to which shipping documents are forwarded in pursuance of Sub-regulation 2(ii) shall before release of the documents to the importer enter on each copy of commercial invoice the bill number or registration number assigned by the bank and certify the required number of commercial invoices under the hand of an officer authorised by the bank and the bank shall retain a copy of each of the commercial invoice and the transport document, for the purpose of verification against the bank copy of the Customs Declaration on submission.
- (b) If copy documents have been certified in terms of Sub-regulation 2(ii)(b) above the bank need not certify the commercial invoices again but should verify them against the copies of documents submitted by the importer. In the event the originals do not correspond to the copies of documents submitted by the importer, the bank shall forward copies of both sets of documents to the Director General of Customs for necessary action.
- 2.(v) The importer shall tender the shipping documents certified in the manner specified in Sub-regulation 2(iv) above together with the relevant Customs Declaration to the Director General of Customs for the release of the goods and any document that is not certified in the manner specified in sub-regulation 2(iv) above shall not be accepted by the Director General of Customs for the release of such goods.
- 2.(vi) (a) On releasing the goods, the Director General of Customs shall endorse on the Bank copy of the relevant Customs Declaration that the goods have been released and hand it over together with a copy of the commercial invoice to the importer, who shall within 7 days after the release of the goods forward the Bank copy of the Customs Declaration and the commercial invoice to the bank that released the shipping documents in relation to those goods, to the importer. The bank shall tally the documents with the copy documents retained by the bank.
- (b) In an event of the bank copy of the Customs Declaration and the invoices do not correspond to copies of the documents retained by the bank, the bank shall forward all such documents to the Director General of Customs for necessary action.
- 2.(vii) (a) where the importer fails to hand over the Customs Declaration to the bank in accordance with Sub-regulation 2(vi) above, the bank shall, within 21 days after release of the shipping documents to the importer, report such failure to the Director General of Customs by forwarding a copy of commercial invoice and transport document retained by them at the time of release of shipping documents to the importer.

- (b) In the event that duration of the voyage exceeds 21 days at the request of the importer, the Bank may extend this period up to 60 days.
- 2.(viii) The provisions of Sub-regulations 2(ii) to 2(vii) above shall not apply in the case of payments made under Sub-regulations 2(i)(d) and 2(i)(e) above.
- 2.(ix)(a) In the case of an import for which payment has been made in terms of Sub-regulation 2(i)(d) the Director General of Customs may release the relevant goods on submission of satisfactory documentary proof of payment, including bank memos, and the tender of the relevant clearance documents. The importer will also be required to make a declaration on the commercial invoice as follows:

I/We hereby certify that the payment for the import covered by this invoice has been made by us in advance by Draft/Mail Transfer/Telegraphic Transfer bearing Reference No. .... for ..... through ..... (Bank) ..... Branch on ..... 19.....

(Signature of importer)

Date ..... 19 .....

- (b) Director General of Customs shall forward a copy of the commercial invoice and the bank copy of the Customs Declaration in respect of such imports direct to the Controller of Exchange for the purpose of monitoring that goods are received for Advance Payments made by importers.
- (c) The Controller of Exchange shall monitor the advance payments for imports by tallying these documents received from the Director General of Customs against the Exchange Control Forms received from the banks. In the event of the importer not receiving any or a part of the goods for which an Advance Payment has been made within 30 days of effecting the remittance the Controller of Exchange shall take such steps as required by law.
- 2.(x)(a) In the case of imports for which payment is to be made in terms of Sub-regulation 2(i)(e) the Director General of Customs may release the relevant goods on the tender of the relevant clearance documents. The importer will also be required to make a declaration on the commercial invoice as follows:

I/We hereby certify that the payment for import covered by this invoice is to be made by us on consignment account basis and undertake to inform you the details of the relative payment within 10 days of effecting the remittance. I/We shall effect the remittance for this import through ..... (Bank) ..... Branch within 60 days from today.

(Signature of importer)

Date ..... 19 .....

- (b) Director General of Customs shall forward the Bank copy of the relevant Customs Declaration and the relevant commercial invoice to the bank through which the remittance is to be effected immediately after the clearance of the goods.
- (c) The bank effecting such remittance shall record the details of the remittance on both the commercial invoice and the Customs Declaration and attach them to the Exchange Control Form 1 submitted by the applicant for such remittance.
- (d) In the event of the importer not effecting the remittance within 60 days from the date of clearance of the relevant goods, the bank shall forward the Customs Declaration and the commercial invoice to the Controller of Exchange for necessary action.

- 2.(xi) The provision of Sub-regulations 2(i) to 2(x) above shall not apply to import of goods,
- (a) for the personal use of the importer (not in commercial quantities) where the value of the consignments does not exceed USD 3000 CIF Sri Lanka or its equivalent in other convertible foreign currencies. In the case of such imports, documentary proof of payment including bank memos shall be furnished to the Director General of Customs along with the clearance documents.
  - (b) for gifts or trade samples where value in the aggregate does not exceed United States Dollars One Thousand (USD 1000) CIF Sri Lanka or its equivalent in other convertible foreign currencies.
- 2.(xii) The provision of Sub-regulations 2(i) to 2(x) above shall also not apply to the import of goods specified in the Column 1 of the table of this sub-regulation and falling within the Harmonised System Code specified in the corresponding entry in Column 2 of the table where:
- (a) the import of goods into Sri Lanka does not involve a payment in foreign exchange out of Sri Lanka and the Director General of Customs may release the goods on tender of the relevant clearance documents certified by the importer that the goods are for re-export.
  - (b) The import of goods into Sri Lanka is on a consignment basis provided that the importer –
    - (i) declares to the National Gem and Jewellery Authority the quantity, value of the goods and the purpose of the import;
    - (ii) complies with the conditions imposed by that Authority; and
    - (iii) satisfies the Director General of Customs of compliance with Paragraphs (b)(i) and (b)(ii), before clearance of goods from Sri Lanka Customs.

TABLE

(1)	(2)
Pearls	71.01
Diamonds	71.02
Gems	71.03
Synthetic Gems	71.04
Diamond and other powder	71.05
Silver	71.06
Metal clad with Silver	71.07
Metal clad with Gold	71.09
Platinum	71.10
Metal clad with Platinum	71.11
Scrap Precious Metal	71.12
Jewellery Finding	71.13
Imitation Jewellery Finding	71.14

2.(xiii) Payment for goods imported in accordance with Sub-regulation 2(xii)(b) above may be made by remittances through licensed commercial banks in Sri Lanka on production of a certificate issued by National Gem and Jewellery Authority certifying that the importer has complied with the provisions of Sub-regulation 2(xii)(b) above, and specifying the amounts to be remitted.”

2.(xiv) Imports either as gifts or without any payment in foreign exchange out of Sri Lanka of goods which exceed in value United States Dollars One Thousand (USD 1000) CIF Sri Lanka or its equivalent in other convertible foreign currencies shall require the prior approval of the Controller of Exchange.

2.(xv) The Controller of Exchange shall, in collaboration with the Director General of Customs and the relevant bank, monitor the payments made for goods imported on the terms of payment referred to in Sub-regulation 2(i) above and take such steps as required by law.

2.(xvi) Any violation of the Sub-regulations 2(i) to 2(xiv) above on the part of an importer shall be dealt with by the Director General of Customs in consultation with the Controller of Imports and Exports and/ or the Controller of Exchange where necessary.

# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

No. 1263/10 – FRIDAY, NOVEMBER 22, 2002

(Published by Authority)

### PART I : SECTION (I) – GENERAL

#### Central Bank of Sri Lanka Notice Exchange Control Notice

##### EXCHANGE CONTROL ACT

PERMISSION required in terms of sections 5, 21 and 22 of the Exchange Control Act:-

1. Subject to paragraph (4) below, general permission is hereby granted in terms of sections 5, 21 and 22 of the Exchange Control Act read with Sections 3 and 48 of the said Act for the purpose of –

- (i) Buying gold in Sri Lanka;
- (ii) Selling gold in Sri Lanka by any person who is resident in Sri Lanka;
- (iii) Importing into Sri Lanka or exporting from Sri Lanka of gold by any person subject to the conditions specified in paragraphs (2) and (3) below.

2. Every importer of gold under paragraph (1)(iii) shall before clearance of gold from Sri Lanka Customs and every exporter of gold under paragraph (1)(iii) shall at or before the time of export of gold from Sri Lanka, declare to the Director General of Customs on such forms as may be provided by the Director General; the quantity and value of gold and the purpose for which the gold is imported or exported.

3. Every importer/exporter of gold under paragraph (1)(iii) shall comply with the provisions of the Import and Export Control Act and regulations made thereunder regulating the import and export of goods.

4. (1) Gold shall not be imported into Sri Lanka on consignment account basis by any person other than –

- (a) a licensed commercial bank; or
- (b) a limited liability company approved by the Controller of Exchange
  - (i) which is primarily engaged in trading of gold or manufacturing gold jewellery or other gold products for exports;
  - (ii) which has a paid up capital of not less than Rs. 10 million;
  - (iii) which has a good financial track record for not less than three years; and
  - (iv) which has experience in gold trading for not less than three years.

provided that for purposes of (iii) and (iv) above in the case of a company that has not been in existence for three years, the financial track record and experience of the group of companies to which such company belongs will be taken into account.

(2) Importation of gold on consignment account basis in terms of the preceding provisions shall be subject to such terms and conditions as may be imposed by the Controller of Exchange from time to time.

5. The Notice published in the Government Gazette Extraordinary No. 1186/18 of 30<sup>th</sup> May, 2001 is hereby revoked.

HAG HETTIARACHCHI  
Controller of Exchange

# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

No. 1277/12 – THURSDAY, FEBRUARY 27, 1998

(Published by Authority)

### PART I : SECTION (I) – GENERAL

#### Government Notifications

##### IMPORTS AND EXPORTS (CONTROL) ACT, NO. 1 OF 1969

REGULATIONS made by the Minister of Commerce and Consumer Affairs, under Sections 4(3), 14 and 20 of the Imports and Exports (Control) Act, No. 1 of 1969, as amended by Act, No. 48 of 1985 and Act, No. 28 of 1987.

RAVI KARUNANAYAKE  
Minister of Commerce and  
Consumer Affairs

Ministry of Commerce and Consumer Affairs,  
"Rakshana Mandiraya", Vauxhall Street,  
Colombo 02,  
21<sup>st</sup> February, 2003.

#### Regulations

The Special Import Licence No. 1 of 1977 published in the *Gazette (Extraordinary)* No. 291/7 of 15<sup>th</sup> November, 1977, as last amended by Regulations published in the *Gazette (Extraordinary)* No. 1251/16 of 29.08.2002 is further amended as follows:-

1. Delete Regulations 2 (xiv) (as published in *Government Gazette Extraordinary* No. 1022/6 of 08.04.1998) and substitute therefore the following:  
  
"2(xiv) - Goods, which exceed in value United States Dollars One Thousand (USD 1000) CIF Sri Lanka or its equivalent in other convertible currencies, imported as gifts or without payment in foreign exchange out of Sri Lanka may be released by the Director General of Customs, in collaboration with the Controller of Imports and Exports where necessary".
2. Delete Regulations 2 (xvi) (as published in *Government Gazette Extraordinary* No. 1022/6 of 08.04.1998) and substitute therefore the following:  
  
"2(xiv) - Any violation of the sub regulations 2(i) to 2(xiv) above on the part of the importer shall be dealt with by the Director General of Customs in collaboration with the Controller of Imports and Exports, where necessary".

# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

No. 1319/28– THURSDAY, DECEMBER 18, 2003

(Published by Authority)

### PART I : SECTION (I) – GENERAL

#### Government Notifications

##### IMPORTS AND EXPORTS (CONTROL) ACT, NO. 01 OF 1969

REGULATIONS made by the Minister of Commerce and Consumer Affairs, under Sections 4(3), 14 and 20 of the Imports and Exports (Control) Act, No. 1 of 1969, as amended by Act, No. 48 of 1985 and Act, No. 28 of 1987.

RAVI KARUNANAYAKE  
Minister of Commerce and  
Consumer Affairs

Ministry of Commerce and Consumer Affairs,  
"Rakshana Mandiraya", Vauxhall Street,  
Colombo 02,  
11<sup>th</sup> December, 2003

#### Regulations

The Special Import Licence No. 1 of 1977 published in the *Gazette (Extraordinary)* No. 291/7 of 15<sup>th</sup> November, 1977, as last amended by Regulations published in the *Gazette (Extraordinary)* No. 1277/12 of 27.02.2003 is further amended as follows:-

1. Delete Regulations 2(ix)c as published in Government Gazette Extraordinary No. 1022/6 of 08.04.1998 and substitute therefore the following:

- (c) The Controller of Exchange shall monitor the advance payments for imports by tallying these documents received from the Director General of Customs against the Exchange Control Forms received from the banks. In the event of the importer not receiving any or a part of the goods for which an Advance Payment has been made within 90 days of effecting the remittance the Controller of Exchange shall take such steps as required by Law.

**DOCUMENTS REQUIRED WHEN APPLYING FOR FOREIGN  
EXCHANGE FOR TRAVEL**

Purpose	Documents required
Holiday/ Pilgrimage	Valid passport, visa and return air ticket
Education	Certificate of enrollment as a student issued by a recognised educational institution abroad with documentary evidence regarding expenses, valid passport, student visa and ticket.
Business Promotion	A letter from a director of the company, a partner of the partnership or the sole proprietor in respect of which the business promotion travel is undertaken and valid passport, visa and return ticket.
Medical	An invoice or an estimate of the hospital and nursing charges etc from a recognised nursing home/hospital abroad together with a recommendation from a local medical specialist and a valid passport and return ticket.
Official	A certificate from the head of the relevant government institution stating that the journey is being charged against public funds and valid visa.
Sports/ Conferences/ Seminars	<ul style="list-style-type: none"> <li>(i) Invitation from the foreign organisation</li> <li>(ii) Approval of the relevant ministry</li> <li>(iii) A valid visa</li> </ul>

**ANNEX IV**

<b>Bank/</b>	<b>Branch/</b>	<b>Serial No.</b>
□□□□	□□□□	□□□□□□□□

**CENTRAL BANK OF SRILANKA**  
**Information on Release of Foreign Exchange**  
**Form 1 – Sale of Foreign Exchange**

<b>To: Authorised Dealer</b>	<b>To: Controller of Exchange</b>
<p><b>To be filled by the applicant for Foreign Exchange.</b></p> <p>Name in full: ..... (In Block Letters) .....</p> <p>Address: ..... (In Block Letters) .....</p> <p>N.I.C. No.: .....</p> <p>Passport No.: .....</p> <p>Income Tax File No.: .....</p> <p>Airline: .....</p> <p>Air Ticket No.: .....</p> <p>Proposed Date of Departure: .....</p> <p>Destination: .....</p> <p>Name and Address of the Beneficiary: .....</p> <p>Purpose of Purchase/Remittance: .....</p> <p>Foreign Exchange Applied for - Travellers' Cheques: ..... Drafts: ..... Currency Notes: ..... Other: .....</p> <p>For Imports: ..... Item: ..... Value: .....</p> <p>I declare that all details given above by me on this form are true and correct. I have not made any other application for foreign exchange for this purpose through any other Authorised Dealer/Authorised Travel Agent.</p> <p>..... Date:..... <i>Signature of Applicant</i> DD.MM.YY.</p>	<p><b>To be filled by the Authorised Dealer/ Travel Agent authorised to issue foreign exchange.</b></p> <p>Bank Code/Name of Travel Agent: .....</p> <p>Branch Code: .....</p> <p>Sector Code: .....</p> <p>Country Code: .....</p> <p>Purpose Code: .....</p> <p>Currency Code: .....</p> <p>Foreign Exchange released</p> <p>Travellers' Cheques: .....</p> <p>Drafts: .....</p> <p>Currency Notes: .....</p> <p>Other (specify): .....</p> <p>Bank's Reference No.: .....</p> <p>I have examined the relevant documents and am satisfied with the bonafides of the request and confirm the sale of foreign exchange for the purpose given by the applicant.</p> <p>..... Date:..... <i>Signature and seal of Authorised Dealer/ Travel Agent</i> DD.MM.YY.</p>

N.B. Form 1 should be signed personally by the applicant. Applications signed by third parties should not be accepted.  
Originals of completed Form 1 in respect of amounts of US\$ 5000 and above and amounts below US\$ 5000 should be submitted on a daily and weekly basis respectively, to the Monitoring Unit of the Exchange Control Department, Equity Two Building, No.61, Janadhipathi Mawatha, Colombo 1.

<b>Bank/</b>	<b>Branch/</b>	<b>Serial No.</b>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**CENTRAL BANK OF SRILANKA**  
**Information on Inward Remittances of Foreign Exchange**  
**Form 2 – Purchase of Foreign Exchange**

<b>To: Authorised Dealer</b>	<b>To: Controller of Exchange</b>
<b>To be filled by the beneficiary of the Inward Remittance.</b>	<b>To be filled by the Authorised Dealer.</b>
Name in full: .....	Bank Code/Name of Travel Agent: ...
.....	.....
Address: .....	Branch Code: .....
.....	.....
N.I.C. No.: .....	Sector Code: .....
Income Tax File No.: .....	Country Code: .....
Name and Address of the Remitter: .....	Currency Code: .....
.....	Amount: .....
.....	
Purpose of the Inward Remittance: .....	
.....	
Currency & Amount: .....	
I declare that all details given above by me on this form are true and correct and funds received will be used only for the purpose given in this form.	I have examined the relevant documents and am satisfied with the bonafides of the remittance and confirm that the purchase of foreign exchange is in conformity with the purpose given by the remitter.
Date:..... DD.MM.YY.	..... <i>Signature and seal of Authorised Dealer/ Travel Agent</i>
<i>Signature of Applicant</i>	Date:..... DD.MM.YY.

N.B. Form should be signed personally by the beneficiary. In instances where the Authorised Dealer purchases the inward remittance on behalf of a constituent, the application may be signed by the Authorised Dealer.

# The Gazette of the Democratic Socialist Republic of Sri Lanka

## EXTRAORDINARY

No. 641/15 – THURSDAY, DECEMBER 20, 1990

(Published by Authority)

### PART I : SECTION (I) – GENERAL

#### Government Notifications

LDB 73/52

##### EXCHANGE CONTROL ACT Notification Under Section 29 B

By virtue of the powers vested in me by section 29 B of the Exchange Control Act (Chapter 423), read with section 3 of that Act, I, Palenage Amarasinghe, Controller of Exchange, do by this Notification impose on persons in, or resident in, Sri Lanka performing the service of Freight Forwarding which is prescribed as a prescribed service by Order published in *Gazette Extraordinary* No.615/15 dated June 20, 1990, the conditions and requirements set out below.

20<sup>th</sup> December, 1990,  
Colombo.

P. AMARASINGHE  
Controller of Exchange

##### *Conditions and requirements:*

1. Every person in or resident in Sri Lanka performing the service of Freight Forwarding for a person resident outside Sri Lanka shall forward to the Controller of Exchange an application in such form as may be specified in the First Schedule hereto, together with the documents specified in the Second Schedule hereto to reach him on or before 1<sup>st</sup> April, 1991 for the purpose of registering themselves with the Central Bank of Sri Lanka.
2. No person in or resident in Sri Lanka shall perform the service of Freight Forwarding for a person resident outside Sri Lanka unless such person is registered with the Central Bank of Sri Lanka.
3. All payments for or in connection with the performance of the service of Freight Forwarding for a person resident outside Sri Lanka by a person in or resident in, Sri Lanka shall be received in Sri Lanka within 30 days of the date of shipment. No such payment in full or in part, may be retained outside Sri Lanka beyond the above mentioned period without the prior approval of the Controller of Exchange.
4. Every person in, or resident in, Sri Lanka performing the service of Freight Forwarding for a person resident outside Sri Lanka shall, furnish to the Controller of Exchange, in respect of each month, the following documents and statements within one week after the expiry of that month -
  - (1) A statement of turnover for that month prepared in such form as may be specified in the Third Schedule hereto.
  - (2) Original bank advice/receipt in confirmation of inward remittance received from Break Bulk Agents abroad quoting reference to HAWB HBOL\*.
  - (3) Invoices received from Break Bulk Agents/Co-loader for handling charges and freight paid on second AWB/BOL\*\* for onward transhipments etc.
  - (4) A statement of net collections prepared in such form as may be specified in the Fourth, Fifth and Sixth Schedules hereto
    - \* House Air Way Bills (HAWB)
    - \* House Bill of Lading (HBOL)
    - \*\* Air Way Bills (AWB)
    - Bill of Lading (BOL)

**FIRST SCHEDULE**

**APPLICATION FOR REGISTRATION**

1. The name of the freight forwarder: .....
2. Whether the business is a proprietorship/partnership or a company: .....  
.....
3. Whether registered with the Registrar or Companies under the Companies Act or the  
Business Names Act: .....
4. The address of the place of business: .....
5. The names of Break Bulk Agents abroad and Co-Agents and their addresses:  
.....
6. The date of commencement of Freight Forwarding business: .....

Date: .....

.....

Signature

**SECOND SCHEDULE**

**DOCUMENTS TO BE ATTACHED TO THE APPLICATION FOR REGISTRATION**

1. A Copy of Business Registration Certificate or Certificate of Incorporation.
2. Memorandum and Articles of Association.
3. Certified copies of agreements entered into with foreign agents.
4. Tariff applicable including the Air Cargo rates in respect of each principal.
5. The approval granted by the Foreign Investment Advisory Committee/Greater Colombo  
Economic Commission (At present the Board of Investment) in respect of companies  
with foreign participation

**Schedule III**

Statement of turnover for the month of .....  
 Name of Freight Forwarder: .....  
 Reporting Currency: .....

Registration No.: .....

Transactions with (Principal/Foreign Agents): .....

Exports: .....

Serial No.	Manifest No.	Exports Permit No.	HAWB/ HBOLS No.	Pre-Paid to freight forwarders by the exporter/Shipper		Freight to Collect (from Consigners)		Airline/ Shipping Line		Other Local Shipment Charges incurred by Freight forwarder	Outward Remittances				Profit Retained Locally						
				Freight	Other Handling Charges	Freight	Other Handling Charges	MAWB MBL No.	Paid to airline Shipping Line by the freight forwarder		MAWB BL No. (on forwarding)	Freight Charges	Handling Charges (Co-loader)	Overseas Principals Remittance							
<b>Totals</b>												<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>

We certify that the statement furnished above is a full complete and factually correct statement of all House Airway Bills/House Bill of Ladings issued by this company during the month of ..... and nothing has been omitted

Date: .....

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## SCHEDULE IV

## COMMISSION STATEMENT FOR THE MONTH OF .....

Pre-paid - amount collected by local freight forwarder		A+B	
Charges to Collect – amount collected by Foreign Principal/Agent		C+D	
Total Freight and other charges		_____	
<i>Less: Payments</i>			
Pre-paid (other charges)	B		
Collect (other charges)	D		
Shipping/Airline Charges – Local	E		
Other Local Shipment Charges	F		
Onforwarding Freight Charges	G		
Onforwarding Handling Charges	H		
	_____		
		_____	( Total Commission)
<i>Share of Commissions</i>			
Retained by Local Freight Forwarder	J		
Payment to Foreign Principal/Agent	I	_____	
	—	_____	
<i>Remittance for the month</i>			
Charges collect on exports due to local freight forwarder		C+D	
<i>Less: Charges on imports due to foreign Principal/Agent</i> (To tally with Schedule V)			
On-forwarding charges for the month (Schedule VI)		_____	
		Y	
(Y) To be supported by original bank advices		_____	

## SCHEDULE V

## IMPORT COLLECT SHIPMENTS FOR THE MONTH OF .....

Foreign Agents No.	Airway Bill No.	Freight Collect amount on HAWB (In foreign currency)	Rupee Equivalent	Amount allowed by the Controller of Exchange (Branch B)	B Branch Permit No.	Amount and Permit No. if Outward Remittances already allowed
			_____			
			_____			
			_____			
		Total	_____			
			_____			
			_____			
		Less: Payments already allowed. Amount to be set off against Payment due.	_____			

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A GUIDE TO  
FOREIGN  
EXCHANGE  
TRANSACTIONS**SCHEDULE VI****ON FORWARDING CHARGES FOR THE MONTH OF .....**

<i>HAWB No</i>	<i>Airway Bill No.</i>	<i>ONFORWARDING COST</i>	<i>AMOUNT</i>	<i>Permit Number If Already Allowed</i>
		(eg. Houston to New Orleans)		
		(eg. Dubai to Munich)	.....	
		Total	.....	
		Less: Payments already		
		Already allowed	.....	
		Amount to be set off against payment due	.....	
			.....	

**DOCUMENTS THAT HAVE TO BE PROVIDED IN ORDER TO  
REGISTER AS A FREIGHT FORWARDER**

- i. Formal letter of application
- ii. Evidence of receipt of US\$ 15,000/= as a deposit (original of bank memo) from principals/ agents to the credit of the applicant's current account.
- iii. A confirmation that the company does not have foreign assets or maintain a bank account abroad.
- iv. An undertaking confirming agreement to furnish monthly statements referred to in Schedules III, IV, V, VI of the Gazette Notification No. 641/15 dated 20.12.90 before the 15th day of the following month, together with evidence of receipts. Memos of inward remittances of monies due from clients/principals abroad.
- v. A letter of recommendation from the Sri Lanka Freight Forwarders Association. In the case of non-members of the Association, a recommendation from two airlines/shipping lines operating in Sri Lanka from whom master airway bills/master bills of lading are to be obtained in respect of freight forwarding business.
- vi. Copy of certificate of incorporation and memorandum and articles of association.
- vii. Certified copy of agency agreement entered into with foreign principal/agent.

**The Gazette of the Democratic Socialist Republic of Sri Lanka**  
**EXTRAORDINARY**

No. 1232/14 – FRIDAY, APRIL 19, 2002

(Published by Authority)

**PART I : SECTION (I) – GENERAL**  
**Government Notifications**

**NOTICE UNDER THE EXCHANGE CONTROL ACT, (CHAPTER 423 OF THE CLE)**

**Permission in terms of Sections 7, 10, 11, 15 and 30(5) of the Exchange Control Act, (Chapter 423 of the CLE)**

1. PERMISSION is hereby granted for the purposes of Section 10, 11, 15 and sub-section 5 of Section 30 as applicable of the Exchange Control Act (Chapter 423 of the CLE), for the issue and transfer of shares in a company upto 100% of the issued capital of such company, to approved country funds, approved regional funds, corporate bodies incorporated outside Sri Lanka and individuals resident outside Sri Lanka (inclusive of Sri Lankans resident outside Sri Lanka) subject to the exclusions, limitations and conditions hereinafter set out.

2. *Exclusions:-* The permission hereby granted shall not apply in respect of shares of a company proposing to carry on or carrying on any of the following businesses:

- (i) Money lending,
- (ii) Pawn broking,
- (iii) Retail trade with a capital of less than One Million US Dollars,
- (iv) Providing personal services other than for the export or tourism sectors,
- (v) Coastal fishing.

3. *Limitations:- (a)* The permission hereby granted shall apply in respect of shares in a company carrying on or proposing to carry on any of the following businesses only upto 40% of the issued capital of such company, or if approval has been granted by the Board of Investment of Sri Lanka for a higher percentage of foreign investment in any company, only upto such higher percentage.

- (i) Production of goods where Sri Lanka's exports are subject to internationally determined quota restrictions;
- (ii) Growing and primary processing of tea, rubber, coconut, cocoa, rice, sugar and spices;
- (iii) Mining and primary processing of non renewable national resources;
- (iv) Timber based industries using local timber;
- (v) Fishing (deep sea fishing);
- (vi) Mass communications;
- (vii) Education;
- (viii) Freight forwarding;
- (ix) Travel agencies;
- (x) Shipping agencies.

(b) The permission hereby granted shall apply in respect of the shares of a company carrying on or proposing to carry on any of the businesses set out below only upto the percentage of the issued

capital of the company for which percentage either general or special approval has been granted by the Government of Sri Lanka or any legal or administrative authority set up for the approval of foreign investment in such businesses.

- (i) Air transportation;
- (ii) Coastal shipping;
- (iii) Industrial undertaking in the Second Schedule of the Industrial Promotion Act, No. 46 of 1990, namely –
  - any industry manufacturing arms, ammunitions, explosives, military vehicles and equipment aircraft and other military hardware;
  - any industry manufacturing poisons, narcotics, alcohols, dangerous drugs and toxic, hazardous or carcinogenic materials;
  - any industry producing currency, coins or security documents;
- (iv) Large scale mechanized mining of gems;
- (v) Lotteries.

4. *Conditions:-* (a) A person resident outside Sri Lanka who is a party to a transaction permitted hereunder shall make a declaration to the effect that such person is resident outside Sri Lanka on the share transfer form or share application form as applicable.

(b) The payment for shares in any issue or transaction permitted hereunder shall be made only out of or into a Share Investment External Rupee Account opened in a commercial bank of Sri Lanka in accordance with directions given by the Controller of Exchange in that behalf to commercial banks.

(c) A commercial bank, a licensed share broker or any other person entrusted with the payment of capital monies such as sale proceeds of shares, dividends and commissions in respect of any transaction permitted hereunder shall make such payment only into or out of a Share Investment External Rupee Account referred to in sub-paragraph (b) above.

(d) The Secretary/Registrar to a company in which the issue or transfer of shares to persons resident outside Sri Lanka are limited under paragraph 3 shall not register the name of any person resident outside Sri Lanka or a citizen of a foreign State or their nominee as a share holder in such company if by such registration the limits specified in paragraph 3 shall be exceeded.

5. Permission is also hereby granted –

- (a) under Section 11 of the Exchange Control Act for the transfer by approved country funds, approved regional funds, corporate bodies incorporated outside Sri Lanka and individuals resident outside Sri Lanka (inclusive of Sri Lankans resident outside Sri Lanka) of shares acquired in terms of paragraph 1 subject to the conditions stipulated in paragraphs 4(a), 4(b) and 4(c);
- (b) under Section 7 of the Exchange Control Act for making any payment to or for the credit of a person resident outside Sri Lanka in respect of a transaction permitted hereunder in accordance with the provisions of paragraph 4(c).

6. General – Nothing contained in this Order shall be construed as affecting or having a bearing on –

- (a) enterprises as defined in the Board of Investment of Sri Lanka Law, No. 4 of 1978 in respect of which exemptions have been granted from the Exchange Control Act, to the extent of such exemption;
- (b) the provisions of any other written law.

7. *Interpretation* – For purposes of this Order –

- (i) “issued capital” shall have the same meaning as in the Companies Act, No. 17 of 1982;
- (ii) “persons resident outside Sri Lanka” shall have the same meaning as in Order published under the Exchange Control Act in *Gazette* No. 15007 dated 21.04.1972.

8. The notices published in *Gazette Extraordinary* No. 721/4 of 29.06.1992 and *Gazette* No. 1122/12 of 07.03.2000 granting permission for purposes of Sections 7, 10, 11, 15 and sub-section 5 of Section 30 of the Exchange Control Act are hereby rescinded.

H.A.G HETTIARACHCHI  
Controller of Exchange

Colombo,  
19<sup>th</sup> April, 2002

**The Gazette of the Democratic Socialist Republic of Sri Lanka**  
**EXTRAORDINARY**

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No. 1248/19 – THURSDAY, AUGUST 08, 2002

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(Published by Authority)

**PART I : SECTION (I) – GENERAL**  
**Government Notifications**

**NOTICE UNDER THE EXCHANGE CONTROL ACT, (CHAPTER 423 OF THE CLE)**

**Permission in terms of Sections 7, 10, 11, 15 and 30(5) of the Exchange Control Act**

THE notice under the Exchange Control Act published in the *Government Gazette (Extraordinary)* No. 1232/14 of 19<sup>th</sup> April, 2002, is hereby amended in paragraph 2 as follows:

- (a) *by the repeal of item (iv) i.e. Providing personal services other than for the export or tourism sectors;*
- (b) *by renumbering item (v) i.e. Coastal fishing as item (iv) thereof.*

H.A.G HETTIARACHCHI  
Controller of Exchange

Colombo  
08<sup>th</sup> August 2002

PRIVATE FOREIGN CURRENCY ACCOUNTS

ANNEX X

Type of Account	Eligibility	Permitted Credits	Permitted Debits	Other Features
NRFC	<ol style="list-style-type: none"> <li>1. A citizen of Sri Lanka who is or has been employed outside Sri Lanka.</li> <li>2. A foreign national who prior to acquisition of such nationality was a citizen of Sri Lanka.</li> <li>3. Foreign employment agencies incorporated in Sri Lanka who require the prior approval of Exchange Control for opening such an account</li> </ol>	<ol style="list-style-type: none"> <li>1. Inward remittances received through Authorised Dealers and foreign exchange brought into the country by the account holder.</li> <li>2. Interest payable on account.</li> <li>3. Dividends received and sale proceeds of investment in the shares of the BOI approved companies and sale proceeds of such investments.</li> <li>4. Transfers from other NRFC Accounts</li> <li>5. Transfers from RANSI Accounts (Rupee Accounts for Non Resident Sri Lankan Investment)</li> <li>6. Commissions or service payment fees in foreign currency received in favour of NRFC Accounts maintained for foreign employment agencies in respect of recruitments made by the agency</li> </ol>	<ol style="list-style-type: none"> <li>1. Outward remittance</li> <li>2. Transfers to other NRFC Accounts and RANSI Accounts</li> <li>3. Investment in BOI Enterprises</li> <li>4. Issue of Travellers Cheques and foreign currency notes for account holders for travel abroad subject to production of travel tickets/releases of foreign currency notes should be restricted to US \$ 500</li> <li>5. Any local disbursements</li> </ol>	<p>Letters of credit need not to be opened for import of cars for which payment effected from NRFC Accounts</p> <p>An NRFC Account may be opened while the individual is resident abroad or within 90 days of the return of an individual from employment abroad.</p> <p>NRFC funds could be used as a security to the grant of Rupee loan facilities for third parties.</p> <p>Other than for travel purposes, Travellers' Cheques may be issued against NRFC funds to the extent of the Duty Free entitlement allowance for purchase of goods at the Duty Free Shopping Complex.</p> <p>Travellers' Cheques and currency notes may be issued to sole proprietors, partners and Directors of companies maintaining NRFC Accounts against funds held in such accounts for travel abroad.</p>
RFC	<p>Resident individuals with a minimum initial deposits of US \$ 500 provided such foreign exchange brought or remitted into the country do not represent export proceeds. (No documentary evidence is required of bringing the foreign currency when the account is opened)</p>	<ol style="list-style-type: none"> <li>1. Inward remittances received through authorised dealers and foreign exchange brought into the country by the account holder.</li> <li>2. Foreign currency owned or held by account holder opening the account.</li> <li>3. Interest payable on funds in the account.</li> <li>4. Transfers from other RFC/NRFC A/cs</li> </ol>	<ol style="list-style-type: none"> <li>1. Remittances abroad</li> <li>2. Transfers to other RFC Accounts</li> <li>3. Local Disbursements.</li> </ol>	<p>Unutilised balances of foreign exchange released for travel abroad cannot be credited to NRFC or RFC Accounts.</p>

PRIVATE FOREIGN CURRENCY ACCOUNTS

ANNEX X (Contd.)

Type of Account	Eligibility	Permitted Credits	Permitted Debits	Other Features
RNFC	Resident Non Nationals who are either temporarily or permanently resident in Sri Lanka on residence visas.:	<ol style="list-style-type: none"> <li>Inward remittances received in favour of account holder.</li> <li>Interest payable on accounts.</li> <li>Amounts in Sri Lanka Rupees authorised by the Controller of Exchange for remittances abroad and converted into foreign currency.</li> </ol>	<ol style="list-style-type: none"> <li>Outward remittances.</li> <li>Release of foreign currency for travel purposes, on production of tickets ( release of foreign currency notes is permitted upto US \$ 500).</li> <li>Local Disbursements</li> </ol>	
EFC	Merchandise exporters are allowed to open Exporters' Foreign Currency (EFC) Accounts in the Domestic Banking Units of a commercial bank	Export Proceeds	<ol style="list-style-type: none"> <li>Outward remittances in respect of meeting claims by foreign buyers of the exports of the account holders in respect of deficiencies of goods exported and commissions to be paid to agents abroad.</li> <li>Settlement of import bills including the import bills of another company which are in the same group of companies as the exporting company holding the account.</li> </ol>	<p>Exporter must furnish to the Authorised Dealer the number assigned to the exporter by the Sri Lanka Export Development Board</p> <p>EFC Account does not qualify for tax exemptions.</p> <p>Export proceeds cannot be credited to NRFC and RFC Accounts</p>
RGFC	Foreign professionals or investors who are resident in Sri Lanka under the Resident Guest Scheme. Accounts may be opened with the prior approval of the Controller of Exchange.	Funds brought into the country by the investor for investment purposes.	Investment in BOI projects and shares of listed companies.	A minimum of US \$ 250,000 is required to be brought into the country by an investor to be credited to the account.