A Guide to
Foreign Exchange Transactions

Exchange Control Department
Central Bank of Sri Lanka
Globalization has forced us to revisit our policy stances in realigning ourselves with the rest of the world. Capital, trade and services flows *inter alia* have been exposed to higher level of dynamism via integration of markets. The magnitude of the foreign exchange transactions has also reached recorded heights demanding greater policy transparency, information dissemination, and data monitoring and to move away from micro management of foreign exchange transactions to macro management of foreign exchange flows and markets. Under these circumstances, Policy makers and regulators have to change their attitude towards more market friendly approach facilitating trade and payments as well as developing orderly foreign exchange markets with a view to developing economic and social well being of the people.

Keeping this reality in mind, Exchange Control Department of the Central Bank of Sri Lanka has taken several initiatives to align itself with the rest of the world as an effective facilitator in the development of the foreign exchange market. The releasing of second edition of the “A Guide to Foreign Exchange Transactions” incorporating new policy changes and operational arrangements is an example of a gradual and steady progress towards intended direction of prudential management of foreign exchange. One of the main intentions of this guide is to create a greater awareness for active participation by all economic players and to increase transparency of policies. I wish that this kind of initiatives too will guide the country towards a more facilitating and accommodating foreign exchange regime.

Ajith Nivard Cabraal
Governor

The purpose of this guide is to enhance the public awareness on the existing rules, regulations and procedures applicable to foreign exchange transactions. Further, it would also serve as a reference booklet in understanding key external sector policies implemented in the area of foreign exchange management. 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.

The updated version is a result of the collective effort of all officers of the Exchange Control Department.

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Controller of Exchange
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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 buying and selling exchange rates are announced daily by the Central Bank.

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.

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 are permitted only if specifically authorized by the Controller of Exchange. The definition of resident is given in the Gazette Notification No. 15,007 of 21.04.72 [Annex I(a)].

Under delegated authority, Authorized 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 practices.
Central Bank has also appointed some restricted dealers to conduct money changing business.

Permits have also been issued to certain persons and organisations as restricted dealers 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.

Some specialized banks such as National Savings Bank (NSB) and Lankaputra Development Bank Ltd. have also been permitted to deal in foreign currency for restricted purposes.

This publication 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 international 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.
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. Authorized Dealers (commercial banks) are permitted to call for relevant documentary evidence and release foreign exchange without restrictions, for all current international transactions, exercising their judgment 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 (EFCA) 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 allowed to forward shipping documents in relation to goods exported 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. Terms of payments in relation to trade in goods is specified/spelt out 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) and II(d)). 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 the value of US$10,000/= (CIF) or its equivalent in other convertible foreign currencies (Annex II d). In the case of goods to be imported under this category, the importer has to provide 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. In the event of the importer not receiving any or 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 (Annex II c).

(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 in the Gazette Notification No. 1263/10 of 22.11.2002.

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.

As specified in Gazette Notification No.1277/12 of 27 February 2003 (Annex II b) goods, which exceed in value United States Dollars One Thousand (US$1,000/-) 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.

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 the 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 advance 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 Inland Revenue Act for the 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, health and 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 12 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.

f. Emigrants are permitted to take with them currency notes upto the value of US$ 1,000 or its equivalent in any other convertible foreign currency. (The available capital transfers are depicted in the section 3.7)
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 departing from Sri Lanka should declare to the Sri Lanka customs the foreign currency taken out at the time of departure, if such amount exceeds US$ 10,000 or its equivalent in other convertible foreign currencies and/or the value of the foreign currency taken or sent out of Sri Lanka in the form of currency notes exceeds US$ 5000 in aggregate or its equivalent in other convertible foreign currencies.

When persons bringing or importing foreign currency into Sri Lanka, they should declare it to Sri Lanka Customs if the value of foreign currency brought into Sri Lanka exceeds US$ 15,000. Further, it is also necessary to declare to the customs currency notes brought in by any person, if he intends to take back foreign currency notes exceeding the US$ 5,000 or its equivalent in other convertible foreign currencies. (please see annex xii & xiii)

Sri Lankans who travel abroad are presently permitted to take out with them Sri Lanka currency upto Rs. 5000 and bring back this amount.

Persons resident in Sri Lanka are permitted to retain unutilized foreign exchange purchased from an Authorized Dealer, from previous travel abroad, upto a limit of US$ 2,000 in any convertible foreign currency for a period not exceeding 90 days from the date of receipt of such foreign currency.

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). Authorized Dealers are also informed that in addition to submission of Form 1 and Form 2 to this Department, they should transmit information online in respect of all foreign exchange sales (Form 1) and purchases (Form 2) irrespective of the value of transactions to this Department, using Wide Area Network connecting head offices of all Authorized Dealers. In case of transmission of data via e-mail, Authorized dealers could do so using our e-mail address: form12@cbsl.lk.

Where Sri Lanka 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

Authorized Dealers may open non-interest bearing 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. Authorized 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.
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 registered under section 17(2) of the Greater Colombo Economic Commission (Amendment) Act No. 49 of 1992 with full exemption from the provsions of the ECA must be made through a Share Investment External Rupee Account (SIERA) (Please see subparagraph 5.2.2). Sale proceeds of shares of these investments could be remitted freely after meeting domestic liabilities such as taxes. Non residents are permitted to invest 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 a unit trust contains a restriction that not more than 20 per cent of the deposited property shall be invested in government securities.

Further, citizens of Sri Lanka who are resident outside Sri Lanka could avail themselves of investment opportunities in Sri Lanka through RANSI.

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 (i.e. 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 the Gazette Notification No. 1208/14 of 01. 11. 2001 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.

(v) 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 (SLDBs)

In 2006, the following categories of investors were also permitted to invest in SLDBs:

(vi) Citizens of Sri Lanka who have dual citizenship provided that those citizens substantiate that their permanent place of abode is outside Sri Lanka.

(vii) Companies registered to carry on insurance business in Sri Lanka under the provisions of the Insurance Industry Act No.43 of 2000 provided all purchases of SLDBs are made against debits to Special Foreign Currency Accounts maintain with Commercial Banks in terms of the approval of the Controller of Exchange.

3.1.3 Rupee Denominated Treasury Bonds – (T-Bonds)

Investments in Rupee Denominated Treasury Bonds (T-Bonds), which were restricted only to the persons residents in Sri Lanka until 2007 has now been permitted to under mentioned categories of persons resident outside Sri Lanka to the extent of 10% of the total outstanding stock of government T-Bonds.

a) Foreign country funds, regional funds or mutual funds approved by the Securities and Exchange Commission of Sri Lanka.

b) Corporate bodies incorporated outside Sri Lanka.

c) Citizens of foreign states.

The permission of the Exchange Control Department was also granted to the designated agents (i.e. Authorized Dealers and Primary Dealers) to market such bonds in terms of a special gazette notification No.1481/1 dated 22nd January 2007 (please see Annex I and Annex XIV) issued by the Controller of Exchange. Authorized Dealers are permitted to open and operate Treasury Bond Investment External Rupee Accounts (TIERA) in the names of above categories of Foreign Investors subject to the following guidelines in respect of credits and debits to these accounts for the purpose of facilitating their investments.

Credits

(i) Inward remittances of the foreign investor and/or transfers from Share Investment External Rupee Account (SIERA) opened by foreign investor for investments in shares.

(ii) Sale proceeds of T-Bonds and principal received on maturity date.

(iii) Payment of interest on T-Bonds held by account holder.
Debits

(i) Payments for investment in T-Bonds.
(ii) Transfers to SIERA of the foreign investor.
(iii) Payments for primary dealers and bank charges.
(iv) Local expenses of the foreign investor.
(v) Repatriation of sale proceeds of T-Bonds.
(vi) Repatriation of interest earned on T-Bonds.

3.2 Investments Abroad by Residents

3.2.1 BOI Companies

BOI Companies which are registered under section 17 (2) of the Greater Colombo Economic Commission (Amendment) Act. No.49 of 1992 with full exemption from the provisions of the ECA are able to make investments abroad, in the approved areas of business of the enterprise with the prior approval of the BOI.

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 investments abroad should be submitted to the Exchange Control Department, which then would forward such applications to the Ministry of Finance after evaluation of the investment proposals. Permission would be granted on a case by case basis for companies/bodies registered in Sri Lanka to make investments abroad in accordance with guidelines set out for this purpose. The factors considered in granting approval for foreign direct investments include promotion of exports from Sri Lanka, the payback period of the investments and return on investments. In the areas of portfolio investments, purchases of shares by employees of local branches/subsidiaries of foreign companies under Employee Share Option Schemes (ESOS) are usually permitted with the approval of the Hon. Minister of Finance on case by case basis after considering the benefits to be received by the recipient and the country.

In a move towards further easing of restrictions, new guidelines have been suggested in different areas of foreign investments.

3.3 Foreign Currency Borrowings by Residents

3.3.1 Direct Exporters

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. Repayments 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 convert sale proceeds of mortgaged assets to foreign currency up to the extent of the amount required for the settlement of the outstanding balance of the loan.

3.3.2 Indirect Exporters

Commercial banks are also permitted to grant loans to suppliers of accessories to direct exporters (indirect exporters) for the purpose of importing inputs required or the manufacture of accessories subject to the following conditions:

(i) In the case of indirect exporters supplying accessories to enterprises approved by the Board of Investment of Sri Lanka, 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 of 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 against their NRFC deposits 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 may 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 midium or long term nature are considered very restrictively on a case by case basis by the Controller of Exchange taking into account 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 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 Authorised Dealers 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 guarantees for purposes other than those reference to item (a) and (b) above up to a value of US$ 500,000 subject to obtaining evidence in proof of the underlying transaction which should be a transaction permitted in terms of our operating instructions to Authorised Dealers or specifically authorised by the Exchange Control Department. Letters of guarantee favouring non residents to be issued at the request of agents resident in Sri Lanka on behalf of their foreign principals up to 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 out side Sri Lanka realised from sale of 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. Commercial Banks have been permitted to authorize these transfers. If emigrants have not utilized this entitlement at the time of their emigration, they should obtain the prior approval from the Controller of Exchange to remit it subsequently.
3.7.1 Documentary Requirements

3.7.1 (a) Documentary Requirements to transfer the funds by persons intending to emigrate

The following documents should be submitted to a commercial bank when applying for foreign exchange facilities by intended emigrants:

(a) An affidavit declaring his/her final and irrevocable decision to leave Sri Lanka for permanent residence abroad, the date of intended departure, and a statement that he/she is not a director of any company incorporated in Sri Lanka or is a taxpayer.

(b) A certified copy of the passport and of the immigration visa to the country of destination, if such emigration visa is required in that country.

(c) An income tax clearance if remittance exceeds Rs.500,000.00.

(d) A letter from the employer accepting the resignation of the emigrant, if employed prior to departure.

(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 a permission 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.

3.7.1 (b) Documentary Requirements to transfer the funds after Emigration

The emigrants should submit documents (b) & (c) stated in 3.7.1.(a) above along with a statement of the previous capital transfers if any and proof of the availability of the funds to the Exchange Control Department of Central Bank of Sri Lanka.

3.7.2 Facilities Available to Emigrants

(a) Remittance of the full value of the emigrants income (including the interest, dividends, and pension) 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 Non-Resident (NR) Blocked Accounts

Funds in a NR Blocked Account may be used for local disbursements of the account holder, while, pension, income tax refunds, rent received in favour of the account holder and profits
and dividends earned from his local investments may be permitted to be credited to a NR Blocked Account by Authorized Dealers and be freely remittable without prior approval of the Controller of Exchange.

3.7.4 Sale of Property of Emigrants

In terms of Exchange Control regulations, the buyer of a property in Sri Lanka (from a non-resident party) should obtain the permission from the Controller of Exchange to make the payment to a non-resident on account of the sale of the property.

**Documents required**

Prior to the sale of property:

1. Formal request addressed to the Controller of Exchange.
2. Documentary evidence regarding resident status of the seller (photo copy of the photograph page & visa page of the passport);
3. Original deed of the property with a photocopy;
4. Survey Plan with a copy;
5. Valuation report of the property with a copy;
6. Sales agreement; and
7. Power of Attorney, if necessary

If sale proceeds of the property are to be transferred abroad, the seller should forward the following to the Controller of Exchange for permission:

1. Certified copy of the transfer deed;
2. Bank statement confirming the balance in the account;
3. Tax clearance certificate from the Commissioner General of Inland Revenue, if the amount exceeds Rs.500,000/-; and
4. A declaration with regard to any previous remittances (if any) made in this regard.

3.7.5 Deceased Cases of Emigrants

Requests for the remittance of any assets to heirs:

**Documents required:**

1. Death certificate;
2. Last will;
3. Probate/letters of administration;
4. A copy of inventory of the assets and liabilities;
5. Court order (if any) regarding the shares of beneficiaries; and
6. Tax clearance certificate from the Commissioner General of Inland Revenue.
3.8 Acquisition and Disposal of Fixed Assets by persons resident out side Sri Lanka

The remittance of sale proceeds realized from the disposal of property by persons resident outside Sri Lanka is permitted without prior approval of the Controller of Exchange only to the extent of investment made in foreign exchange out of inward remittance made through banking system for the purchase and development of the property, while capital gain realized on such disposal should be placed in a blocked account in the name of the non resident and is not remittable.

Remittance of blocked funds held by foreign nationals 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 in Sri Lanka Rupees 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 by foreign personnel engaged in contracts.

3.10 Purchase of Patent Rights

Remittance for the acquisition of patent rights, copy rights, trade marks and franchises requires prior approval of the Controller of Exchange, and is granted on 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 banking units in foreign currency relating to letters of credit, guarantees and indemnities should be effected only on behalf of non-residents BOI enterprises as specified in Banking (Off Shore Banking Scheme) order 2000 or residents approved by the Monetary Board.
4.1 Electronic Fund Transfer Cards

- Credit, Debit and other Electronic Fund Transfer Cards (EFTCs) may be issued to residents of Sri Lanka by authorized dealers. However, such cards may also be issued to NRFC, RNNFC, RFC and FCBU account holders, irrespective of their resident status provided that expenditure incurred on such EFTCs would be debited to the above mentioned accounts. It has been stipulated in the Government Gazette Notification No.1411/5 of 19th September, 2005 that any EFTC with global access shall be used to make foreign currency payments only for following purposes. (Copy of the above gazette is given in the Annex XI).

- Payment to be made abroad by a cardholder for services of a personal nature including travel, accommodation, medical, living and educational expenses.

- Payment for purchase of goods abroad for personal use.

- Payment for import of goods into Sri Lanka for personal use subject to a limit of US$3,000 (c.i.f) or its equivalent in any other foreign currency per consignment.

- Payment of registration fees, examination fees and annual subscription fees of a personal nature payable to a foreign professional body or academic institution.

- Payment to be made in respect of insurance premium only for travel and health insurance of personal nature.

4.2 Money Changers

1 Permission to engage in Money changing business is granted under the provisions of the Section 5 of the Exchange Control Act (ECA) No 24 of 1953 subject to certain terms and conditions.

2 The present criterion for granting permission for money changers to purchase foreign currency is as follows:
   a. Money changing business should be conducted only by a company incorporated in Sri Lanka;
   b. The issued and paid-up capital of the company should be at least Rs 10 million;
   c. The Directors and senior staff of the Company should be fit and proper persons;
   d. Two directors of the company should be income Tax payers;
e. The applicant should carry on its activities in a business environment conducive to carrying on money changing business;

f. The applicant must submit a Bank Guarantee for Rs 500,000/- to ensure payment of any fine that may be imposed under the Exchange Control Act;

g. The applicant should open a separate bank account under the caption Money Changing Account with notice to the Exchange Control Department exclusively for transactions concerning the money changing business.

3 At present, sixty seven (67) money changers are conducting the business of money changing with permission of the Central Bank.

4 With effective from July 2007, Nine (09) money changers were permitted by the Central Bank to sell foreign currency in addition to purchase of foreign currency.

5 Permission granted to above Nine money changers to sell foreign currency was subject to the condition that they should sell foreign currency only for persons who are traveling abroad and such sales should be subject to the maximum of US$ 1000 per person per travel.

6 In order to permit any money changer to sell foreign currency in addition to purchase of foreign currency, they should purchase foreign currency in excess of US$ 4 million within a year.

7 Exchange Control Department is monitoring foreign currency transactions of all Authorized Money Changers and also supervising these permitted money changing places to ensure orderly conduct of the business.

### 4.3 Foreign Currency Acceptance Permits

Foreigners, visitors and non-residents during their visits to Sri Lanka, they can buy goods and receive services for the currency they possess with. Sri Lankans returning home from overseas, can also purchase goods from the duty free shops at the Bandaranayake International Airport (BIA) against foreign currencies. For all such transactions they can make payments in foreign currencies or any other foreign currency related instruments like travellers cheques, drafts etc.

To regularize foreign currency acceptance, Exchange Control Department issues permits to Hotels/Restaurants, Gems and Jewellery Sellers, Travel Agencies, Duty free shops and temporary permits to retail sellers inside the Sea Port of the Sri Lanka Ports Authority etc. These permits are issued usually upon the recommendation of the relevant supervisory authority. In addition to the above, the Exchange Control Department will consider special requests for permits on case by case. There are about 3398 permits have been issued by the Exchange Control Department as at 31. 12. 2007.
4.4 **Travel Agents to Issue Travellers’ Cheques**

In addition to the Authorized Dealers in foreign exchange, nine (9) travel agents have already been authorized to issue travellers’ cheques under the provisions of the Section 5(1) of the Exchange Control Act in accordance with the criteria approved by the Monetary Board. Authorized dealers and travel agents are permitted to issue travellers cheques in respect of Sri Lankans travelling abroad only for travel purposes such as holiday, pilgrimage, education (living expenses only), business promotions, medical, sports and seminar, etc. subject to certain terms and conditions stipulated by the Exchange Control Department to avoid misuse of the facility.

4.5 **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.

4.6 **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$ 1,000. 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.

4.7 **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.
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:

1. Non Resident Foreign Currency (NRFC) Accounts.
4. Exporters' Foreign Currency Accounts (EFCA).
5. Resident Guest Foreign Currency Accounts (RGFCA).
6. Foreign Currency Account for Professional Services Providers (FCAPS).
7. Foreign Currency Account for Suppliers of Inputs (FCASI).
8. Indirect Exporters’ Foreign Currency Accounts (IEFCA).

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

5.1.1 Non-Resident Foreign Currency (NRFC) Accounts

NRFC accounts should be opened in the name of Sri Lankan Nationals or Non-Nationals who had at any time been a Sri Lanka national, while they are resident abroad or within 90 days of their return to Sri Lanka after employment abroad. These accounts may be held jointly, provided all joint account holders conform these conditions. Funds in the accounts are freely remittable whether remittances abroad or from one NRFC account to another. Income on NRFC funds are exempted from income tax and the NRFC account holders are eligible for loans up to 90% of the funds available in the accounts on pledging their NRFC accounts as a collateral for the loan. Credit card facilities are available against the funds in the NRFC accounts.

Credits

I. Inward remittances in foreign currency received through any Authorized Dealer.

II. Foreign exchange brought into the country by the account holder provided Customs confirmation on passport or Customs Declaration Card is produced.

III. Third party foreign currency deposits subject to a limit of US$ 1,000 per transaction or its equivalent in other convertible foreign currency from immediate family members of the NRFC account holders.
IV. Interest payable in foreign currency on funds held in the Account.

Debits

I. Debits to these accounts may be freely allowed, whether it is for remittances abroad or for transfers from one NRFC Account to another or for payments in Sri Lanka. (Converted to Sri Lanka Rupees at the prevailing rate of exchange.)

II. Travellers Cheques and currency notes may be issued to holders of NRFC accounts against funds held in such accounts for travel abroad, subject to production of travel documents.

5.1.2 Resident Foreign Currency (RFC) Account

Individuals whether citizens or non-citizens resident in Sri Lanka who are in a position to deposit foreign currency to a minimum of US$ 500 or its equivalent in other convertible currencies out of inward remittances and/or currencies brought into the country on a declaration to the customs can open RFC accounts. These accounts may be held jointly provided the minimum balance of US$ 500 or its equivalent in other convertible currencies per person is required at the time of opening the accounts. Interest income on RFC funds are exempted from income tax.

Permitted Credits and Debits are as follows;

Credits

I. Inward remittances received and foreign currency brought into the country on a declaration to Customs.

II. Interest earned in foreign currency on these accounts.

Debits

I. Debits to these accounts are freely allowed whether it is for remittances abroad or for transfers from one RFC Account to another.

5.1.3 Resident Non-National Foreign Currency (RNNFC) Accounts

All Authorized dealers can open and maintain RNNFC accounts for non-nationals who are resident, either temporarily or permanently in Sri Lanka on Resident Visas.

Credits

I. Inward remittances received in any of the designated currencies.

II. Amounts in Sri Lanka rupees authorized by the Controller of Exchange for remittance abroad, converted at the rate of exchange obtaining on the day of credit.
Debits
I. Outward remittances in any of the currencies approved by the Exchange Control Department are allowed.
II. Payments in foreign currency converted into Sri Lanka Rupees.

5.1.4 Exporters Foreign Currency Account (EFCA)
It is the policy of the Central Bank of Sri Lanka to encourage merchandise exporters, which generate foreign exchange earnings for the country. Accordingly, merchandise exporters are permitted without restriction, subject to the trade policy of the Government.

By Gazette Notification No. 759/15 dated 26th March, 1993, exporters are exempted from the requirement to ensure that export proceeds are repatriated within 6 months, as required under section 22(4) of the Exchange Control Act.

Exporters have also been exempted from the requirement of surrendering export proceeds to an Authorised Dealer as required under Section 6 (2)(a) of the Exchange Control Act.

Hence, exporters are now free either to repatriate export proceeds to Sri Lanka and have such proceeds credited to any Rupee Account or an “Exporter’s Foreign Currency Account” (EFCA) in the form of Current/Savings/Fixed Deposit with the Domestic Banking Unit (DBU) of any Commercial Bank in Sri Lanka, or to retain the export proceeds abroad in any commercial bank provided the monies in such accounts are not used for the acquisition of property or other capital assets outside Sri Lanka. These export proceeds cannot be credited to any bank account in Sri Lanka which qualifies for tax exemptions or amnesty, such as Non Resident Foreign Currency (NRFC) or Resident Foreign Currency (RFC) accounts.

5.1.5 Resident Guest Foreign Currency Accounts (RGFCA)
Resident Guest Scheme – Special Accounts
This scheme has been introduced in 1991 as a part of a package of incentives for prospective foreign investors and professionals who would contribute to the economic and socio-cultural development of the country. Under this scheme, foreign investors and professionals are required to remit funds for investment purposes and their upkeep in Sri Lanka.

Investors has to remit a sum of US$250,000 or an equivalent amount in any convertible foreign currency for the investment and US$35,000 per person for the upkeep in Sri Lanka of the investor and their each dependent.

Professionals intending to reside in Sri Lanka has to remit US$2,000 per month for the living expenses and US$1,000 per month for each dependant including spouse.

For the purpose of depositing the funds brought into the country by the investors and professionals under this scheme, Authorised Dealers have been permitted to open the under-mentioned special accounts in their domestic units with the prior approval of the Controller of Exchange.
Special Accounts for Investors

Resident Guest Foreign Currency Accounts (RGFCA)

Credits

These accounts should be opened for the purpose of depositing the minimum initial sum of US$250,000 or an equivalent amount in any convertible foreign currency brought into the country through banking channels or on declaration to Sri Lanka Customs for investment in Sri Lanka.

Debits

(A) Withdrawals from this account may be permitted without prior approval of the Controller of Exchange for the following:

(a) Investment in “approved projects” subject to production of documentary proof of obtaining relevant approvals.

“Approved projects” for the purpose of this scheme are:

(i) New ventures approved by the Board of Investment in Sri Lanka or a relevant authority;

(ii) Existing or new companies engaged in projects approved by a relevant authority; and

(iii) Shares listed in the Colombo Stock Exchange.

(b) Funds in excess of US$ 250,000 or equivalent in other convertible foreign currencies brought into the country and held in the account unutilised.

(B) Withdrawals for any purpose other than investment should be with the prior approval of the Controller of Exchange which will be granted with the concurrence of the Implementing Agency of the scheme.

Authorized Dealers are permitted to pay interest initially for a period of 2 years on the unutilised balance in this account, provided that the rate of interest does not exceed the rate of interest payable to Non-Resident Foreign Currency (NRFC) accounts. Such interest payment should be transferred to the investor's Resident Guest Rupee Current Account referred below. (Please see page 39)

No interest should be paid after the expiry of the initial two-year period without the prior approval of the Controller of Exchange.

5.1.6 Foreign Currency Accounts for Professional Services Providers (FCAPS)

This scheme has been introduced for individuals, firms or companies in Sri Lanka for those who provide professional services to residents outside Sri Lanka and/or to local firms or companies earning foreign exchange. This account was expected to encourage professional
services providers, who render their services to residents outside Sri Lanka and/or to local firms or companies who earn foreign exchange.

An undertaking should be obtained from the individual, all partners and the Board of Directors as the case may be to the effect that the individual/firm/company is already engaged in providing professional services and that only the payments received in foreign exchange for the provision of such services will be credited to the account.

Permitted Credits and Debits are as follows;

Credits

I. Inward remittance received in convertible foreign currency through an Authorized Dealer for providing professional services to residents outside Sri Lanka.

II. Payment received in foreign exchange by way of bank draft or bank transfer for professional services rendered to firms/companies who earn their revenue in foreign exchange.

Debits

I. Payment in foreign exchange to residents outside Sri Lanka on account of Current Account transactions of the individual/firm/company.

II. Disbursement in Sri Lanka Rupees is freely permitted. Withdrawals in Sri Lanka Rupees shall not be eligible for conversion into foreign currency and for re-crediting to the account.

III. Payment to another FCAPS on account of professional services provided.

5.1.7 Foreign Currency Account for Suppliers of Inputs (FCASI)

This scheme has been introduced for any foreign exchange earning company including BOI companies. This was expected to promote local companies already engaged in supplying material inputs to companies earning foreign exchange.

An undertaking should be obtained from the Board of Directors of the company to the effect that the company is already engaged in supplying material inputs to a company earning foreign exchange and that only the proceeds received on such supply of material inputs will be credited to the account.

Permitted Credits and Debits are as follows;

Credits

I. Payment received in foreign exchange by way of bank draft or bank transfer, for material inputs supplied to any company.
Debits

I. Payment in foreign exchange to residents outside Sri Lanka on account of Current International Transactions of the company.

II. Payment in foreign exchange towards cost of material inputs purchased from the companies.

III. Disbursement in Sri Lanka Rupees is freely permitted. Withdrawals in Sri Lanka rupees shall not be eligible for conversion into foreign currency and re-crediting to the accounts.

5.1.8 Indirect Exporters’ Foreign Currency Accounts (IEFCA)

The foreign currency scheme of “Indirect Exporters Foreign Currency Accounts” was introduced as an added incentive to exporters, thereby permitting indirect exporters to receive payments in foreign currency from direct exporters who are in a position to make payments in foreign currency for their supplies.

I. The facility of receiving foreign currency to the credit of an IEFCA from a direct exporter for the products supplied by an indirect exporter should be available only to those indirect exporters whose products contain at least 35% of domestic value addition. The Authorised Dealers should obtain a certificate issued by the Sri Lanka Export Development Board (SLEDB) or the Board of Investments of Sri Lanka (BOI) to the indirect exporters, confirming that the domestic value addition of his supplies to the direct exporter is 35% or more of the value of the products. Such certificates will be issued by the SLEDB in respect of non-BOI enterprises and BOI, in respect of BOI enterprises after careful assessment of the value added component of the products.

II. Debits should be restricted only to the payments to be made in foreign exchange by an indirect exporter for his imported input requirements and for direct conversions into Sri Lanka Rupees.

III. Foreign currency such as notes and TCs should not be issued against an IEFCA.

IV. The balance in each IEFCA at the end of each month should not exceed US$5,000 and all excess monies over US$5,000 should be converted into Sri Lanka Rupees. The Authorized Dealers should obtain a written consent from the indirect exporter to that effect at the time of opening of the account.

V. Once an indirect exporter ceases his business, Authorized Dealer should convert the entire balance in the account into Rupees within 60 days from the cessation of his business as an Indirect Exporter. The EDB and the BOI are expected to review the status of indirect exporters with respect to the value added component of their product at least once a year.
5.2 Rupee Account Facilities for Non Residents

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

1. Non Resident Rupee Accounts (NRRA).
2. Share Investment External Rupee Accounts (SIERA).
4. Resident Guest Rupee Current Accounts (RGRCA)

5.2.1 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 out 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 international transactions and local disbursements.

c) Permitted credits and debits to NRRA 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 international transactions.

d) NRRA in respect of foreign banks may be operated without any restrictions.

5.2.2 Share Investment External Rupee Accounts (SIERA)

As a measure of relaxing existing restrictions on foreign investments, permission has been granted for non residents to invest up to 100% in the equity capital of companies incorporated in Sri Lanka without Exchange Control restrictions, in the areas of banking, finance, insurance, stock broking, construction of residential buildings and roads, water supply, mass transportation, telecommunication, power and energy, professional services and setting up of branch/liaison offices of companies which have been incorporated overseas, subject only to the rules of the relevant regulatory authorities.
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:**

(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.
5.2.3 Rupee Account for Non Residents 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 investments provided that they remit foreign exchange earnings for investments 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.

5.2.4 Resident Guest Rupee Current Account – Investors (RGRCA – Investors)

These accounts may be opened with a minimum deposit of US$ 35,000 or equivalent in other convertible foreign currency brought into the country and converted into Sri Lanka Rupees, after obtaining prior approval from the Controller of Exchange.

Credits

Credits to these accounts should be confined to the following:

(i) Rupee proceeds of foreign currency brought into the country by the investor for his living expenses and that of his dependants;
(ii) Interest paid on funds held in the investor’s Resident Guest Foreign Currency Account (RCFCA) having converted into Sri Lanka Rupees;
(iii) Incomes from investment (dividends, profits), sale proceeds of shares received from the investments made out of funds from the RGFCA.

Debits

Debits to this account should be confined to the following:

(i) Local expenses of the investor and his dependents;
(ii) Investment in approved projects;
(iii) Outward remittances for payments for current international transactions of the investor and/or his dependents resident in Sri Lanka.
Withdrawals for any purpose other than those mentioned in items (i), (ii) and (iii) above should be with the prior approval of the Controller of Exchange which will be granted with the concurrence of the Implementing Agency of the scheme.

**Resident Guest Rupee Current Account – Professionals (RGRCA – Professionals)**

These accounts may be opened in the name of foreign professionals with a minimum deposit of US$2,000 or any other convertible foreign currency brought into the country and converted into Sri Lanka Rupees, after obtaining prior approval from the Controller of Exchange.

**Credits**

Credits to these accounts should be confined to the following:

(i) Rupee proceeds of foreign currency brought into the country for the living expenses of the account holder and of his dependents; and

(ii) Salary, consultancy fees, etc. received for the provision of professional services in Sri Lanka by the account holder.

**Debits**

Debits to this account should be confined to the following:

(i) Local expenses of the account holder and his dependents; and

(ii) Outward remittances for payments on account of current international transactions of the professional and/or his dependents resident in Sri Lanka.

Withdrawals for any purpose other than those mentioned in (i) and (ii) above should be with the approval of the Controller of Exchange which will be granted with the concurrence of the Implementing Agency of the Scheme.

**5.3 Post Tsunami Inward Remittances Account (PTIRA)**

All remittances received from foreign persons and entities including foreign governments by Non-Governmental Organizations (NGOs) operating in Sri Lanka should be channelled through a special rupee account titled “Post Tsunami Inward Remittances Account: (PTIRA)”. Debits to the account are freely permitted for local disbursements.

At the time of opening PTIRA, Authorized Dealers should exercise due diligence to identify the bona-fides of the NGO based on the following documentary evidence:

(i) The certificate of registration issued by the National Secretariat for NGO’s under the Voluntary Social Services Organizations (Registration and Supervision) Act No. 31 of 1980 or

(ii) The recommendation made by the “Center for Non-Governmental Sector (CNGS)” of the Ministry of Finance for registration of the NGO.
5.4 Foreign Currency Fixed Deposit Accounts for Dual Citizenship Applicants (FCFDA)

1. This scheme has been introduced for ex-Sri Lankans/Sri Lankans living abroad who would apply for dual citizenship status. A family unit or an individual is exempted from making any fee charged on granting dual citizenship, if the principal applicant makes a fixed deposit of US$ 50,000 with a commercial bank for a minimum period of 3 years, while a fee of Rs.200,000 is charged per family unit or an individual applicant of a principal applicant makes as fixed deposit of US$ 25,000 with a commercial bank for minimum period of 3 years. The Controller of Immigration and Emigration will issue a letter to open such a fixed deposit with a commercial bank after satisfying the requirements submitted by the applicant.

2. Approved credits and debits are as follows:

Credits

i. Inward remittances in convertible foreign currency received through commercial banks or foreign currency brought into the country and tendered by the account holder during his temporary visit to Sri Lanka.

ii. Funds transferred from existing Non-Resident Foreign Currency (NRFC) account of the account holder.

iii. Interest paid in foreign currency on funds held in the account.

Debits

i. Interest accrued on the deposits.

3. Interest accrued on the deposits may be freely remittable, transferred to NRFC A/c of the account holder or converted into Sri Lanka Rupees for the account holder's local expenses.

4. Withdrawals of deposits or any part thereof before maturity cannot be made without prior permission of the Controller of Exchange.
Permission in Terms of Sections 7, 10, 11 and 15 of the Exchange Control Act

1. PERMISSION is hereby granted for the purposes of Sections 7, 10, 11 and 15 as applicable of the Exchange Control Act (Chapter 423 of the CLE) to foreign country funds, regional funds or mutual funds approved by the Securities and Exchange Commission of Sri Lanka, corporate bodies incorporated outside Sri Lanka and citizens of foreign states for purchasing, transferring and making payments in respect of transactions of Sri Lanka Rupee Denominated Treasury Bonds (T-bonds) subject to the conditions hereinafter set out.

2. Conditions:-
   
   (a) Any T-Bonds to be purchased by the above categories of foreign investors should be through the primary and secondary markets by utilizing existing public debt system. Foreign investor who purchased such a T-bond is in a position to sell or transfer this T-bond to any person, whether a resident in Sri Lanka or a resident outside Sri Lanka, in the secondary market without any holding period.

   (b) The payment for T-bonds issued by the Government of Sri Lanka in any issue or transaction permitted hereunder shall be made only out of or into a “Treasury Bond Investment External Rupee Account” (TIERA) opened in a commercial bank in Sri Lanka in the name of the foreign investor.

   (c) A commercial bank, or a licensed primary dealer or a broker or any other person entrusted with the payment of capital monies such a sale proceeds of T-bonds and interest on such T-bonds in respect of any transaction permitted hereunder shall make such payment only into or out of a Treasury Bond Investment External Rupee Account referred to in sub-paragraph (b) above.

   (d) Funds in a TIERA is freely remittable without any restriction after meeting local liabilities of the account holder, if any.

Interpretation : For purpose of this general permission;

“foreign investors” shall include the following categories of investors:

   (a) Foreign country funds, regional funds or mutual funds approved by the Securities and Exchange Commission of Sri Lanka;

   (b) Corporate bodies incorporated outside Sri Lanka; and

   (c) Citizens of foreign states.

Colombo

22 January 2007

D. Wasantha

Controller of Exchange
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

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. 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. 923/10 of 25th 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 21st 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-

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**Annex II (Contd.)**
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 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>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearls</td>
<td>71.01</td>
</tr>
<tr>
<td>Diamonds</td>
<td>71.02</td>
</tr>
<tr>
<td>Gems</td>
<td>71.03</td>
</tr>
<tr>
<td>Synthetic Gems</td>
<td>71.04</td>
</tr>
<tr>
<td>Diamond and other powder</td>
<td>71.05</td>
</tr>
<tr>
<td>Silver</td>
<td>71.06</td>
</tr>
<tr>
<td>Metal clad with Silver</td>
<td>71.07</td>
</tr>
<tr>
<td>Metal clad with Gold</td>
<td>71.09</td>
</tr>
<tr>
<td>Platinum</td>
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<tr>
<td>Metal clad with Platinum</td>
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<tr>
<td>Scrap Precious Metal</td>
<td>71.12</td>
</tr>
<tr>
<td>Jewellery Finding</td>
<td>71.13</td>
</tr>
<tr>
<td>Imitation Jewellery Finding</td>
<td>71.14</td>
</tr>
</tbody>
</table>

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.
PART I : SECTION (I) – GENERAL
Central Bank of Sri Lanka Notices
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 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.


H A G Hettiarachchi
Controller of Exchange
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,

Regulations
The Special Import Licence No. 1 of 1977 published in the Gazette (Extraordinary) No. 291/7 of 15th 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(ii) 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”.

Part I: Section (I) – General
Government Notifications
Imports and Exports (Control) Act, No. 1 of 1969
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 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.

Ravi Karunanayake
Minister of Commerce and Consumer Affairs

Ministry of Commerce and Consumer Affairs,
“Rakshana Mandiraya”, Vauxhall Street,
Colombo 02,
11th December, 2003

Regulations

The Special Import Licence No. 1 of 1977 published in the Gazette (Extraordinary) No. 291/7 of 15th 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.
Regulations made by the Minister of Trade, Commerce and Consumer Affairs, of the Democratic Socialist Republic of Sri Lanka under Section 4(3), 14 and 20 of the Imports and Exports Control Act, No.01 of 1969 as amended by Act No. 48 of 1985 and Act, No.28 of 1987.

Jeyaraj Fernandopulle
Minister of Trade, Commerce and Consumer Affairs

Ministry of Trade, Commerce and Consumer Affairs
“Rakshana Mandiraya”,
Vauxhall Street,
Colombo 2,
13th May 2005.

Regulations

The Special Import Licence no.01 of 1977 published in the Gazette (Extraordinary) no.291/17 of 15th November, 1977 as last amended by Regulations published in the Gazette (Extraordinary) No.1363/27 of 21st October, 2004 is further amended as follows:

1. Delete Regulations 2 (i) (d) as published in Government Gazette (Extraordinary) No.1022/6 of 08th April, 1998 and substitute the following therefore.

2 (i) (d) advance payment, where the total value of any goods does not exceed United States Dollars Ten Thousand (US$ 10,000) CIF Sri Lanka or its equivalent in other convertible foreign currencies. This limit will not be applicable for advance payments for Gold Harmonised Systems Code 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.
### DOCUMENTS REQUIRED WHEN APPLYING FOR FOREIGN EXCHANGE FOR TRAVEL

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Documents required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday/ Pilgrimage</td>
<td>Valid passport, visa and either return air ticket or e-ticket</td>
</tr>
<tr>
<td>Education</td>
<td>Certificate of enrollment as a student issued by a recognised educational institution abroad with documentary evidence regarding expenses, valid passport, student visa and ticket.</td>
</tr>
<tr>
<td>Business Promotion</td>
<td>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.</td>
</tr>
<tr>
<td>Medical</td>
<td>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.</td>
</tr>
<tr>
<td>Official</td>
<td>A certificate from the head of the relevant government institution stating that the journey is being charged against public funds and valid visa.</td>
</tr>
</tbody>
</table>
| Sports/ Conferences/ Seminars | (i) Invitation from the foreign organisation  
(ii) Approval of the relevant ministry  
(iii) A valid visa                                           |
**CENTRAL BANK OF SRI LANKA**

Information on Release of Foreign Exchange

Form 1 – Sale of Foreign Exchange

<table>
<thead>
<tr>
<th>To: Authorised Dealer</th>
<th>To: Controller of Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To be filled by the applicant for Foreign Exchange.</strong></td>
<td><strong>To be filled by the Authorised Dealer/Travel Agent authorised to issue foreign exchange.</strong></td>
</tr>
<tr>
<td>Name in full: ……………………………… (In Block Letters) …………………………</td>
<td>Bank Code/Name of Travel Agent: ……………………………………</td>
</tr>
<tr>
<td>Address: ………………………………… (In Block Letters) …………………………</td>
<td>Branch Code: ……………………………………</td>
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<tr>
<td>………………………………………………………………………………………………………………………………………</td>
<td>Sector Code: ……………………………………</td>
</tr>
<tr>
<td>N.I.C. No.: …………………………………</td>
<td>Country Code: ……………………………………</td>
</tr>
<tr>
<td>Passport No.: …………………………………</td>
<td>Purpose Code: ……………………………………</td>
</tr>
<tr>
<td>Income Tax File No.: …………………………………</td>
<td>Currency Code: ……………………………………</td>
</tr>
<tr>
<td>Airline: …………………………………</td>
<td>Foreign Exchange released</td>
</tr>
<tr>
<td>Air Ticket No.: …………………………………</td>
<td>Travellers’ Cheques: ……………………………</td>
</tr>
<tr>
<td>Proposed Date of Departure: …………………………………</td>
<td>Drafts: ……………………………………</td>
</tr>
<tr>
<td>Destination: …………………………………</td>
<td>Currency Notes: ………………………</td>
</tr>
<tr>
<td>Name and Address of the Beneficiary: …………………………………</td>
<td>Other (specify): …………………………</td>
</tr>
<tr>
<td>………………………………………………………………………………………………………………………………………</td>
<td>Bank’s Reference No.: ………………………</td>
</tr>
<tr>
<td>Purpose of Purchase/Remittance: ………………………………………………………………………………………………</td>
<td>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.</td>
</tr>
<tr>
<td>………………………………………………………………………………………………………………………………………</td>
<td>Date: …………… DD.MM.YY.</td>
</tr>
<tr>
<td>Foreign Exchange Applied for -</td>
<td>Signature and seal of</td>
</tr>
<tr>
<td>Travellers’ Cheques: …………………………………</td>
<td>Authorised Dealer/</td>
</tr>
<tr>
<td>Drafts: …………………………………</td>
<td>Travel Agent</td>
</tr>
<tr>
<td>Currency Notes: …………………………………</td>
<td>Date: …………… DD.MM.YY.</td>
</tr>
<tr>
<td>Other: …………………………………</td>
<td>Signature of</td>
</tr>
<tr>
<td>For Imports: …………………………………</td>
<td>Applicant</td>
</tr>
<tr>
<td>Item: …………………………………</td>
<td></td>
</tr>
<tr>
<td>Value: …………………………………</td>
<td></td>
</tr>
</tbody>
</table>

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.

Date: …………… DD.MM.YY.  
Signature of Applicant

Date: …………… DD.MM.YY.  
Signature and seal of  
Authorised Dealer/Travel Agent

**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.
Annex V

To be filled by the beneficiary of the Inward Remittance.

| Name in full: | …………………………………… |
| Address: | …………………………………… |
| N.I.C. No.: | …………………………………… |
| Income Tax File No.: | …………………………………… |
| Name and Address of the Remitter: | …………………………………… |
| 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. |

Date:……………… Signature of Applicant:………………
DD.MM.YY. DD.MM.YY.

To be filled by the Authorised Dealer.

| Bank Code/Name of Travel Agent: | …………………………………… |
| Branch Code: | …………………………………… |
| Sector Code: | …………………………………… |
| Country Code: | …………………………………… |
| Currency Code: | …………………………………… |
| Amount: | …………………………………… |
| 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:……………… Signature and seal of Authorised Dealer/Travel Agent:………………
DD.MM.YY. 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.
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.

P Amarasingha
Controller of Exchange

20th December, 1990,
Colombo.

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 1st 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.
A G U I D E T O F O R E I G N E X C H A N G E T R A N S A C T I O N S

Annex VI (Contd.)

(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)

2A Part 1

Schedule I

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

Schedule II

Documents to be attached to the Application for Registration

1. A Copy of Business Registration Certificate or Certificate of Incorporation.
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: ..............................

Registration No.: ...........................................

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

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Manifest No.</th>
<th>Exports Permit No.</th>
<th>HAWB/MBL No.</th>
<th>Pre-Paid to freight forwarders by the exporter/Shipper</th>
<th>Freight to Collect (from Consigners)</th>
<th>Airline/Shipping Line</th>
<th>Other Local Shipment Charges incurred by Freight forwarder</th>
<th>Outward Remittances</th>
<th>Profit Retained Locally</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Freight</td>
<td>Other Handling Charges</td>
<td>MAWB MBL No.</td>
<td>Paid to airline Shipping Line by the freight forwarder</td>
<td>MAWB BL No. (on forwarding)</td>
<td>Freight Charges (Co-.loader)</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
</table>

Date: ...........................................

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

..................................................................................................................
### 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

**Less:** Payments

- 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 \( H \)

\[
\begin{align*}
\text{(Total Commission)} & \quad & \\
\text{Share of Commissions} & \quad & \\
\text{Retained by Local Freight Forwarder} & \quad & J \\
\text{Payment to Foreign Principal/Agent} & \quad & I \\
& \quad & \\
\text{Remittance for the month} & \quad & \\
\text{Charges collect on exports due} & \quad & C+D \\
\text{to local freight forwarder} & \quad & \\
\text{Less: Charges on imports due to foreign Principal/Agent} & \quad & \\
\text{(To tally with Schedule V)} & \quad & \\
\text{On-forwarding charges for the month (Schedule VI)} & \quad & Y \\
\text{(Y) To be supported by original bank advices} & \quad & \\
\end{align*}
\]

### Schedule V

**Import Collect Shipments for the Month of ……………

<table>
<thead>
<tr>
<th>Foreign AgentsHAWB No.</th>
<th>Airway Bill No.</th>
<th>Freight Collect amount on HAWB (In foreign currency)</th>
<th>Rupee Equivalent</th>
<th>Amount allowed by the Controller of Exchange (Branch B)</th>
<th>B Branch Permit No.</th>
<th>Amount and Permit No. if Outward Remittances already allowed</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<tr>
<td><strong>Less:</strong> Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>already allowed</strong></td>
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<tr>
<td><strong>Amount to be set off</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payment due.</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### Schedule VI

On Forwarding Charges for the Month of ……………………

<table>
<thead>
<tr>
<th>HAWB No</th>
<th>Airway Bill No.</th>
<th>ON FORWARDING COST</th>
<th>AMOUNT</th>
<th>Permit Number If Already Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(eg. Houston to New Orleans)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>(eg. Dubai to Munich)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>Less: Payments already</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Already allowed</td>
<td></td>
<td></td>
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<tr>
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<td></td>
<td>Amount to be set off against payment due</td>
<td></td>
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</tbody>
</table>
DOCUMENTS THAT HAVE TO BE PROVIDED IN ORDER TO REGISTER AS A FREIGHT FORWARDER

i. Formal letter of application.

ii. A confirmation that the company does not have foreign assets or maintain a bank account abroad.

iii. An undertaking confirming agreement to furnish monthly statements referred to in Schedules III, IV, V and 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.

iv. 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.

v. Copy of certificates of incorporation and memorandum and articles of association.

vi. Certified copy of agency agreement entered into with foreign principal/agent.

vii. Certified copy of the Form 48.

viii. Audited accounts at least for the last two years.

ix. The latest share capital details (Authorized and Issued) certified by the Chartered Accountants.
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: 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.
   (a) The permission hereby granted shall apply in respect of the shares of a company carrying on or proposing to carry on any of the following 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) 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,
19th April, 2002
The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

No. 1248/19 – THURSDAY, AUGUST 08, 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

THE notice under the Exchange Control Act published in the Government Gazette (Extraordinary) No. 1232/14 of 19th 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
08th August 2002
# Annex X

## PRIVATE FOREIGN CURRENCY ACCOUNTS

<table>
<thead>
<tr>
<th>Type of Account</th>
<th>Eligibility</th>
<th>Permitted Credits</th>
<th>Permitted Debits</th>
<th>Other Features</th>
</tr>
</thead>
</table>
| NRFC            | 1. A citizen of Sri Lanka who is or has been employed outside Sri Lanka.  
2. A foreign national who prior to acquisition of such nationality was a citizen of Sri Lanka.  
3. Foreign employment agencies incorporated in Sri Lanka with the prior approval of Exchange Control Department for opening such an account. | 1. Inward remittances received through Authorised Dealers and foreign exchange brought into the country by the account holder.  
2. Interest payable on funds in the account.  
3. Dividends received and sale proceeds of investment in the shares of the BOI approved companies and sale proceeds of such investments if investments are made out of NRFC funds.  
4. Transfers from other NRFC Accounts  
5. Transfers from RANSI Accounts (Rupee Accounts for Non Resident Sri Lankan Investment)  
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  
7. Foreign currency received from an immediate family member of the account holder not exceeding US$ 1000 or its equivalent in any other convertible currency per transaction | 1. Outward remittances for current international transactions  
2. Transfers to other NRFC Accounts and RANSI Accounts.  
3. Investment in BOI Enterprises.  
4. Issue of Travellers Cheques and foreign currency notes for account holders for travel abroad subject to production of travel tickets (release of foreign currency notes should be restricted to US $ 1,000)  
5. Any local disbursements in rupees. |Letters of credit need not to be opened for import of cars for which payment effected from NRFC Accounts.  
An NRFC Account may be opened while the individual is resident abroad or within 90 days of the return of the individual from employment abroad.  
NRFC funds could be used as a security to the grant of Rupee loan facilities.  
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.  
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. |
| RFC             | 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) | 1. Inward remittances received through authorised dealers and foreign exchange brought into the country by the account holder.  
2. Interest payable on funds in the account.  
3. Transfers from other RFC A/c | 1. Remittances abroad  
2. Transfers to other RFC Accounts  
3. Local Disbursements in rupees. | Unutilised balances of foreign exchange released for travel abroad cannot be credited to RFC Accounts. |
| RNNFC           | Resident Non Nationals who are either temporarily or permanently resident in Sri Lanka on residence visas.: | 1. Inward remittances received in favour of account holder.  
2. Interest payable on accounts.  
2. Release of foreign currency for travel purposes, on production of tickets (release of foreign currency notes is permitted upto US $ 1,000).  
3. Local Disbursements in rupees | |
### PRIVATE FOREIGN CURRENCY ACCOUNTS

<table>
<thead>
<tr>
<th>Type of Account</th>
<th>Eligibility</th>
<th>Permitted Credits</th>
<th>Permitted Debits</th>
<th>Other Features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EFC</strong></td>
<td>Merchandise exporters are allowed to open Exporters’ Foreign Currency (EFC) Accounts in the Domestic Banking Units of a commercial bank</td>
<td>Export Proceeds</td>
<td>1. 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.  2. 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.</td>
<td>Export proceeds cannot be credited to NRFC and RFC Accounts</td>
</tr>
<tr>
<td><strong>RGFCA</strong></td>
<td>Foreign 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.</td>
<td>Funds brought into the country by the investor for investment purposes.</td>
<td>Investment in 1. New ventures approved by the BOI in Sri Lanka or a relevant Authority.  2. Existing or new companies engage in projects approved by a relevant authority and  3. Shares listed in the Colombo Stock Exchange.</td>
<td>A minimum of US $ 250,000 is required to be brought into the country by an investor to be credited to the account.</td>
</tr>
<tr>
<td><strong>FCAPS</strong></td>
<td>Individuals, firms or companies resident in Sri Lanka who are providing services to residents outside Sri Lanka and/or to local firms or companies who earn foreign exchange.  1. Inward remittances received in convertible foreign currency through an Authorised Dealer for providing professional services to residents outside Sri Lanka.  2. Payments received in foreign exchange by way of bank draft or bank transfer for professional services rendered to firms/companies who are in a position to make payments in foreign currency out of their foreign exchange earnings</td>
<td>1. Payments in foreign exchange to residents outside Sri Lanka on account of current international transactions of the individual/firm/company.  2. Disbursement in Sri Lanka rupees is freely permitted.  3. Payments to another FCAPS on account of Professional Services provided.</td>
<td>1. An undertaking should be obtained by the Authorised Dealer from the individual, all partners and the Board of Directors as the case may be, to the effect that the individual/firm/company is already engaged in providing professional services that only the payment received in foreign exchange for the provision of such services will be credited to the account.  2. Withdrawals made in Sri Lanka rupees shall not be eligible for conversion into foreign currency and for re-crediting to the account.</td>
<td></td>
</tr>
<tr>
<td><strong>FCASI</strong></td>
<td>Companies which are already engaged in supplying material inputs to export earning companies.</td>
<td>1. Payments in foreign exchange to resident outside Sri Lanka for current international transactions of the company.  2. Payments in foreign exchange towards cost of material inputs purchased from the companies.  3. Disbursements in Sri Lanka rupees are freely permitted.</td>
<td>1. An undertaking should be obtained from the Board of Directors of the company to the effect that the company is already engaged in supplying material inputs to a company earning foreign exchange and that only the proceeds received on account of supplying material inputs will be credited to the account.  2. Withdrawals made in Sri Lanka rupees shall not be eligible for conversion into foreign currency and re-crediting to the account.</td>
<td></td>
</tr>
<tr>
<td><strong>IEFCA</strong></td>
<td>Indirect exporters whose products contain at least 35% of domestic value addition in terms of the certificate issued by EDB or BOI.</td>
<td>Payments received in foreign currency from direct exports or transfers from EFCA to IEFCA.</td>
<td>Debits in foreign currency to meet cost of imported inputs and direct conversion into rupees.</td>
<td>Balance carried forward at the end of each month should not exceed US $ 5,000 and all excess funds should be converted into rupees.</td>
</tr>
</tbody>
</table>
PART I: SECTION (I) – GENERAL
Central Bank of Sri Lanka Notices
NOTICE UNDER EXCHANGE CONTROL ACT (CHAPTER 423 OF THE CLE)

Permission in terms of Section 7 and Section 8 of the Exchange Control Act, (Chapter 423 of the CLE)

1. PERMISSION is hereby granted for the purpose of Section 7 and 8 of the Exchange Control Act (Chapter 423 of the CLE) for a person in or resident in Sri Lanka to make payments in foreign exchange to a person resident outside Sri Lanka on his Electronic Fund Transfer Card (EFTC) subject to the following terms and conditions.

2. (a) A payment on an EFTC to a person or an entity resident outside Sri Lanka may be made only for the following purposes:

   (i) Payment to be made abroad by a card holder for services of a personal nature including travel, accommodation, medical, living and educational expenses.
   (ii) Payment for purchase of goods abroad for personal use.
   (iii) Payment for import of goods into Sri Lanka for personal use subject to a limit of US$ 3,000 (c.i.f.) or its equivalent in any other foreign currency per consignment.
   (iv) Payment of registration fees, examination fees and annual subscription fees of a personal nature payable to a foreign professional body or academic institution.
   (v) Payment to be made in respect of insurance premium only for travel and health insurance of personal nature.

   (b) Any payment in foreign currency on an EFTC for any transaction which falls outside the purview of paragraph 2(a) shall require the prior written permission of the Controller of Exchange, unless such payment is in respect of a permitted transaction made out of the funds lying to the credit of a Non Resident Foreign Currency Account (NRFC), a Resident Foreign Currency Account (RFC), a Resident Non National Foreign Currency Account (RNNFC) or an Off Shore account in an Off Shore Banking Unit of a licensed commercial bank.

3. For the purpose of this Gazette notification, unless the context otherwise requires; ‘Electronic Fund Transfer Card (EFTC)’ means a card or device that enables the user to transfer value in credit, debit or any other form and includes credit cards, debit cards and stored value cards.

And,

‘Personal use’ means for the use of the holder of the card, his spouse and children and parents and does not include use for any commercial purpose.

H.A.G. Hettiarachchi
Controller of Exchange
IN exercise of powers conferred by sub-sections 1 (a) and (b) of section 21 and sub-sections 1 (a) and (b) of section 22 of the Exchange Control Act read with sections 3 and 48 of the said Act, permission is hereby granted to export from and import into Sri Lanka of Sri Lanka currency notes or foreign currency as specified below:-

**Export and Import of Sri Lanka Currency**

1. A citizen of Sri Lanka or a person resident in Sri Lanka -
   - (a) who proceeds outside Sri Lanka to take up an employment or for education or on a temporary visit on holiday, business or medical treatment, or for any other similar reason may export on his person or in his baggage, Sri Lanka currency notes not exceeding Rs.5,000/- per person;
   - (b) who returns to Sri Lanka after employment or education abroad or a temporary visit outside the country on holiday, business or medical treatment, or for any other similar reason may import into Sri Lanka on his person or in his baggage, Sri Lanka currency notes not exceeding Rs.5,000/- per person.

**Import and Export of foreign currency**

**Import of foreign currency:**

2. A person may -
   - (a) send into Sri Lanka through normal banking channels without limit foreign currency legally acquired from any place outside Sri Lanka;
   - (b) transmit into Sri Lanka by post, money orders or postal orders expressed in foreign currency subject to any limit of amount or other limits prescribed under the Post Office Ordinance;
   - (c) bring into Sri Lanka on his person and/or in his baggage any foreign currency subject to the requirements of the Order made by the Minister of Finance in relation to prescribed currencies and published in the *Government Gazette*, No.10, 564 dated 14th August 1953, as amended, and the Order made by the Minister of Finance in relation to prescribed currencies brought in by passengers travelling in transit through a port and published in the *Government Gazette*, No.790/8 dated 27th October 1993:

Provided that upon importing foreign currency into Sri Lanka by such person (not being a passenger travelling in transit through the port and remains in any area reserved or demarcated for use by transit passengers in such port), shall make a declaration on his arrival in Sri Lanka to Sri Lanka Customs in the “Passenger Baggage Declaration : Inward” form, if the value of foreign currency brought into Sri Lanka exceeds US$15,000 in aggregate or its equivalent in other foreign currencies:

Provided further that it shall be necessary to declare to the Sri Lanka Customs foreign currency notes brought in by such person, if he intends to take back foreign currency notes exceeding US$ 5,000 or its equivalent in other currencies.
Export of foreign currency:

3. (a) An authorized dealer may send out of Sri Lanka foreign currency which has been acquired in the normal course of business and within the terms of his authorization;

(b) A person resident in Sri Lanka may -
   (i) take or send out of Sri Lanka foreign currency obtained by him from an authorized dealer or an authorized person in accordance with the provisions of the Exchange Control Act or the regulations, notifications or directions made or issued under the Act;
   (ii) take out of Sri Lanka foreign currency retained by him in his possession in accordance with the notice issued by the Controller of Exchange for the possession and retention of foreign currency and published in the Government Gazette No. 1516/19 dated 25.09.2007;

(c) A person resident outside Sri Lanka may take out of Sri Lanka unutilized foreign currency in a sum not exceeding the amount brought in by him on his last arrival in Sri Lanka:

Provided that taking or sending of foreign currency out of Sri Lanka by a person in or resident in Sri Lanka shall be subject to the condition that such person (not being a passenger travelling in transit through the port and remains in any area reserved or demarcated for use by transit passengers in such port) makes a declaration to Sri Lanka Customs in the “Passenger Baggage declaration: Outward” form, or any other form prescribed by the Sri Lanka Customs for that purpose, if -
   (i) the value of foreign currency taken or sent out of Sri Lanka exceeds US$10,000 in aggregate or its equivalent in other foreign currencies; and/or
   (ii) the value of foreign currency taken or sent out of Sri Lanka in the form of currency notes exceeds US$5,000 in aggregate or its equivalent in other foreign currencies.

Interpretation for purposes of this notification

4. In this notice, unless the context otherwise requires -
   (a) “authorized dealer” means, a commercial bank for the time being authorized under section 4 of the Exchange Control Act for the purposes of the Act as an authorized dealer in relation to gold or any foreign currency;
   (b) “authorized person” means, any person for the time being authorized by the Central Bank under section 5 of the Exchange Control Act;
   (c) “foreign currency” shall have the same meaning as given in the Exchange Control Act;
   (d) “currency” shall have the same meaning as given in the Exchange Control Act;
   (e) “person resident in Sri Lanka” or a “person resident outside Sri Lanka” shall have the same meaning as given in the Direction issued by the Minister of Finance under section 37(1) of the Exchange Control Act and published in the Government Gazette, No.15,007 dated 21st April, 1972.

5. The contents of this Gazette shall come into operation with effect from 5th October, 2007.

Colombo
21st day of September 2007

D. Wasantha
Controller of Exchange
PART I: SECTION (I) – GENERAL

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

IN exercise of powers conferred by sections 6 and 6A of the Exchange Control Act read with sections 3 and 48 of the said Act, permission is hereby granted to possess and retain foreign exchange as specified below:

**Possession and retention of foreign exchange**

1. (a) An authorized dealer may possess and retain foreign exchange acquired in the normal course of business and within the terms of his authorization.

   (b) An authorized person may possess and retain foreign currency received or acquired in the normal course of business and within the terms of his authorization.

   (c) A person resident in Sri Lanka may retain in his possession foreign currency in the form of currency notes, and/or travellers’ cheques, the aggregate value of which does not exceed US$ 2,000 or its equivalent in other foreign currencies:

   Provided that such foreign currency represents -

   (i) foreign currency purchased by him from an authorized dealer or an authorized person for travel abroad and brought back unutilized while returning to Sri Lanka, or

   (ii) foreign currency received by him outside Sri Lanka as remuneration for services rendered by him to a person resident outside Sri Lanka.

   (d) A person resident outside Sri Lanka may in Sri Lanka retain in his possession without limit foreign currency if such foreign currency was acquired by him whilst he was outside Sri Lanka.

**Period for retention of foreign exchange**

2. (a) A person resident in Sri Lanka who obtains foreign currency from an authorized dealer or authorized person for a purpose mentioned in an application made by him to the authorized dealer or authorized person does not use it for such purpose shall not retain such foreign currency for a period exceeding 90 days from the date of receipt of such foreign currency without converting into Sri Lanka Rupees.

   (b) A person resident in Sri Lanka who obtains foreign currency from an authorized dealer or authorized person for a purpose mentioned in an application made by him to the authorized dealer or authorized person thereafter brings back to Sri Lanka said foreign currency or part thereof, such person shall not retain such foreign currency for a period exceeding 90 days from the date of repatriation without converting into Sri Lanka Rupees.

   (c) A person resident in Sri Lanka who proceeds outside Sri Lanka for taking up employment, profession or work of transitory nature or setting up in business earns foreign currency from such employment, profession or business and brings to Sri Lanka, such person shall not be entitled to retain such foreign currency for a period exceeding 90 days from the date of its repatriation without converting into Sri Lanka Rupees or crediting it into a foreign currency account opened and/or maintained by such person.
person in accordance with directions issued to authorized dealers under the Exchange Control Act for opening and maintaining of foreign currency accounts.

(d) Time period referred to in sub-paragraphs (b) and (c) of this paragraph does not apply to a person resident in Sri Lanka who retains foreign currency in his possession in accordance with sub-paragraph (c) of paragraph 1 of this notice.

**Interpretation for purposes of this notification**

3. In this notice, unless the context otherwise requires -

(i) “authorized dealer” means, a commercial bank for the time being authorized under section 4 of the Exchange Control Act for the purposes of the Act as an authorized dealer in relation to gold or any foreign currency;

(ii) “authorized person” means, any person other than an authorized dealer for the time being authorized by the Central Bank under section 5 of the Exchange Control Act;

(iii) “foreign currency” shall have the same meaning as given in the Exchange Control Act;

(iv) “currency” shall have the same meaning as given in the Exchange Control Act;

(v) “foreign exchange” shall have the same meaning as given in the Exchange Control Act;

(vi) “person resident in Sri Lanka” or a “person resident outside Sri Lanka” shall have the same meaning as given in the Direction issued by the Minister of Finance under section 37 (1) of the Exchange Control Act and published in the Government Gazette, No.15,007 dated 21st April, 1972.

4. Revocation of earlier notices:

   The notice published in Gazette Extraordinary, No. 1227/11 dated March 16, 2002 is hereby revoked.

5. The contents of this Gazette shall come into operation with effect from 5th October, 2007

Colombo

21st day of September 2007

D. Wasantha

Controller of Exchange
PART I : SECTION (I) – GENERAL
Central Bank of Sri Lanka Notices

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

Permission in Terms of Section 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. 1481/1 of 22nd January 2007, is hereby amended by the repeal of paragraph 1 and the substitution therefore of the following paragraph:

“1. Permission is hereby granted;
   (a). in terms of provisions 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 Rupee Denominated Treasury Bonds (T Bonds) to foreign country funds, regional funds, mutual funds, corporate bodies incorporated outside Sri Lanka and citizens of foreign states, and

(b). in terms of provisions of section 7 of the Exchange Control Act for making any payment by a person resident in Sri Lanka to or for the credit of foreign country funds, regional funds, mutual funds, corporate bodies incorporated outside Sri Lanka and citizens of foreign states with respect to purchase of Rupee Denominated Treasury Bonds,

subject to the conditions hereinafter set out.”

Colombo
23rd May 2008

D. Wasantha
Controller of Exchange