



**DEPARTMENT OF FOREIGN EXCHANGE
CENTRAL BANK OF SRI LANKA**

DIRECTIONS No. 18 of 2021 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions issued to Authorized Dealers on Non Resident Rupee Accounts

In terms of the Foreign Exchange (Opening and Maintenance of Accounts for the Purpose of Engaging in Foreign Exchange Transactions) Regulations No. 5 of 2021 (the regulations) and Sections 9 of the Foreign Exchange Act, No. 12 of 2017 (FEA) read with Section 6 and 7 of FEA, Authorized Dealers (ADs) are permitted to open and maintain Non Resident Rupee Accounts (NRRAs) in the Domestic Banking Unit, subject to the following.

2. Eligible Persons

- (a) An emigrant resident in or outside Sri Lanka.
- (b) A firm or a company established/incorporated outside Sri Lanka.

3. Opening and maintaining the NRRAs

- (a) NRRAs may be opened and maintained in the form of Savings or Current (without overdraw facility) or Term Deposit account, in Sri Lanka Rupees.
- (b) NRRAs shall be held as sole account and NRRAs maintained by emigrants may be held as joint accounts with another emigrant.
- (c) A firm or a company established/incorporated outside Sri Lanka who expect to execute transactions permitted under subparagraph 4(7) under heading A of Schedule I of the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021, shall only be eligible to open one NRRAs in the banking system, for such purpose.
- (d) All Capital Transactions Rupee Accounts except the accounts for which Registration Numbers have been issued by the Central Bank, shall be re-designated and continued to be operate as NRRAs, within three months from the date of the regulations.
- (e) All Sri Lanka Rupee Accounts maintained by an emigrant who expects to leave Sri Lanka for the purpose of permanently settling in the country where he/she has obtained Permanent Residency status, shall be re-designated and continued to be operated as NRRAs, with immediate effect once the AD is informed or aware on his/her migration.



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- 4. Procedure of re-designating all Sri Lanka Rupee Accounts maintained by an individual Sri Lankan who is a prospective migrant under a Permanent Residency visa issued by another country, as NRRAs;**
- (a) Any Sri Lanka Rupee account which maintained as “sole account or joint account” by an emigrant who expects to leave Sri Lanka for the purpose of permanently settling in the country where he/she has obtained Permanent Residency status, shall be re-designated and continued to be operate as NRRAs.
 - (b) Any Sri Lanka Rupee account maintained as “joint account” by an emigrant who expects to leave Sri Lanka for the purpose of permanently settling in the country where he/she has obtained Permanent Residency status with another person resident in Sri Lanka, shall be closed and the said emigrant may open NRRAs, if required. The balance lying in such Sri Lanka Rupee Accounts may be transferred to the NRRAs to be opened by the prospective migrant, subject to the procedure of normal banking business.
 - (c) Any Sri Lanka Rupee account maintained as “joint account” by an emigrant who expects to leave Sri Lanka for the purpose of permanently settling in the country where he/she has obtained Permanent Residency status with another emigrant, shall be re-designated and continued to be operate as NRRAs.
 - (d) Outward Investment Accounts maintained by an emigrant who expects to leave Sri Lanka for the purpose of permanently settling in the country where he/she has obtained Permanent Residency status, shall be converted and continued to be operated as NRRAs, with immediate effect once the AD is informed or aware on his/her migration. ADs shall inform such converted of Outward Investment Accounts into NRRAs (including the details such as sum of outward remittances (USD), date of remittances of all investment made to the country where he/she has obtained Permanent Residency status) to the Director- Department of Foreign Exchange via dfem@cbsl.lk within one week from the date of conversion.



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5. Permitted Credits

- (a) Remittances in foreign exchange received from outside Sri Lanka in favor of the account holder through the banking system, for the purpose of local disbursements in Sri Lanka.
- (b) Where the account holder is an emigrant;
- i. Any proceeds derived from any assets in Sri Lanka (including movable, immovable, tangible and intangible assets), owned by the emigrant while being a resident in Sri Lanka or acquired by utilizing funds through such emigrant's Sri Lanka rupee accounts prior to the regulations coming into effect or acquired by funding through the account as permitted in the Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021.
 - ii. Any proceeds derived from any assets in Sri Lanka (including movable, immovable, tangible and intangible assets) that are inherited by an emigrant, from a person resident in Sri Lanka.
 - iii. Any proceeds derived from any asset in Sri Lanka (including movable, immovable, tangible and intangible assets) that are received as a gift by an emigrant, from an immediate family member who is a person resident in Sri Lanka.
 - iv. Any proceeds realized from any asset in Sri Lanka (including movable, immovable, tangible and intangible assets) that are inherited or received by way of a gift to or by the emigrant, from another emigrant who is an immediate family member (*i.e.* transferor) out of the investments, made while being a resident in Sri Lanka or made through his or her Sri Lanka rupee accounts prior to the regulations coming into effect or inherited by the transferor or received as a gift by the transferor or made through an NRRA of transferor as permitted in the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021.

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- v. Any income derived from the investments owned or inherited or received as a gift by the emigrant as mentioned under subparagraph 5(b)(i) to 5(b)(iv) of these Direction.
 - vi. Superannuation benefits of the account holder [including Employees Provident Fund (EPF), Employees Trust Fund (ETF), gratuity and pensions or any other retirement benefits].
- (c) Where the account holder is a firm, or a company established/incorporated outside Sri Lanka;
- i. Local income derived from a current transaction, subject to the verification of the documentary evidence and upon establishing *bona-fide* of the transactions.
 - ii. Any income and any capital proceeds of the investments as permitted under subparagraph 4(7) under heading A of Schedule I of the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021.
- (d) Interest earned on the funds held in the account.

6. Permitted Debits

- (a) Where the account holder is an emigrant;
- i. Payments relating to the investments as permitted the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021.
 - ii. Transfers to the Capital Transactions Rupee Account of the accountholder.
 - iii. Transfer out of current income of the accountholder credited under paragraph 5(b)(v), to the Emigrant's Remittable Income Account of the account holder.
 - iv. Transfer of funds to the Capital Transaction Rupee Account of the administrator/executor of the estate of a deceased person (*i.e.* accountholder).
- (b) Where the account holder is a firm, or a company established or incorporated outside Sri Lanka;



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- i. Remittances out of the funds credited under paragraph 5(c) i. and 5(d) of these Directions.
- ii. Out of the funds credited under paragraph 5(c) ii. of these Directions, remittance/ transfer of USD 30,000 per annum, to Inward Investment Account or an account maintained in the Offshore Banking Unit or an account maintained outside Sri Lanka, of the account holder.

(c) Disbursements in Sri Lanka in Sri Lanka Rupees.

7. Other terms and conditions

- (a) All income and capital proceeds of such investments made through the NRRA as permitted in the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021 shall be credited to respective NRRA, through which the investment was made.
- (b) When executing the transactions under the subparagraph 6(a)(ii) to 6(a)(iv) of these Directions, ADs shall forward a confirmation on the source of funds to the recipient AD with whom the Capital Transactions Rupee Account or Emigrant's Remittable Income Account is maintained.
- (c) ADs shall obtain legally acceptable documents confirming that,
 - i. No NRRA has been opened with another AD when opening an NRRA under the subparagraph 3(c) of these Directions.
 - ii. Accepting to forego the future remittances, if the declaration mentioned under 7(c)i was false in any event.
- (d) ADs shall obtain proper legally acceptable documentary evidence (as required) to establish the *bona-fide* of the transactions to be carried out through the NRRA and ensure the compliance to the regulations and these Directions.



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- (e) ADs shall maintain documentary evidence (either in hard copy or electronic/digital form) regarding the transactions made through the NRRAs held by the emigrants beyond any statutory record keeping requirements during the maintenance of the account.

8. Closure of NRRAs

- (a) NRRAs may be closed at the request of the account holder if all investments made through NRRAs (if any) are disposed/liquidated and such proceeds are transferred to the CTRA of the account holder.
- (b) ADs shall inform such closure to the Director- Department of Foreign Exchange via an email to dfem@cbsl.lk, within one week from the date of such closure.

9. ADs shall require prior permission of the Director-Department of Foreign Exchange, for any transaction/transfer to/from NRRAs for any purpose which falls outside the purview of these Directions.

10. Reporting Requirement

- (a) ADs shall submit a report as per the Annex of these Directions on monthly basis to the Director-Department of Foreign Exchange on or before the 15th day of following month by email to dfem@cbsl.lk.
- (b) ADs shall submit the details (Name and address of the Account holder, Registration Number of the firm/company in that country, Account Number) of NRRAs opened by the firm/company established/incorporated outside Sri Lanka who expect to execute transactions permitted under subparagraph 4(7) under heading A of Schedule I of the Foreign Exchange (Classes of Capital transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 02 of 2021, within one week from the date of opening.

11. For the purpose of these Directions;

- (a) “Emigrant” shall have the same meaning in the Foreign Exchange (Remittance of Funds by Emigrants) Regulations No. 3 of 2021.



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- (b) "**Remittances**" shall include telegraphic transfers, other interbank transfers, bank drafts, other payment instruments, payments received via other internationally accepted payment mechanisms or platforms and funds received from exchange companies/houses in foreign currency from abroad, other than currency notes.
- (c) "**Immediate Family member**" shall have the same meaning in the Foreign Exchange (Remittance of Funds by Emigrants) Regulations No. 3 of 2021.
- 12.** Nothing permitted by these Directions shall be construed as exempting, absolving or preventing ADs, dealing in foreign exchange under these Directions, from the requirement to comply with the provisions of any other law.
- 13.** All credits and debits of these Directions shall be subject to any Order issued under the section 22 of the FEA.
- 14.** These Directions shall come into operation with effect from **22 March 2021**.

Director - Department of Foreign Exchange

18 March 2021

Monthly Statement of Non Resident Rupee Accounts (NRRAs)

Name of the Bank:.....

Reporting Month & Year:

Table 1: Summary Report on NRRAs

Balances at the beginning of the month	Credits					Debits				In LKR		
	Inward Remittances	By Emigrant	By Firm/ company incorporate outside Sri Lanka	Interest	Other	Transfer to CTRA by Emigrant	Firm/ company incorporate outside Sri Lanka		Local disbursements	Other	Balances at the end of the month	No. of accounts at the end of the month
							Outward remittances from the current income	Outward remittances subject to USD 30,000				

Table 2: Individual Report on Capital Transfers Executed by a Firm or a Company Established/ Incorporated Outside Sri Lanka through NRRAs
In LKR

Account Holder's Details			Total Debits		
Name of the firm/ company	Business Registration No.	A/C No.	Date of the Transaction	Outward remittances from the current income	Outward remittances subject to USD 30,000

Authorized Dealers are required to furnish both scanned copy of the report and the MS Excel version of the same as above

We certify that the above information extracted/generated from the books of accounts of the bank is accurate.

Name & Designation of the Authorized Officer

Signature & Seal:.....

Date :.....

Name of the Compliance Officer

Signature :.....

Date :.....