



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

DIRECTIONS No. 06 OF 2021 UNDER FOREIGN EXCHANGE ACT, No. 12 of 2017

Directions Issued to Authorized Dealers on Diplomatic Foreign Currency Accounts (DFCAs) and Diplomatic Rupee Accounts (DRAs)

In terms of the Foreign Exchange (Opening and Maintenance of Accounts for the purpose of engaging in Foreign Exchange Transactions) Regulations No. 05 of 2021 and Section 9 of the Foreign Exchange Act, No.12 of 2017 (the FEA) read with Sections 6 and 7 of the FEA, Authorized Dealers (ADs) are permitted to open and maintain DFCAs and DRAs, subject to the following.

1.1 Eligible Persons

- (a) Foreign Diplomatic Missions;
- (b) Diplomatic personnel who have been exempted from the requirement of obtaining resident visa issued by the Department of Immigration and Emigration; and
- (c) Family members of Diplomatic personnel in Sri Lanka who have been exempted from the requirement of obtaining resident visa issued by the Department of Immigration and Emigration.

1.2 Opening and Maintaining the Accounts

- (a) DFCAs and DRAs may be opened and maintained as savings, current (without overdrawn facility) or term deposit accounts in the domestic banking unit.
- (b) DFCAs and DRAs may be maintained in any designated foreign currency and in Sri Lanka Rupees, respectively.
- (c) DFCAs and DRAs maintained by individuals may be held as sole or joint accounts with another eligible person.

1.3 Diplomatic Foreign Currency Accounts (DFCAs)

1.3.1 Permitted Credits

- (a) remittances in foreign exchange received from outside Sri Lanka in favor of the account holder through the banking system;



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- (b) foreign exchange brought into Sri Lanka by the account holder, upon submission of adequate information/evidence to the AD, enabling ADs to comply with Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT) laws;
- (c) transfers from an Inward Investment Account (IIA) or an account maintained in the Offshore Banking Unit (OBU) of the same account holder;
- (d) transfers from DFCA and DRAs, irrespective of the account holder; and
- (e) interest earned in foreign currency on the funds held in the account.

1.3.2 Permitted Debits

- (a) any outward remittances made outside Sri Lanka;
- (b) withdrawals in foreign currency for travel purposes;
- (c) disbursements in Sri Lanka in Sri Lanka Rupees;
- (d) transfers to an IIA or an account maintained in the OBU of the same account holder;
- (e) transfers to DFCA and DRAs, irrespective of the account holder; and
- (f) transfers to Personal Foreign Currency Accounts (PFCAs), Business Foreign Currency Accounts (BFCAs) of any other person in respect of purchases of goods and services.

1.4 Diplomatic Rupee Accounts (DRAs)

1.4.1 Permitted Credits

- (a) remittances received from outside Sri Lanka in favor of the account holder through the banking system;
- (b) collection of visa fees, refunds/ reimbursements of salary and other similar payments due to the account holder from any person in Sri Lanka;
- (c) sale proceeds of motor vehicles owned by the account holder, derived in Sri Lanka upon submission of documents listed in **Annex I** by the account holder;
- (d) transfers from an IIA of the same account holder;
- (e) transfers from DFCA and DRAs, irrespective of the account holder; and
- (f) interest earned in Sri Lanka Rupees on the funds held in the account.



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1.4.2 Permitted Debits

- (a) disbursements in Sri Lanka in Sri Lanka Rupees;
 - (b) outward remittances in respect of current transactions of the account holder including visa fees, refunds, reimbursements;
 - (c) outward remittances in respect of sale proceeds of motor vehicles owned by the account holder;
 - (d) transfers to an IIA of the same account holder;
 - (e) transfers to DFCA's and DRAs, irrespective of the account holder; and
 - (f) any other transaction in foreign exchange as approved by the relevant line Ministry.
2. ADs shall require prior permission of the Director-Department of Foreign Exchange, for any transaction/ transfer to/ from DFCA's/ DRAs for any purpose which falls outside the purview of these Directions.

3. For purposes of these Directions

- (a) **“Diplomatic Mission”** means an embassy, high commission, consulate, permanent mission of United Nations Organization, European Union delegation of the European Commission, International Monetary Fund, International Bank for Reconstruction and Development, Asian Development Bank or any other similar organization which has been recognized as a diplomatic mission by the Protocol Division of the Ministry of Foreign Affairs (MFA) from time to time;
- (b) **“Diplomatic personnel”** means citizens of a foreign country represented by the diplomatic mission;
- (c) **“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;



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(d) “**Current transactions**” shall have the same meaning as in the Foreign Exchange Act, No. 12 of 2017.

4. Directions No. 05 of 2017 dated 20 November 2017 issued to ADs specifying requirements related to operating of DFCA and DRAs are hereby rescinded.
5. The revocation of previous Directions referred to in Paragraph 4. above shall not affect any rights accrued on or penalties or liabilities incurred, under them prior to the revocation.
6. Nothing permitted by these Directions shall be construed as exempting, absolving or preventing ADs or any person dealing in foreign exchange under these Directions, from the requirement to comply with the provisions of any other law.
7. These Directions shall come into operation with effect from **22 March 2021**.

Director-Department of Foreign Exchange

18 March 2021



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Annex I to the Directions No.06 of 2021

Documents to be obtained when crediting sale proceeds of Motor Vehicles to DRAs

- i. Certificate of Registration of the Motor Vehicle in the name of the seller.
- ii. Statement of change of possession of Motor Vehicle- Documentary evidence to prove the ownership of the Motor Vehicle was transferred to the buyer.
- iii. A letter from the buyer confirming the price of the vehicle.
- iv. A duty valuation from the Department of Public Finance.
- v. A Letter from the relevant line Ministry authorizing the transfer of the vehicle.
- vi. Calculation of custom duties and other chargers by the Department of Customs.
- vii. Department of Customs - Goods declaration form.
- viii. Department of Customs - Assessment Report.