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Press Release

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Continuation of Measures Taken to Preserve the Foreign Currency Reserve Position of Sri Lanka

With a view to preserve the foreign currency reserve position of the country and considering the possible negative impact to the Sri Lankan economy due to the outbreak of Covid-19 pandemic, the Hon. Minister of Finance, Economic and Policy Developments with the recommendation of the Monetary Board of the Central Bank of Sri Lanka and the approval of the Cabinet of Ministers have issued an Order introducing following measures on outward remittances on **Capital Transactions** for a period of **six (06) months** effective from **02 July 2020**.

1. Suspend the general permission granted to make outward remittances for investments overseas through the Outward Investment Accounts by persons resident in Sri Lanka excluding the following:
 - a. investments to be financed out of foreign currency loans obtained by the investor from a person resident outside Sri Lanka under the provisions of the Foreign Exchange Act,
 - b. an additional investment to be made to fulfill the regulatory requirement in the investee's country applicable on the investment already made in a company or a branch office in that country,
 - c. an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of USD 20,000, for the purpose of working capital requirements of the investee,
 - d. the remittances up to a maximum of USD 20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative or any other similar offices already established in overseas.

2. Suspend the outward remittances through Business Foreign Currency Accounts (BFCAs) or Personal Foreign Currency Accounts (PFCAs) held by persons resident in Sri Lanka, other than for the remittances on current transactions up to any amount or capital transactions up to a maximum of USD 20,000.
3. Limit the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time, up to a maximum of USD 30,000.
4. Limit the repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of USD 20,000.
5. Limit the authority of the Monetary Board of the Central Bank of Sri Lanka to grant special permission for investments on case by case basis, which exceeds the limits specified in the general permission, only to those satisfying the criteria mentioned in 1.a and 1.b above.

The above restrictions are only applicable to the identified capital transactions and do not impose any restrictions on already permitted current transactions.

The said Order published in the Extraordinary Gazette No. 2182/37 dated 02.07.2020 containing exact details can be accessed through “Downloads” in the official website of the Department of Foreign Exchange (www.dfe.lk).