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**PRIVATE NON-RESIDENT RUPEE ACCOUNTS**

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## CHAPTER 8

### PRIVATE NON-RESIDENT RUPEE ACCOUNTS

#### 1. General.

(i) Accounts of individuals, firms or companies resident in countries outside Pakistan are designated as non-resident accounts. Also under the State Bank's Notification No.FE1/63-SB dated the 14th October, 1963 issued in pursuance of Section 20(I) (a) of the Act, all nationals of Pakistan and persons domiciled in Pakistan except persons holding office in the service of Pakistan, who go out of Pakistan for any purpose viz., employment, study, business tour, pleasure trip etc., are treated as non-resident for the purpose of Section 5 of the Act, for so long as they remain outside Pakistan. Accordingly their accounts are also treated as non-resident accounts. All such accounts are regarded for the purpose of Foreign Exchange regulations as accounts of countries in which the account holder is residing.

(ii) Non-resident accounts can, therefore, be grouped in the following categories:

- (a) Non-resident accounts of Pakistan nationals permanently residing and domiciled abroad.
- (b) Non-resident accounts of Pakistan nationals who are abroad for short visits.
- (c) Non-resident accounts of foreign nationals residing abroad.
- (d) Non-resident accounts of foreign nationals ordinarily resident in Pakistan but gone abroad for short visits.

(iii) Authorized Dealers should mark the accounts of all non-resident persons, firms or companies in their books as non-resident accounts and also indicate clearly the country of their residence. All non-resident accounts should be maintained in a separate ledger. Similarly new non-resident accounts, as also those designated as non-resident accounts consequent upon the account holders being out of Pakistan, will be maintained in the Non-resident Accounts ledger. As and when non-resident accounts are re-designated as resident accounts, the same should be taken out of the Non-resident Accounts ledger.

(iv) Non-resident accounts of the categories mentioned in sub-para (ii) shall be treated as resident on account holder's permanent return or his temporary visit to Pakistan for which permission of the State Bank is not necessary and there shall be no restriction on the account holders' operating these accounts so long as such account holders are resident in Pakistan.

(v) Where any doubt exists whether any account is to be treated as non-resident, an immediate reference should be made to the State Bank for a decision giving full particulars.

(vi) Authorized Dealers may transfer amounts to and from such accounts only in accordance with the regulations laid down in this chapter.

## **2. Accounts of United Nations and its Organizations.**

In terms of Section 5 of Article-II of the Schedule appended to the United Nations (Privileges and Immunities) Act, 1948 the accounts of United Nations and its organizations are free from financial controls. Authorized Dealers should, therefore, treat such accounts maintained with them as "Resident Accounts".

## **3. Joint Accounts of Residents and Non-Residents.**

There is no bar on non-residents maintaining accounts jointly with residents. These accounts should be treated as non-resident accounts irrespective of the fact whether the accounts are to be operated solely or jointly by the residents.

## **4. Opening of New Non-Resident Accounts of Persons other than Banks.**

New non-resident accounts in the names of persons or firms or companies other than banks may be opened without the prior approval of the State Bank where accounts are to be opened with funds received from abroad through banking channel or with Rupee funds which have been accepted by the State Bank for remittance abroad. Reference of the Monthly Exchange Returns or the State Bank approval number, as the case may be, should be quoted in the relevant form A-7 covering the credit.

## **5. Accounts of Foreign Nationals Resident in Pakistan – Form "Q.A.22".**

The accounts of all foreign nationals who are resident in Pakistan and the accounts of companies or firms (other than banks) whose head offices or controlling interests are outside Pakistan but the accounts are operated on by persons in Pakistan may be treated as resident accounts. The account holders or persons in Pakistan authorized to operate on such accounts must sign form "Q.A.22" (Appendix V-5). Form "Q.A.22" should be obtained by the Authorized Dealers in duplicate and a copy thereof forwarded to the State Bank for record as and when the account is opened. Prior approval of the State Bank for opening such accounts is not necessary. However, in cases where such accounts are desired to be opened with a bank which is not an Authorized Dealer, prior approval of the State Bank will be necessary. Form "Q.A.22" is an undertaking that the signatory will not provide any foreign currency against reimbursement in Rupees and that any transaction on the account not directly connected with the signatory's business in Pakistan will be reported to the State Bank on form A-7. Declaration on form "Q.A.22" should not be taken from members of foreign embassies, legations, consulates and accredited representatives of foreign governments in Pakistan.

## **6. Form "Q.A.22" not required from Non-Residents.**

In the case of non-resident accounts, declaration on form "Q.A.22" is not necessary.

## **7. Responsibility of Authorized Dealers regarding irregular Operations on Accounts.**

Notwithstanding the fact that a constituent has signed form "Q.A.22" the Authorized Dealer must take all reasonable steps to ensure that the constituent is not making foreign exchange available to any person in Pakistan other than an Authorized Dealer against reimbursement in Rupees or is not by any other means contravening the provisions of the Act. It shall be the responsibility of the Authorized Dealers to bring to the notice of the State Bank/SBP-Banking Services Corporation immediately any such irregularities detected by them.

## **8. Operations on Non-Resident Accounts of Persons, Firms and Companies other than Banks.**

(i) Unless it is prescribed otherwise by the State Bank in respect of any particular Rupee non-resident account of persons, firms and companies other than banks, all operations on such accounts shall be governed by the rules set out below. Authorized Dealers may, therefore, raise debits and afford credits to non-resident accounts accordingly. The applicants will be required to fill in Form A-7 (Appendix V-6) in respect of the following transactions.<sup>1</sup> Authorized Dealers are also allowed to issue ATM Cards as well as Supplementary ATM Cards to the individual non-resident rupee account holders. The withdrawals through ATM Cards should, however, only be allowed in Pakistan. The existing requirement of filling in Form A-7 on account of all withdrawals in Pak Rupee from the above accounts for personal expenses would not be applicable to the ATM transactions. The banks will, however, submit a consolidated statement showing ATM transactions in the said accounts to the Director, Statistics & Data Warehouse Department, SBP, Karachi on monthly basis.

### **(a) Debits:**

aa) Payments on account of the account holder direct to the institutions concerned in respect of insurance premium, club bills or other payments of a regular nature provided the payments are supported by bills and vouchers.

bb) Government and Municipal dues provided payments are supported by official claims and payments are made direct to the Government or Municipal agencies.

cc) Debits on account of disbursements in Pakistan limited to the extent of the funds received from abroad through banking channel.

dd) Debits representing payments through cheques direct to the carriers or the travel agents for travel within the country by rail or air for self, wife, children and parents and for travel abroad as approved in Chapter 17.

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<sup>1</sup> F.E. Circular No. 10/2004 dated 01-07-2004.

ee) Debits on account of purchase of shares of public limited companies and/or securities of the Government of Pakistan, NIT Units, Prize Bonds, Defence Savings Certificates etc., provided such shares/securities etc., are purchased by the Authorized Dealers themselves on behalf of the account holder on the basis of non-repatriation of capital, dividend/interest etc., and registered at their Pakistan address and also retained by the Authorized Dealers in their custody on behalf of their constituent concerned so long as he resides outside Pakistan. Sale proceeds of such investments and dividends/interest etc., accruing thereon should be credited to the non-resident account only.

ff) Payments against bills for hotel expenses in Pakistan of the family members of the account holder provided payment is being made direct to the hotel by cheque. The concession is restricted to hotels of the category of three stars and above only.

gg) Cheques drawn in favour of his dependents resident in Pakistan for maintenance.

hh) Debits in reversal of previous credits.

ii) Debits in respect of approved remittances in foreign exchange.

jj) Payment of installments of loans direct to the financial institution from whom the account holder had obtained loan.

**(b) Credits:**

aa) Receipts on account of salary, allowances, bonus, commission etc., directly from the employers by cheque.

bb) Dividend and interest income on investment in shares and securities directly from the company by cheque.

cc) Income from landed property and agricultural rent against identity of the depositor.

dd) Credits of remittances received from abroad through banking channel.

ee) Interest accrued on the amount lying in the non-resident account.

ff) Amounts representing the maturity proceeds/surrender/paid up value of insurance policies and proceeds of the shares of the public limited companies and/or securities of Government of Pakistan purchased under sub para (a)(ee).

gg) Refund of amounts previously debited or over-charged.

hh) Sale proceeds of landed property as evidenced from the registered sale deed.

All other debits and credits require prior approval of the State Bank.

(ii) While allowing operations on non-resident accounts in accordance with the above instructions, the Authorized Dealers must satisfy themselves that the credits/debits to the non-resident accounts fall under any one of the exempted categories and are in fact meant for the purpose declared by the applicant. Authorized Dealers should take all possible precautions to ensure that the above relaxation is not misused in any manner for evasion of any of the provisions of the Act. It will be the responsibility of the Authorized Dealers to ensure that payments from non-resident accounts are allowed only in respect of genuine obligations in Pakistan of the account holders while deposits represent genuine Rupee receipts accruing to the account holders which are not intended to set off payments effected abroad. Similarly while opening new non-resident accounts, Authorized Dealers will ensure that the Rupee funds with which the account is proposed to be opened, represent receipts from abroad through banking channel or represent Rupee funds which have been accepted by the State Bank for remittance abroad. In cases of slightest doubt a reference should be made to the State Bank for advice. If transactions passing through a non-resident account are subsequently found to have been used for compensatory deals, the Authorized Dealer maintaining the account will be held responsible therefor.

#### **9. Disposal of Forms A-7.**

Forms A-7 in support of the transactions on non-resident accounts shall be sent to the SBP-Banking Services Corporation along with Schedule 'K' prescribed in paragraph 7 of Chapter 22 of this Manual.

#### **10. Responsibility for submitting Form A-7 – Credits to Private Non-resident Accounts.**

In the case of credits to a non-resident account, except when otherwise prescribed, the receiving banker, i.e. the bank which credits a non-resident account in its books is responsible for ensuring that form A-7 has been completed or State Bank's approval obtained where required, before crediting funds to private non-resident accounts. In order that no difficulties arise on this score, the following procedure is suggested for adoption by all banks. A cheque or draft etc., received for the credit of a non-resident account of a company, firm or person should be sent by the receiving bank to the paying bank, stating that a non-resident account is being credited and requesting in exchange a pay slip accompanied by forms A-7 duly completed by the drawer or by the paying bank on his behalf and where necessary, approved by the State Bank.

#### **11. Responsibility for submitting Form A-7 – Debits to Non-resident Accounts.**

In the case of debits to non-resident accounts cheques should be returned by the paying banker with the remarks 'Non-resident account, Form A-7 required'. The collecting bank will then arrange with the customer, for whom the payment is drawn, to submit Form A-7 to the paying banker.