

CHAPTER XIV

COMMERCIAL REMITTANCES (OTHER THAN FOR IMPORTS)

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19. [Reporting of Remittances.](#)

1. Freight and Passage Collections.

i) Shipping companies/airlines may accept freight and passage money in Rupees only in the under-noted cases without the prior approval of the State Bank:

a) Exports from Pakistan made on C&F/CIF basis against Form E duly certified by Authorised Dealers on their letterheads in terms of para 29 of Chapter XII of the Manual.

b) Imports into Pakistan on FOB basis:

aa) Against Authorised Dealers certificate on form prescribed at Appendix V27 in terms of para 24 of Chapter XIII of the Manual.

bb) Against SBPs approval for import on FOB basis in public sector in terms of para 25 of Chapter XIII of the Manual.

cc) Against certificate of registered importers for freight on Import of Trade Sample not exceeding Rs. 2000/- per year in terms of para 27 of Chapter XIII of the Manual.

c) Freight on personal effects/excess baggage in accordance with the provisions laid down in paras 40(i) & 40(iii) of Chapter XVII of the Manual.

d) Freight on Export of Trade Sample and gift parcels in accordance with the procedure laid down in para 40 (ii) of Chapter XVII of the Manual.

e) Passage money in accordance with the instructions laid down in Chapter XVII.

In all other cases prior approval of State Bank should be obtained before collecting freight in Rupees. For this purpose, applications should be made to the State Bank giving the nature of the transactions and the reasons why freight cannot be paid in foreign currency.

ii) Foreign shipping companies and airlines, whether having an office in Pakistan, or not, are not allowed to open PLS accounts. They can open current accounts for keeping funds received from abroad and the amounts of freight and passage collections, pending remittance to their head offices. Agents of foreign shipping companies and airlines may,

however, retain freight/passage collections in PLS accounts held in their own names provided the profits earned in these accounts are not passed on in any manner to their principals.

iii) Cargo Consolidators/Forwarders who are approved members of FIATA and registered with the Board of Investment, Government of Pakistan as such, may accept freight in rupees without the prior approval of the State Bank only in respect of Pakistani exports cargo on C&F/CIF basis as per procedure prescribed in paragraph 29 of Chapter XII of the Manual provided the consignment is being dispatched against Advance Payment or an irrevocable letter of credit which contains a provision for issuance of document of title under Cargo Consolidation System and a certificate to this effect issued by the Authorised Dealer on Appendix V-13 is produced.

2. Reporting of Passage and Freight Earnings.

Foreign airlines/General Sales Agents/Shipping companies/Shipping Agents are required to report each month to the State Bank full particulars of the passages and freight booked by them in Pakistan on form F.P. Airline/F.P. Shipping in duplicate as per specimen appearing at Appendices V-34 and V-35. The statements should be sent to the State Bank by the end of the month following that to which they pertain. While the Airlines should submit only one form F.P. Airline in respect of bookings made by them and their agents, the Shipping Agents should submit separate statement (form F.P. Shipping) for each of their principals whose ships are handled by them during a month. The forms F.P. should be supported by bank encashment certificate in support of Inward remittances received.

3. Remittance of Surplus Passage and Freight Collections.

i) Authorised Dealers may allow remittance of surplus passage and freight collections of those foreign airlines, General Sales Agents, and shipping companies/agents which are keeping their collections with them, on submission of application alongwith the following documents: -

- a) A copy of F.P. Statement (Appendix V-34 for airlines and V-36 for shipping companies).
- b) Import/Export freight manifests.
- c) A copy of each bill of lading/airway bill issued in respect of export on freight pre-paid basis, alongwith Authorised Dealers certificates as stated in paragraph 1.
- d) Passage statement (Appendix V-37) alongwith photocopies of ticket coupons and other documents prescribed in Chapter XVII.

- e) Statement of passage/freight bookings earlier made on credit now realised (Appendices V-38 for airlines and V-39 for shipping).
- f) Disbursement Statements (Appendices V-40/V-41).
- g) Cancellation/refund statement (Appendix V-42).
- h) Statement of outstanding passage/freight bookings on credit (Appendices V-43/ V-44).
- i) Authenticated copy of the charter party if the vessel calling at the ports in Pakistan has been chartered by the principals of the shipping agents in Pakistan.
- j) A copy of manifest of Cargo Consolidators together with relative non-negotiable copies of House Bill of Lading or/House Airway Bill (quoting reference of original Master Bill of Lading or Master Airway Bill issued by them with names of each shippers), E form certificates prescribed vide para 29 of Chapter XII of the Manual, encashment certificate where freight is paid in foreign exchange separately and a copy of valid permission letter given by the Board of Investment.
- k) A copy of encashment certificate in respect of inward remittance.
- l) Auditors certificate showing payment of income tax, or exemption certificate given by the Revenue authorities.
- m) In the case of agents, a copy of the valid permission letter given by the Board of Investment for acting on behalf of the foreign principal.
- n) An undertaking to repatriate back to Pakistan, the amount found by the State Bank, on post-facto checking, to have been remitted in excess of the entitlement.

ii) Authorised Dealers will allow remittance of surplus passage and freight collections plus inward remittance, to the extent of amounts of passage and freight actually realised less disbursements, refunds, and income tax paid/payable. No remittance is to be allowed in excess of the balance available in the account, as it is not permissible to make remittances out of borrowed funds.

iii) Authorised Dealers will retain all the documents mentioned in sub paragraph (i) alongwith a photocopy of Form M submitted by shipping companies/shipping agents for on sight inspection by the Banking Inspection Department. In the case of airlines or their G.S.As, the documents will be submitted to the Joint Director, Operations Division, Exchange Policy Department, SBP, Karachi within three working days from the date of

remittance. The original Form M shall be submitted as usual through schedule E-4 while reporting the transaction in the monthly Foreign Exchange Returns.

iv) Any irregularity detected and advised by the State Bank shall be rectified by the concerned airline/GSA/shipping company/agent within ninety days or the amount under objection will be repatriated or adjusted from subsequent remittance, as applicable.

4. General Average Payments.

i) Applications for remittance of general average collected from consignees in Pakistan shall be made by the shipping companies/shipping agents on Form M accompanied by the following information/documents:-

- a) Circular of Insurance Association regarding general average.
- b) N.O.C. from the Insurance Association and National Insurance Company Limited about the remittance of the amount of the general average.
- c) The amounts collected from each individual consignee.
- d) List of cargo subject to general average.
- e) The general average bonds covering the collections.
- f) General Average Award.

Authorised Dealers may allow remittances on the basis of these documents and attach the same with the M form, while reporting the transactions in their monthly Foreign Exchange Returns.

ii) Pending General Average Award, the Authorised Dealers may also issue bank guarantees in favour of the General Average Adjusters on submission of the information documents referred to from (a) to (e) above. Remittances under the guarantees will, however, be allowed by them on production of General Average Award.

iii) In the case of exports from Pakistan, if general average is declared and if the general average claim is paid by the overseas importer, the insurance company in Pakistan, with whom the goods were insured prior to shipment from Pakistan may be allowed to reimburse the amount to the overseas importer on production of the following documents, which should be submitted to the State Bank as mentioned in sub-para (i):

- a) Export Realisation Certificate.
- b) All shipping documents viz. a copy of the bill of lading, invoice, insurance policy etc.

- c) Average deposit receipt duly endorsed by the overseas importer in favour of the insurance company in Pakistan.
- d) Letter of subrogation.
- e) An undertaking to render the account on finalization of the award.

5. Operating Expenses of Pakistani Shipping Companies/Airlines.

Pakistani shipping companies and airlines are required to submit to the State Bank a monthly statement of their earnings and expenditure at foreign ports in the prescribed forms (Appendices V-45 and V-46) supported by passage/freight manifest for receipts and by vouchers in respect of payments. They can make disbursements in respect of approved transactions only out of their receipts at foreign ports and they are under obligation to regularly repatriate the excess collections, if any, to Pakistan and attach the bank encashment certificates with the statement. In case the collections fall short of the disbursements, the shipping companies/airlines should make an application to the State Bank for remittance of the deficit or for meeting bonafide individual items of disbursements like crew wages, bunkering charges, port dues, food charges etc. Applications for repair of ships/aircrafts and purchase of durable stores other than food provisions should, however, be routed through the Ministry of Communications in the case of shipping companies and the Ministry of Defence in the case of airlines.

6. Charter of Foreign Ships and Aircrafts.

Persons or firms intending to hire on charter non-resident owned ships or aircrafts should apply in the first instance to the Ministry of Communications for the charter of ships and the Ministry of Defence for the charter of aircrafts. Applications for remittance of charter hire should be made to the State Bank on Form 'M' supported by the Government sanction and a copy of the Charter Party Agreement and an undertaking that detailed account of all disbursements made for the account of the owners will be submitted to the State Bank within 15 days of the expiry of the agreement. If the application is approved, a permit will be issued to cover any advance payments required under the terms of the charter but the remittance of the total amount agreed upon will not normally be sanctioned until the final account of disbursements is made available to the State Bank. The charterers should seek from the owners periodical reimbursement of the disbursements made on their behalf or have them adjusted from their remittances of charter hire.

7. Export Claims.

Applications from exporters for remittance of various types of claims on exports should be made on Form 'M' accompanied by a declaration in the prescribed form (Appendix

V-47) duly supported by the following documents: -

(i) QUALITY CLAIMS.

- a) Proceeds Realisation Certificate.
- b) Debit Note from the buyer.
- c) Test Report from a recognized Test House or an Arbitration Certificate from an approved body of arbitrators.

(ii) AMICABLE SETTLEMENT.

- (a) Proceeds Realisation Certificate.
- (b) Debit Note from the buyer.
- (c) Certificate from the Chamber of Commerce in the country of import.
- (d) Correspondence in original exchanged between the shippers and the buyers. Original cables should be produced if cable charges are included in the Debit Note.

(iii) COMMISSION (If not paid in terms of the authority delegated vide Chapter XII).

- (a) Proceeds Realisation Certificate.
- (b) Debit Note.
- (c) Agreement regarding payment of Commission. Shippers should furnish a copy of the Export Price Check (EPC) form registered with the relevant authority, if the goods are subject to Export Price Check procedure. The form should show the rate of commission.

(iv) NON-FULFILMENT OF EXPORT CONTRACT EITHER IN FULL OR IN PART.

- a) Debit Note from the buyer.
- b) Contract in original.

- c) Arbitration award from a recognized arbitrator.
- d) Correspondence in original exchanged between the buyer and the shipper.
- e) In case of claim for partial non-shipment, Proceeds Realisation Certificate for the quantity shipped.

(v) INSPECTION FEE, ARBITRATION FEE, SURVEY AND ANALYSIS FEE, CONTROLLING FEE, WEIGHING CHARGES ETC.

- (a) Proceeds Realisation Certificate.
- (b) Debit Note from the institution claiming fees.
- (c) Report from the above institution in support of the claim.

(vi) MISCELLANEOUS CLAIMS LIKE REFUND OF EXPORT DUTY ETC.

- a) Proceeds Realisation Certificate.
- b) Debit Note.
- c) Contract.
- d) Correspondence.

(vii) LOSS IN WEIGHT.

- a) Proceeds Realisation Certificate and Export Invoice.
- b) Debit Note from the buyers.
- c) Weighment Certificate/Note from a recognized weighing body and Controllers Report.

Applications in respect of items (v), (vi) and (vii) may be approved by the Authorised Dealers and the prescribed documents surrendered to the State Bank alongwith the monthly Foreign Exchange Returns. Applications in respect of items (i), (ii), (iii) and (iv) will, however, require approval from the State Bank.

8. Guarantees for Payment of Claims.

i) In case of export of cotton only, Authorised Dealers may extend guarantees in favour of overseas importers for payment of claim, provided the following conditions are fulfilled:

- a) Advance payment or confirmed and irrevocable letter of credit for hundred percent value has been received in favour of the exporter.
- b) The amount of the guarantee does not exceed 5% of the total invoice value covered by the advance payment or confirmed and irrevocable letter of credit.
- c) The guarantee covers shipment of cotton only.
- d) The guarantee is valid for a maximum period of 30 days after the last date of discharge of cotton in the country of import.
- e) The guarantee provides for payment of claims on submission of Liverpool Cotton Association Arbitration Award in case of exports to U.K. and of internationally known associations whose names are approved by the State Bank in the case of export to other countries.

ii) Authorised Dealers may also allow remittance of claims falling within the terms of these guarantees provided the amount is fully covered by the Arbitration Award of the respective association. While reporting these remittances to the State Bank, the Authorised Dealers should enclose with the form 'M': -

- a) Relative Arbitration Award,
- b) Proceeds Realisation Certificate, and
- c) Certificate confirming the date of discharge of cotton in the country of import.

9. Employment of Overseas Agents etc.

Prior permission of the State Bank is required by persons or firms in Pakistan who wish to acquire the services of agents abroad for any purpose other than export of goods from Pakistan, whether on regular basis or otherwise. Applications for this purpose should be made by letter giving full details of the nature and value of business transacted in the past by the applicant, the existing arrangements and the nature of the arrangements proposed to be made with the overseas agents.

10. Remittance of Royalty/Franchise and Technical Fees.

(i) Royalty and Technical Fee in the Manufacturing Sector has been defined as under:-

a) Definition of Royalty: Royalty is a fee paid by a local firm to the foreign collaborator in consideration of Licence to use the foreign manufacturers patent/brand name for marketing

the product(s).

b) Definition of Technical Fee: It is a fee paid by the local firm to the foreign collaborator in consideration of:-

aa) Engineering and Technical Services including assistance on manufacturing process, testing and quality control, assistance by way of making available patented process and/or secret know-how and right to avail of the technical/confidential information resulting from continuous technical research and development etc; and

bb) Technical training of local personnel.

NOTE:

No technical fee shall be allowed for simple conventional process goods which are being produced in the country without foreign technical collaboration.

ii) The remittance of Royalty/Franchise and Technical Fee or Service Charges in Agriculture, Social, Infrastructure and Service Sector projects including international food chains may be allowed according to the following guidelines:-

(a) The initial lump sum fee payable to the foreign investor/the party providing technical expertise and/or allowing use of their brand name, should not exceed US\$ 100,000/- irrespective of the number of outlets under one franchise.

(b) A maximum of 5% remittance of net sales (excluding sales tax) in the food sector may be allowed as Franchise Fee only for those items, which are core items of the franchise and are the specialties of the trade name. The payment of such fees will be allowed on monthly basis. No item will be eligible for twice payment of Royalty/Franchise Fee. In other words, the payment of Royalty/Franchise Fee shall not be admissible for those items whose franchise is not held by the food chains and/or which are sold under some other brand name e.g. soft drinks etc.

(c) Percentage/amount of fees etc., for other non-manufacturing projects may also be upto the maximum of 5% of net sales (excluding sales tax).

(d) Initial period for which fees is to be allowed to projects in non-manufacturing sectors, including international food chains, should not exceed 5 years. Subsequent extension in time period will be considered and allowed by the Government/State Bank of Pakistan, provided these projects also make investment in allied upstream projects.

iii) Upon execution of an agreement for transfer of technology with foreign collaborator, the local firm engaged in manufacturing as stated in sub-para (i) or operating in the non-manufacturing sectors as stated in sub-para (ii) will designate any of the Authorised Dealers in foreign exchange in Pakistan through whom payments under the agreement will be made and send an authenticated copy of the agreement to the State Bank of Pakistan, Exchange Policy Department (Investment Division), Central Directorate, Karachi through the designated bank within 30 days from the date of its execution. Application for acknowledgement will be made on the prescribed form (Appendix V-48). The State Bank will record the agreement if it conforms to the foregoing definitions of Royalty/Franchise and Technical Fees and send an acknowledgement or return it if the same is not in accord therewith.

iv) Remittance of Royalty/Franchise and Technical Fees may be allowed by the Authorised Dealer designated for the purpose, without the prior approval of the State Bank subject to the following:-

a) Application for remittance of Royalty/Franchise and Technical Fees is submitted by the firm concerned in the prescribed form (Appendix V-49) in triplicate alongwith a copy of the acknowledgement letter issued by the State Bank.

b) The correctness of the information furnished in the application(Appendix V-49) must be certified by the auditors of the firm in the space provided for the purpose. An additional statement showing calculation of Royalty/Franchise and Technical Fees duly certified by the auditors should also be enclosed with the application.

c) Payment of income tax supported by a certificate from the auditors of the paying firm. In case it is claimed that the amount of Royalty/Franchise and Technical Fees is exempt from levy of Pakistan taxes, the applicant should invariably produce a certificate to this effect from the competent tax authority and attested copy of the said certificate should be enclosed with the prescribed application to be sent alongwith other relevant documents while reporting the transaction to the Exchange Policy Department.

(v) Authorised Dealers will maintain company-wise record of remittances allowed by

them on the above account so as to facilitate inspection by the State Banks Inspection Teams.

11. Technical Services and Consultancy Agreements and Engagement of Foreign Technicians.

(i) Foreign experts/technicians may be employed by the local firms in private sector without requiring approval by any Government agency for rendering such technical services as supervision of installation, commissioning of plant and training of personnel.

(ii) Authorised Dealers may accordingly allow remittances for engagement of foreign experts/technicians to foreign firms or establish letters of credit available for payment of such charges on production of beneficiary's service invoices/bills duly certified by the employers in Pakistan. While reporting to the State Bank the remittances effected under this facility in the monthly foreign exchange returns, the Authorised Dealers will attach the following documents with relative Form M:-

(a) Copy of the service agreement entered into with the foreign firms.

(b) Beneficiary's service invoices/bills duly certified by the employers in Pakistan.

(iii) It will be the exclusive responsibility of the Authorised Dealers to ensure that income tax has been correctly deducted from the amount payable to the foreign beneficiaries and paid to the income tax authorities or exemption certificate from the income tax authorities is called and recorded with the Authorised Dealers.

12. Remittances by Information Technology Sector.

(i) Remittances on account of items of the following nature may be allowed by the State Bank:

Satellite Transponder Charges.

International Bandwidth Charges.

International Internet Service Charges.

International Private Line Charges.

Software Licence/Maintenance/Support Fee against specific Software Licence Agreement executed with the licensor on the basis of NOC issued by Pakistan Software Export Board.

(ii) Application on Form M for such remittances should be submitted to the Joint Director (Investment Division) through an Authorised Dealer alongwith the following:

Agreement, if any.

Original invoice/demand note.

NOC from the concerned authority (viz PTA/Pakistan Software Export Board).

Evidence of payment of income tax or exemption certificate from CBR.

13. Remittance of Profits by Foreign Banks/Companies.

(i) Applications from branches of foreign banks operating in Pakistan for remittance of profits to their Head Office abroad should be made to the State Bank on Form M duly supported by the following information/documents: -

- a) Audited Balance Sheet and Profit & Loss Account of the branch(es) in Pakistan.
- b) Tax provision made during the year for (a) the current year and (b) for the prior years alongwith its computation.
- c) A certificate from the auditors in Pakistan that tax provision made in the accounts is sufficient to meet all tax liabilities in Pakistan, or copies of final assessment orders and forms duly certified by the Income Tax Department.
- d) Assessment orders for the previous years, if not submitted earlier to the State Bank.
- e) Certificate from the auditors showing the liability for staff gratuity as at the close of accounts and provision made there-against. If no provision has been made, reasons thereof.
- f) Details of other/miscellaneous income.
- g) Amount charged/claimed on account of Head Office expenses for the current year (if not separately shown in the accounts) and the basis of its calculation alongwith Head Office expenses claimed/allowed by the Income Tax Authorities for the preceding 3 years.
- h) Provision made in the current year for classified assets.
- i) Confirmation to the effect that the amount provided for classified assets is not less than the amount required to be provided on the basis of the Prudential Regulations of the State Bank.
- j) Item-wise details of un-realised/accrued income credited to Profit & Loss Account for the year and in the previous year.

k) Item-wise details of un-realised/accrued income of the previous years realised in the current year.

(ii) Applications for remittance of net remittable profits by the branches of foreign companies other than banks, operating in Pakistan to their Head Offices abroad should be submitted on Form M supported by the following information/documents: -

a) Audited Balance Sheet and Profit & Loss Account of the branch(es) in Pakistan.

b) Audited Consolidated Balance Sheet and Profit & Loss Account of the Head Office. If they are not available at the time of making the applications, they should be submitted subsequently.

c) Reconciliation of the Head Office Accounts.

d) Tax provision made during the year for (i) the current year and (ii) prior years alongwith its computation.

e) A certificate from the auditors in Pakistan that tax provision in the accounts is sufficient to meet all tax liabilities in Pakistan or copies of final assessment orders and forms duly certified by the Income Tax Department.

f) Assessment orders for the previous years, if not submitted earlier.

g) Certificate from the auditors showing the liability for staff gratuity as at the close of accounts and provision thereagainst. If no provision has been made, reasons thereof.

h) Details of other/miscellaneous income.

i) Amount charged/claimed on account of Head Office expenses for the current year (if not separately shown in the accounts) and the basis of its calculation alongwith Head Office expenses claimed/allowed by the Income Tax Authorities for the preceding 3 years.

j) Full particulars of additions, if any, made to fixed assets in Pakistan, during the period and the source of funds utilized for financing such additions.

k) The extent to which the proposed remittance will require bank finance.

l) In case the applicant is applying for the first time, documentary evidence to the satisfaction of the State Bank that the applicant firm was in existence and conducting business operations in Pakistan prior to 3rd October, 1963. In respect of those branches of foreign firms and companies which were established in Pakistan on or after 3rd October, 1963, original or photocopy of the letter of the Investment Promotion Bureau/Board of Investment, Government of Pakistan, granting them permission to conduct business operations in Pakistan, should be submitted with the application alongwith other

documents.

(iii) A company other than a bank, insurance company, airline and shipping company desiring to avail of the facility of making remittance of profit without prior approval of the State Bank, may approach the Joint Director (Investment Division), Exchange Policy Department, State Bank of Pakistan, Central Directorate, Karachi disclosing the name of its banker through whom it would like to make remittance. The State Bank will authorise the bank concerned to effect remittance of profit to the Head Office abroad of the company subject to verification of the remittable amount in the manner to be prescribed by it. While reporting such remittances, the designated Authorised Dealers will enclose all the relevant documents with the relative Form M.

14. Payment of Dividend to Non-Resident Shareholders.

(i) Authorised Dealers may allow remittance of dividends to non-resident shareholders without the prior approval of the State Bank. For this purpose, each company will designate an Authorised Dealer through whom it proposes to remit dividends to its non-resident shareholders. No Authorised Dealer will effect remittance of dividends under this authority unless it has been authorised by the State Bank to do so in respect of a particular company.

(ii) Each company which wants to avail of the facility of making remittance of dividends without the prior approval of the State Bank, should advise the Joint Director (Investment Division), Exchange Policy Department, State Bank of Pakistan, Karachi the name of its bankers through whom it would like to make remittance. On receipt of nomination of a bank from the company, the State Bank will authorise the bank concerned to effect remittance of dividends, whether interim or final, to the non-resident shareholders of the company without its prior approval.

(iii) Before allowing remittance of dividends, Authorised Dealer must ensure:

a) that the shares are held by the non-residents (other than Indian nationals) under the specific and/or general permission of the State Bank and are registered at their foreign addresses,

b) that the shares in question were not acquired by the non-residents on the basis of their undertaking that they will not claim remittance of dividend and,

c) that the application for remittance of dividend is net of Pakistan tax liability. Authorised Dealers must also ensure that the auditors certificate to this effect on the application is from a well-known firm of auditors.

(iv) The following documents must be seen by the designated Authorised Dealer before

allowing the remittance of dividends: -

a) Application in triplicate in the prescribed form (Appendix V-50) duly certified by the company's auditors. There will be one consolidated application in respect of dividends due to all the non-resident shareholders. Where the company's auditors have not accepted the entitlement in respect of some shareholders, the application may be certified with their reservation and entitlement of others released pending reconciliation. Entitlement in respect of un-resolved cases may be released through a supplementary consolidated application after the matter is finalized.

b) Two certified copies of the audited Annual Profit & Loss Account and Balance Sheet of the company concerned for the year to which the dividend application pertains or two copies of interim Profit & Loss Account for the period to which interim dividend relates.

c) Certified true copy of the Shareholders/Directors resolution declaring the dividend.

d) In case tax exemption is claimed by them/any of the shareholders, a certificate to this effect is invariably produced from the competent tax authorities.

(v) While reporting remittances allowed by them under the above authority in their monthly Exchange Returns, the Authorised Dealers will enclose with the relative Form M a copy of the supporting application (Appendix V-50) together with one copy of audited Annual/Interim Profit and Loss Account and Balance Sheet and certified true copy of the Directors/ Shareholders resolution. In cases where shareholders are resident of different countries and remittances are made in different currencies, the remittances will be reported on different M forms under the relative currency statements. Reference to the relative monthly currency statements should be made in column 10 of the application (Appendix V-50) against remittances made in different currencies and the application alongwith its supporting documents should be attached to any of the M forms. Duplicate copy of the application form will be retained by the Authorised Dealer concerned for its record.

(vi) Authorised Dealers also have general permission to allow payment of dividends due to non-residents (other than Indian) holding shares of companies incorporated in Pakistan on non-repatriation basis, by credit to their private non-resident Rupee accounts maintained with them or with other Authorised Dealers. To this end, Authorised Dealers making payment of dividends to non-resident shareholders for credit to their non-resident accounts shall complete the prescribed Form A-7 and forward the same alongwith the payment instruments to the Authorised Dealer which maintains the non-resident Rupee account for credit to the account of the shareholders. The receiving Authorised Dealer will

report the transaction in its monthly Exchange Return.

(vii) Authorised Dealers should maintain separate company-wise record of payment of dividends made to their non-resident shareholders either by remittance or for credit to their non-resident accounts, as the case may be, under the above general permission so as to facilitate their inspection by the State Banks Inspection Teams.

(viii) Authorised Dealers should note that it is one of the conditions prescribed in the Investment Policy that foreign investor may temporarily hold 100% shares in the specified newly opened sectors for foreign investment, pending disinvestments of the prescribed percent of investment to residents, subject to the condition that remittance of dividend would be restricted to their investment upto 60% only. They should ensure compliance with this restriction.

15. Export of Dividend Warrants.

Dividend warrants of companies incorporated in Pakistan can be freely exported to the non-resident shareholders, provided the shares have been issued with the approval of the State Bank and a statement of such non-resident shareholders has been filed with it.

16.(i) Foreign Articles in Pakistani Newspapers and Magazines.

Authorised Dealers may allow remittances at actuals, without prior approval of the State Bank, in respect of articles contributed by non-resident foreigners for publication in Pakistani Newspapers or Magazines, provided a demand note from the non-resident contributors is produced by the publishers of the article to the Authorised Dealers while applying for remittance. Advance remittance may also be allowed subject to the applicants undertaking to submit the requisite documents in due course.

(ii) Remittances on account of News Feature, News Picture, Syndication Services, Gambles, Comics, Puzzles, Book Reviews etc.

Authorised Dealers may effect remittances, without prior approval of the State Bank, at the request of the publishers of Newspapers and Magazines of repute having large circulation or by local agents of the foreign beneficiaries in Pakistan on account of News Feature Services, News Picture Services, Syndication Services, Gambles, Comics, Puzzles, Book Reviews etc. published in Pakistan Newspapers and Magazines. While effecting remittances, Authorised Dealers shall ensure the following:-

- a) Form M has been duly signed by the applicant.
- b) A formal letter of request for remittance has been received from the remitting agency in Pakistan.
- c) The invoices/demand notes etc. of the foreign beneficiaries are produced in

original.

Remittances of salary/remuneration as well as Telex/Telefax/Telegram/Telephone Charges to the Overseas Correspondents of Pakistani Newspapers.

Authorised Dealers may allow remittances without prior approval of the State Bank, on account of salary/remuneration as well as Telex/Telegram/Telefax/Telephone charges in favour of correspondents of Pakistani newspapers posted abroad on production of original demand notes/bills/vouchers.

17. Advertisements in Newspapers and Magazines abroad.

Exchange facility is available to exporters for publishing advertisements in foreign newspapers and magazines without any upper ceiling. Authorised Dealers may allow remittances as indicated above for advertisement charges payable by exporters to newspapers, magazines, etc., abroad without the prior approval of the State Bank on production and examination of the following documents:-

- (i) Form M signed by the applicant.
- (ii) Invoice/Bill etc., of the beneficiary in original.
- (iii) Undertaking from the applicant concerned that he will produce relevant clippings from the newspaper/magazine to them within a period not exceeding three months. These clippings will be retained by the Authorised Dealers for inspection by State Banks Inspectors.

While effecting the above remittances, Authorised Dealers will ensure that the newspaper/magazine in which the advertisement is proposed to be inserted is of good standing and repute and remittance is made only in the name of the concerned newspaper/magazine. In cases of doubt, reference should be made to the State Bank before effecting the remittance.

18. Bank Charges and Sundries.

Authorised Dealers may, without prior approval of the State Bank, effect remittances to their foreign correspondents etc., to cover payments due to them on account of bank charges, cost of cables and other incidental charges arising in the normal course of authorised business other than imports. All such remittances should be reported to the State Bank on Form M. In cases where bank charges relating to exports are paid by the Authorised Dealers to their foreign correspondents by deduction from the amount of the export bills, they should report the full amount of the export bill as Purchase and simultaneously report the deduction as Sale.

19. Purchase of Tender Forms from abroad.

Authorised Dealers may allow remittances on account of fees for tender forms payable to Government/Semi-Government agencies or a private company or a firm abroad without the prior approval of the State Bank on receipt and examination of the following documents:

- i) Form M duly filled in and signed by the applicant.
- ii) Newspaper clipping/Pakistan/Foreign Embassys letter or other supporting documents evidencing floatation of tenders and the cost of tender documents.

20. (i) Registration of Patents and Trade Marks in Foreign Countries.

Authorised Dealers may allow remittances covering fees etc., for registration of patents and trademarks in foreign countries by firms/companies etc., in Pakistan without prior approval of the State Bank on receipt and examination of the following documents:

- a) Form M duly signed by the applicant.
- b) Debit Notes of the patent attorney/solicitors etc., for the fees for registration of patent/trade mark.
- c) Undertaking from the remitter to produce within one month from the date of remittance evidence to the effect that the patent/trade mark has been registered abroad.

It will be the responsibility of Authorised Dealers to ensure that the requisite evidence for registration of patent/trade mark is produced to them within the stipulated period.

(ii) Registration of Exporters of Pharmaceutical products in Foreign Countries.

Authorised Dealers may allow remittances of registration fees by exporters of pharmaceutical products in Pakistan for their registration with the Ministry of Health of a foreign country, without the prior approval of the State Bank, on production of the following documents:

- a) Form M duly signed by the applicant.
- b) Evidence from the Ministry of Health of the foreign country concerned demanding payment of registration fee.
- c) Undertaking from the remitter to produce within 1½ month from the date of remittance, evidence to the effect that the applicant has been registered with the Ministry of Health of the foreign country concerned.

21. Reporting of Remittances.

While reporting remittances to the State Bank allowed by them under paras 10, 16, 17, 18, 19 and 20 in their monthly Exchange Returns, Authorised Dealers will bunch the M forms under each category separately alongwith the supporting documents on the basis of which remittances have been effected by them. The bunch of Forms M with the relative documents must have a covering statement in duplicate as per proforma given below:-

Covering statement in respect of remittances

allowed during the month of »»»»».

on account of »»»»»»»»»».

(State purpose)

All documents on the basis of which exchange facility is allowed by Authorised Dealers must invariably be stamped to indicate that the remittance has been allowed against them.