



## Annexure-A

### PARA 12: Export of Software, Information Technology (IT) & IT Enabled Services (ITeS) and Freelance Services

#### i) Definitions:

- a) **IT companies** mean all such entities (sole proprietorships, partnerships, companies etc.) registered with Pakistan Software Export Board (PSEB) or Pakistan Software Houses Association (P@SHA) engaged in export of software, IT & IT enabled services (ITeS).
- b) **Freelancers** mean all individuals, resident in Pakistan, engaged in provision of any digital/online services, including IT and IT related services, against which payments are received from outside Pakistan.

#### ii) Procedure for Exports:

For IT companies, Authorized Dealers may obtain a copy of export agreement(s) or invoice(s) or any other supporting document, evidencing the export of services, preferably in an electronic form.

For Freelancers, the export proceeds could also be processed on self-declaration basis, where underlying export agreements/contracts are not available. Such declaration would be obtained once at the time of opening of account.

#### iii) Retention & Utilization of Retained Proceeds:

Authorized Dealers shall adopt the following procedure for retention of export proceeds and its subsequent utilization:

- a) Authorized Dealers shall open Exporters' Special Foreign Currency Accounts (ESFCAs) of all such exporters (IT companies & freelancers) concurrently while opening the primary PKR account.
- b) IT Companies and Freelancers shall be allowed to retain USD 5,000/- per month or 50% of the export proceeds, whichever is higher, in their ESFCAs. In this regard, Authorized Dealers shall mandatorily credit permissible retained amounts in these ESFCAs, unless an exporter specifically requests in writing to the authorized dealer for less/ not crediting the export proceeds in the ESFCA.
- c) The funds available in the ESFCAs can be converted into PKR at any time upon the request of the customer.
- d) For **IT companies**, the balances held in the ESFCAs may be utilized for making all types of payments of current account nature (for example, imports, acquisition of services from abroad, profit/dividend repatriation against registered shares, etc.), for their own business purposes, without SBP's prior approval.
- e) For **freelancers**, the balances held in ESFCAs may be utilized for making all personal and own work related payments of current account nature (for example, digital services, digital marketing, membership/ subscription fees, acquiring certification, study etc.) without any approval from SBP.

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- f) The funds in ESFCAs can also be used for making payments with regard to capital and financial account transactions, such as equity investment abroad and foreign currency loan repayments. However, in case of remittance of such transactions, proper procedure as described in the relevant regulations shall be followed. For example, for equity investment abroad, instructions stipulated in Para 13, Chapter 20 of the FE Manual shall be adhered to. Similarly, regarding loan repayments, the procedure defined in chapter 19 would be followed.
- g) ADs are required to facilitate the exporters (on specific request) by issuing debit cards against ESFCAs, to make payments against balances held in such accounts. However, no cash withdrawal from these foreign currency retention accounts shall be allowed within Pakistan.
- h) The funds of such exporters available in the ESFCA with an Authorized Dealer may be transferred to the same exporter's ESFCA maintained with another Authorized Dealer, upon specific request of the exporter. The ADs shall ensure that the proceeds being credited are from ESFCA of the same exporter.
- i) The funds available in these accounts cannot be credited/transferred to any other FCY/FE-25 account(s).

**iv) Reporting to SBP by Authorized Dealers:**

- a) Authorized Dealers shall ensure appropriate reporting of such transactions in monthly ITRS, under the relevant purpose and scheme codes listed in the Foreign Exchange Returns Code Guide issued by the Core Statistics Department, State Bank of Pakistan.
- b) Authorized Dealers shall record all such transactions and report the consolidated data to Foreign Exchange Operations Department (FEOD, SBP-BSC) on the prescribed format given at Appendix V-13.

**PARA 36: Export of Other Services:**

Authorized Dealers may allow the exporters (not covered under Para 12), of all types of legitimate services to retain 35% of their foreign exchange proceeds in 'Exporters' Special Foreign Currency Accounts (ESFCAs)' with them. These may include inter-alia financial, wholesale and retail distribution, logistics and transportation, storage and communications, telecommunication, medical, educational, engineering, real estate development, tourism, technical testing and consultancy services. The funds available in these accounts may be utilized for making different types of payments abroad, as prescribed in Para 40, and can also be converted into PKR at any time upon the request of the customer.

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| NAME OF AUTHORIZED DEALER _____  |                                    |                           |   |                       |                                    |                             |                            |                       |   |                           |
|--|------------------------------------|---------------------------|---|-----------------------|------------------------------------|-----------------------------|----------------------------|-----------------------|---|---------------------------|
| Summary Statement in respect of transactions conducted through Exporters' Specialized Foreign Currency Accounts (ESFCAs) under Para 12, Chapter 12 for the Month of _____  |                                    |                           |   |                       |                                    |                             |                            |                       |   |                           |
| Category of SFCA   | Total No. of ESFCAs at Month's End | Opening Balance of ESFCAs | Aggregate Credits   |                       |                                    | Aggregate Debits            |                            |                       |   | Closing Balance of ESFCAs |
|  |                                    |                           | Funds received from Abroad (export proceeds) during the month, bifurcated, as per the following slabs | Other Credits, if any | Outward Remittance/ Payment Abroad | Transfer to any other ESFCA | Conversion of funds to PKR | Others Debits, if any |   |                           |
|  | 1                                  | 2                         | 3   | 4                     | 5                                  | 6                           | 7                          | 8                     | 9 | 10                        |
| <b>IT companies</b><br><br>Entities (sole proprietorships, partnerships, companies etc.) registered with Pakistan Software Export Board (PSEB) or Pakistan Software Houses Association (P@SHA) engaged in export of software, IT & IT enabled services (ITeS). |                                    |                           | ≤ USD 50,000  |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 50,001 to USD 100,000  |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 100,001 to USD 500,000   |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 500,000 to USD 1,000,000   |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | > USD 1,000,000   |                       |                                    |                             |                            |                       |   |                           |
| <b>Freelancers</b><br><br>(individuals, resident in Pakistan, engaged in provision of any digital/online services, including IT and IT related services, against which payments are received from outside Pakistan)  |                                    |                           | ≤ USD 5000  |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 5,001 to USD 10,000  |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 10,001 to USD 50,000   |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | From USD 50,001 to USD 100,000  |                       |                                    |                             |                            |                       |   |                           |
|  |                                    |                           | > USD 100,000   |                       |                                    |                             |                            |                       |   |                           |
| <b>Total</b>   |                                    |                           | -   |                       |                                    |                             |                            |                       |   |                           |