

“30. Advance Remittance

- (i) Authorized Dealers are allowed to effect import advance payment against irrevocable letters of credit or invoices, up to 100% of the value of letter of credit or invoice, as the case may be.
- (ii) Authorized Dealers shall effect the advance payment against import of goods subject to appropriate due diligence and compliance of Trade Based Money Laundering (TBML) framework, including but not limited to, the following terms and conditions:
 - a) The amount of the import advance payment shall commensurate with the profile of the customers, the quantity and nature of goods being imported, and the pricing trends prevailing in the international/domestic markets.
 - b) Authorized Dealers shall be responsible to ensure that goods are imported within the stipulated time or the funds remitted in advance are repatriated back in a timely manner. Therefore, Authorized Dealers need to take necessary measures to examine the transactions and verify the bona fides and genuineness of the beneficiaries to mitigate the risk of any misuse. For this purpose, Authorized Dealers shall obtain an undertaking from the importer(s) on the prescribed form **(Appendix V31)** and may seek appropriate collaterals/ guarantees from the customers/beneficiaries in order to safeguard their interests.
 - c) Authorized Dealers shall submit the following reports on advance payments against imports:
 - i. A consolidated statement regarding cases where (a) import has not been effected by the due date, or (b) the amount of advance payment is repatriated for any reason, prior to the due date of import of goods, will be submitted by the Head/Principal Offices of the Authorized Dealers to the Director, Foreign Exchange Operations Department (FEOD), SBP-BSC on the 10th day of following month as per prescribed format **(Appendix V-27A)**.
 - ii. Another statement **(Appendix V-27B)** containing details of penalty charged, shipments received and amounts repatriated, if any, against already reported outstanding import advance payments in **V-27A** will also be submitted by the given deadline.
 - d) In case the goods against advance payment are not imported and/or the funds remitted in advance are not repatriated for any reason within (i) 730 days, in case of plant and machinery or (ii) 120 days, in all other cases, from the date of advance payment, the Authorized Dealers shall:
 - i. Recover an interim penalty @0.1% per day for the delayed period, on the outstanding amounts of advance payment and deposit the same on monthly basis, in favor of SBP through RTGS Clearing Account No. 427518.
 - ii. For calculating the interim penalty amount accruing on each day of the delayed period (as per (i) above), the prevailing market exchange rate of that day will be used. The period for recovery of penalty for the delay in import/ repatriation will start from the first day after the lapse of 730 days or 120 days, till the date of import of goods into

Pakistan, as evidenced by the Goods Declaration filed by the importer in PSW, or the date of repatriation of funds into Pakistan.

- iii. Based on the **Appendix V-27A and V-27B** submitted by the Authorized Dealers, FEOD, SBP-BSC may seek additional information and may file complaints against the importers to Foreign Exchange Adjudication Department (FEAD), SBP-BSC under the Foreign Exchange Regulations Act (FERA), 1947. The FEAD, SBP-BSC will adjudicate the matter and may impose final penalty on the importers as per powers conferred under FERA, 1947. Moreover, appropriate penal action can also be initiated against the Authorized Dealers, in terms of section 23K of FERA, 1947.

- e) The Authorized Dealer should establish a monitoring mechanism to ensure that the importer does not misuse import advance payment and may take appropriate actions against any delinquent importers, including filing of STRs in cases involving TBML, debarring the importer from making any future advance payments, etc.
