

Revised Paras of Chapter 8 of FE Manual:

8. Non-resident Pakistani Rupee Value Account (NRVA)

- (i) Authorized Dealers may open 'Non-resident Pakistani Rupee Value Account (NRVA)' of non-resident individuals as defined under the Income Tax Ordinance, 2001 (XLIX of 2001), in addition to other non-resident rupee accounts categories mentioned at Para 2 of this chapter.

Operations of NRVA shall be governed by the regulations set out below:

(ii) General Operations

- a. ADs will enable operations in the account through the digital channels e.g. internet/mobile banking, ATM/ Debit cards, besides the conventional modes in practice. The ADs may also issue cheque book to the account holder, if required.
- b. ADs may issue supplementary ATM/Debit cards as per applicable laws /regulations and banking practices.
- c. In case debit cards are used outside Pakistan, settlement thereagainst shall be made by the Authorized Dealer through interbank.
- d. ADs may allow non-residents to open the account jointly with other residents/non-residents, as per applicable laws/banking practices. These accounts should, however, be treated as non-resident accounts.
- e. In case the account becomes dormant due to non-operation, ADs shall devise a mechanism to reactivate the account digitally, in compliance with the applicable regulations.

(iii) Credits to NRVA

- a. Remittances received from abroad through banking channels and through foreign correspondent entities under their home remittance agency agreements with authorized dealers in Pakistan.
- b. Transfer of funds from account holders' own FCVA and NRVA with the same Authorized Dealer.
- c. Proceeds from disinvestment/sale/maturity and profit/rent/dividend/interest on securities/properties/ shares/ units of funds/ deposits received on account of investments made from the account as mentioned at sub-para (iv) (a) below.
- d. Reversal of any incorrect/wrong debit in the account.
- e. Profit and premature /maturity proceeds of Pakistan Banao Certificates (PBCs) into the PBC holder's own NRVA.

(iv) Debits to NRVA

- a. Investments in the following, provided that the relevant laws, rules and regulations permit such investment:
 1. Registered Debt securities of Government of Pakistan (T-bills, PIBs, Sukuk and any other registered debt securities of the government including CDNS securities).
 2. Shares quoted on the stock exchange(s) in Pakistan.

3. Residential and commercial real estates, either through self-financing or bank's financing in Pakistan provided that in case of bank financing the repayment of loan should be made through NRVA.
4. Term /remunerative deposit products of the Authorized Dealer maintaining the account.
5. Investment in units of funds quoted at Stock Exchange and units of mutual funds registered as Open End Schemes (OES) under management of Asset Management Companies (AMCs) licensed by SECP to provide asset management services.
6. Shares of companies not listed on stock exchange(s) in Pakistan.
7. Units of private funds established and operated by Private Fund Management Company licensed by SECP to provide private equity and venture capital fund management services.
8. Contribution in units of Pension Fund authorized in terms of VPS Rules, under the management of Pension Fund Managers (PFMs) registered with Securities and Exchange Commission of Pakistan (SECP).

For investments/ contribution mentioned at (1),(2),(5),(6),(7) & (8) above, the procedure prescribed for investment/ disinvestment/ redemption in Chapter 20 of the Foreign Exchange Manual shall be followed, while for investment mentioned at (3) above, the terms and conditions prescribed at Annexure-A, at the end of this chapter, shall be followed.

- b. Transfer of funds to account holder's own FCVA and NRVA with the same Authorized Dealer.
 - c. Transfer of funds to other FCY account, or PKR account with any bank in Pakistan. However, any amount so transferred shall not be allowed to be credited back into the account.
 - d. Remittances and Payments outside Pakistan to the extent of balance available in the account, without any prior approvals from the bank or the State Bank, except for repatriation of disinvestment in real estate, which will be subject to compliance with terms & conditions given in Annexure A para 1 (d).
 - e. Any local withdrawal or payment in PKR in Pakistan. However, any amount so paid shall not be allowed to be credited back into the account.
 - f. Reversal of any incorrect /wrong credit entry in the account.
- (v)** However, Form 'M' may not be required for payment/ repatriation of funds from NRVA. Nonetheless, Authorized Dealers shall continue to report outward remittances under the specified purpose code through monthly foreign exchange returns to SBP as per the existing procedure.
- (vi)** Authorized Dealers shall ensure that no NRVA customer is charged any fee at the time of sending remittances through foreign correspondents under 'Free Send Model'.
- (vii)** Authorized Dealers may, however, either provide the service free of cost, or charge a fee, not more than the amount otherwise reimbursable to them under 'Reimbursement of TT Charges scheme' in Pakistan, from beneficiary's account for remittances received in NRVA under 'Free Send Model'.
- (viii)** In case of remittances received through the intermediary bank in Pakistan, the intermediary bank will transfer the remittances along with complete detail of underlying transactions to the beneficiary bank. The beneficiary bank will identify the number of transactions received from

the intermediary bank for credit to NRVA and share the detail with intermediary bank, latest by 5th of the subsequent month. The intermediary bank will not claim reimbursement of TT charges for these transactions from SBP. The beneficiary bank will pay the applicable charges to intermediary bank, either on its own account or recover from the account holder, as per subclause (ix) above.

- (ix) Authorized Dealers shall inform NRVA holders about the applicable fees to be deducted in Pakistan from their NRVA under the above arrangement.

8A. Non-resident Rupee Business Value Account (NRBVA)

- (i) Authorized Dealers (ADs) may open 'NRBVA of Non-resident juridical persons who fall within the definition of non-resident persons under the Income Tax Ordinance, 2001 (XLIX of 2001). These entities could be Companies, Associations, Foundations, Limited liability partnerships (LLPs), Societies, Trusts, Waqfs and /or other similar legal arrangements. However, this will not include sole proprietorships or unregistered partnerships. Operations of NRBVA shall be governed by the regulations mentioned below:

(ii) General Operations

- a. ADs may allow operations in NRBVA through electronic channels besides conventional modes in practice. ADs may also issue cheque book, if required by the authorized account operators.
- b. In case NRBVA becomes dormant due to non-operation, ADs shall devise a mechanism, aligned with applicable regulations, to reactivate the account digitally.
- c. ADs are required to provide online real time convertibility from NRBVA to FCBVA of the customer based on the request made by the authorized account operator electronically for the eligible transfers to FCBVA. For the sake of transparency, the ADs shall indicate the exchange rate applicable to the transaction.

(iii) Credits to NRBVA

- a. Remittances received from abroad through banking channels
- b. Transfer of funds from its own FCBVA with the same AD
- c. Profit, mark-up, return or proceeds of sale or maturity of permissible investments made from NRBVA
- d. Reversal of any erroneous debit from NRBVA.

(iv) Debits from NRBVA

- a. Investments in the following, provided that the relevant laws, rules and regulations permit such investment:
 - i. Registered Debt securities of Government of Pakistan (T-bills, PIBs, Sukuk and any other registered debt securities of the government).
 - ii. Shares quoted on the stock exchange(s) in Pakistan.
 - iii. Investments in units of funds quoted at stock exchange(s) and units of mutual funds registered as Open End Schemes (OES) under management of Asset Management Companies (AMCs) licensed by SECP to provide asset management services.

- iv. Shares of companies not listed on stock exchanges(s) in Pakistan.
- v. Units of private funds established and operated by Private Fund Management Company licensed by SECP to provide private equity and venture capital fund management services.
- vi. Term /remunerative deposit products of the AD maintaining the account.

For investments/ contribution mentioned at (i),(ii),(iii),(iv) & (v) above, the procedure prescribed for investment/ disinvestment/ redemption in Chapter 20 of the Foreign Exchange Manual shall be followed.

- b. Transfer of funds to its own FCBVA with same AD.
- c. Transfer to any other FCY or PKR account. However, any amount so transferred shall not be allowed to be credited back into the account.
- d. Remittance or payments from NRBVA to the extent of balance available therein, without any prior approval from the bank or State Bank of Pakistan.
- e. Any other payment within Pakistan. However, any amount so paid shall not be allowed to be credited back into the account, except as otherwise permissible under the regulations.
- f. Reversal of any erroneous credit entry.

Framework for Investment in Real Estate through NRP Rupee Value Account (NRVA)

1. Authorized Dealers may allow individual non-resident Pakistanis (NRPs) and non-resident Pakistan Origin Card (POC) holders to make investment in the residential and commercial real estate **on repatriable basis** through their NRVA, both on self-financing and bank financing basis, subject to compliance with the following terms and conditions:
 - a) The investment shall be made out of funds available in NRVA or through financing provided by the bank to NRVA holder. In case of investment through bank's financing, the repayment of loan must be made from NRVA.
 - b) The investment may be made on installment or full payment basis.
 - c) There is no minimum prescribed period for investment. However, repatriation of disinvestment proceeds shall be subject to the following conditions:
 - i. In case of disinvestment within three years from the final payment for investment, under self-financing, or full adjustment of loan under bank's financing, only principal amount of investment can be repatriated, while the capital gain, if any, can be repatriated after three years;
 - ii. The amount of capital gain credited into NRVA upon disinvestment of property within three years, which is not eligible for repatriation till completion of three years, can be invested in eligible investments allowed through NRVA.
 - iii. In case where investment was made for construction on an existing land, the amount to be repatriated shall be the disinvestment proceeds less the value of land, as per the valuation report of the valuers on bank's approved panel, at the time of disinvestment.
 - d) The ownership of property can be made either in his/her own name or jointly with his/her family members(s), which include parents, brother, sister, wife, children and lineal ascendants and descendants only.
2. The following procedure shall be adopted by the Authorized Dealers, while making/receiving payment for investment/disinvestment in residential and commercial real estate on behalf of non-resident Pakistanis:
 - a) In case of investment, Authorized Dealer shall effect payment (full/ partial) directly in favor of the seller (owner of the property) on behalf of investor through payment order/ banker's cheque, or transfer through digital modes or otherwise, to the account of the seller.
 - b) In case of disinvestment, Authorized Dealer shall ensure that the payment being received for the account of investor must originate from the account of the buyers through payment order/bankers cheque or account to account transfer.
 - c) Authorized Dealer shall obtain following minimum information/documents at the time of investment from or crediting disinvestment proceeds to the account of the investor:

- (i) Copy of sales agreement/purchase letter of the housing or relevant authority or any other document evidencing sale/purchase of property, as applicable.
 - (ii) Latest valuation report of the property from **independent valuer**, not more than three months old, listed on Pakistan Banks Association's (PBA) approved panel. **In case of investment in newly offered schemes where the property is being purchased by the investor directly from the builder/developer the price set by the builder/developer would be used and the valuation report will not be required.**
 - (iii) Copy of identity documents, e.g. Computerized National Identify Card/NICOP/ NTN etc. of the seller(s)/ buyer.
 - (iv) Standing instructions for making payment (partial/full) from the account of the investor.
- d) At the time of investment and disinvestment, the tolerance limit of +/- 10% between the sale/purchase price of the property, as per sale/purchase agreement, and the value determined by the valuers may be acceptable.
3. In case of self-financing or lien-based financing by bank, the account holder will be required to submit a copy of title document of the property to the Authorized Dealer, within six months from the date of final payment, evidencing ownership of the property in his/her name or jointly with his/her family member, as the case may be, along with copies of duties/taxes paid challans. Until the copy of title documents is submitted, a copy of receipt issued by the relevant registration authority shall be deposited. In case of non-lien based financing, the bank will adopt the process as per the approved product program for mortgage of the property.
4. In case investor has rented out the property, the rental income of the property may be credited into NRVA of the customer directly from the tenant's account through payment order/ banker's cheque/ or digital mode. In this regard, the bank will obtain the following information/ documents at the time of execution or renewal of the tenancy agreement:
- a) IBAN of the tenant
 - b) Copy of a valid rent agreement,
 - c) Copy of CNIC of tenant, and
 - d) Certificate for benchmark rental value of the property by a valuer listed on the PBA's panel.
