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**PRIVATE REMITTANCES**

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## CHAPTER 16

### PRIVATE REMITTANCES

#### 1. Transfer of Assets-Foreign Nationals retiring from Pakistan.

Requests for remittance of assets received by the Authorized Dealers from foreign nationals (other than Indian nationals), foreign born wives of Pakistan nationals, persons of Indo-Pakistan origin holding foreign passports and stateless refugees, retiring permanently from Pakistan to their country of permanent domicile or to another country should be referred to the State Bank in the prescribed form (Appendix V-62) alongwith Form 'M' and other supporting documents. The assets include bank balance, sale proceeds of securities and other items including real estate purchased by the applicant out of his genuine savings during his stay in Pakistan. In such cases, the application should be accompanied by the following documents:

- (i) (a) In respect of foreign nationals employed in the private sector, a certified true copy of the service contract and approval letter from the Board of Investment/work permit/work visa, if applicable under the government's Investment Policy.
  - (b) In respect of persons employed in the public sector, a certified true copy of their contracts with the employing agency.
  - (c) In the case of self-employed persons carrying on their business or profession in Pakistan e.g. doctors, lawyers, architects, consultants etc., a certified true copy of the permission letter of the Board of Investment. Where a foreign national has been carrying on his business or profession in Pakistan prior to 3rd October, 1963, the permission letter will not be necessary. To this effect, suitable evidence will have to be produced by the applicant to the State Bank.
- (ii) A certificate from the employer showing:
- (a) Net salary and allowances for each year.
  - (b) Provident fund and leave salary paid on retirement.
  - (c) Bonus and other gratuitous payments for each year.
  - (d) Whether cost of passage for self and family is being paid by the employer.

N.B: The above certificate should cover the period of employment not exceeding ten years counting from the date of retirement from Pakistan.

Where any of the above payments is not covered by the relative service contract, a certified copy of the resolution of the Board of Directors of the company or special sanction of the public sector agency, as the case may be, will be necessary.

In respect of self-employed foreign nationals, instead of employer's certificate, certified true copies of their final income-tax assessment orders for the preceding two years will be required.

- (iii) A statement of bank account for the preceding two years prior to the date of the application.
- (iv) Bank certificate showing separately the total amount of remittances made on account of (a) family maintenance (b) leave salary and (c) other miscellaneous purposes for the preceding two years.
- (v) Statement of sale proceeds realized in respect of locally purchased articles.
- (vi) A Statement of sale proceeds of articles imported by the applicant from abroad.
- (vii) Authorized Dealer's certificate showing the amount invested and the amount realized from the sale of investments, where the applicant had made investment in N.I.T. Units or other Government Securities for availing of income tax relief.

## **2. Sale of imported vehicles.**

Foreign Diplomatic Missions, Diplomatic Officers, privileged persons/organizations, foreign nationals/contractors/firms etc., doing business or employed in Pakistan, can sell or otherwise dispose of in Pakistan their vehicles, which have been imported into Pakistan for official or personal use, only in accordance with the rules governing such imports. Remittance of sale proceeds will be considered by the State Bank under the prescribed rules.

## **3. Legacies and other Distributions of Assets from the Estate of Deceased Persons.**

Applications covering remittance of legacies and other distributions from estates of deceased persons due to beneficiaries resident outside Pakistan should be referred to the State Bank for consideration. Such applications should be made by letter, which should be accompanied by the following documents and information:

- (i) Name, nationality and place of residence of the deceased at the time of his death. If the deceased person was resident of Pakistan, the period of such residence should be stated.
- (ii) A copy of the relative clauses in the Will after Probate has been granted or if the deceased died intestate, in the Letters of Administration, in both cases authenticated by a Notary Public, any Court, Judge or Magistrate in Pakistan or in the country of residence of the deceased if he died abroad.

- (iii) A full statement of the assets in Pakistan of the deceased together with a copy of the bank account for the preceding two years.

Any amounts which are not allowed to be remitted to the non-resident beneficiaries will be permitted by the State Bank to be credited to a blocked account in the name of the executor or administrator with a bank in Pakistan. If any security, shares and real estate which have been specifically bequeathed to persons resident outside Pakistan are to be transferred to such beneficiaries, the applications should also contain full particulars of such securities, shares and real estate.

#### **4. Family Remittance Facilities.**

Foreign nationals, who are resident in and have income in Pakistan, are permitted to make remittances to the country of their domicile out of their current savings, to cover their commitments for family maintenance, insurance premia, educational expenses of their children, legal charges, mortgage payments, loan, interest etc. Such remittances can be made to the extent of the difference between the net income of the applicant and his estimated expenses in Pakistan, as declared by him in the prescribed application form. This facility is, however, not available to Indian and Afghan nationals and foreign-born wives of Pakistan nationals.

#### **5. Issue of Permits.**

(i) Permits for monthly remittances may be issued by the Authorized Dealers, without the prior approval of the State Bank, to foreign nationals other than those who are:

- a) Self-employed, or
- b) employed in Merchant Navy, or
- c) of Indo-Pak origin.

Permits will be issued on receipt of declaration from foreign nationals in the prescribed form (Appendix V-63) in duplicate and subject to fulfillment of the following conditions:

- aa) The applicant holds a work permit/visa or is employed in a hospital or educational/charitable institution.
- bb) In case the applicant is employed with Government or Semi Government institution, a letter from the Department concerned is produced.
- cc) The pay cheque of the applicant is received directly by the Authorized Dealer from the employer for credit to his individual account.

(ii) Permits to eligible applicants will be issued by the Authorized Dealers on a yearly basis. These permits will be non-cumulative. It will, however, be in order for the Authorized Dealers to effect remittance of accumulated amounts upto a maximum of two months. Remittance of accumulations in excess of two months will require prior approval of the State Bank. The

amount remitted each month should be endorsed on the application and after the last remittance is made, the same should be surrendered to the SBP-Banking Services Corporation.

(iii) For renewal, a fresh declaration in duplicate should be obtained by the Authorized Dealers.

(iv) Salary on which remittance entitlement is calculated would exclude monetary value of various facilities such as free house, transport, servants, boarding etc., as also cash payments towards conveyance, entertainment, house rent etc. The term net income signifies gross income of the applicant less all compulsory deductions such as income tax, provident fund and pension fund, house rent and other deductions which are of a fixed nature. Bonus or commission receivable by foreign nationals cannot be added for calculating monthly entitlement in anticipation of the grant of bonus or commission. The computation will be made only after the net amount of bonus or commission has actually been paid by the employer and will be spread over the subsequent twelve months.

(v) Authorized Dealers will keep proper record of these remittances, as this information is needed by the State Bank, when foreign nationals apply for remittance of their savings, on their retirement from Pakistan.

(vi) The original copies of all declaration forms (Appendix V-63) will be sent to the SBP-Banking Services Corporation after effecting the last remittance. Authorized Dealers must, however, ensure that all expired permits are invariably sent to the SBP-Banking Services Corporation promptly.

#### **6. Family Remittance Facilities-Self-employed Foreign Nationals.**

In the case of self-employed foreign nationals e.g., doctors, lawyers, architects, consultants etc., remittance permit will be issued by the SBP-Banking Services Corporation. Authorized Dealers should submit applications of such foreign nationals in the prescribed form (Appendix V-63), together with a statement of income for the preceding one year and the latest income-tax assessment order. Foreign nationals, who have been carrying on their business or under-taking independent profession in Pakistan on or after 3rd October, 1963 will be required to produce permission from the Board of Investment. Permission letter will not be necessary in those cases where the foreign nationals have been carrying on their business or profession in Pakistan prior to 3rd October, 1963. In such cases, however, they will have to produce to the SBP-Banking Services Corporation suitable documentary evidence to this effect.

#### **7. Family Remittance Facilities-Foreign Nationals employed by Merchant Navy and Persons of Indo-Pak Origin.**

Applications for issue of monthly remittance permits from foreign nationals employed by Pakistan Merchant Navy and from persons of Indo-Pakistan origin holding foreign passports should be forwarded to the SBP-Banking Services Corporation duly supported by necessary documents.

## **8. Convertible and Non-Convertible Rupee Accounts.**

Under the rules, all Diplomatic Missions accredited to Pakistan, their Diplomatic Officers and home-based members of the Mission's staff in Pakistan, as also all international organizations in Pakistan and their expatriate employees, are allowed to maintain two separate Rupee accounts with banks in Pakistan viz. (i) convertible Rupee account and (ii) non-convertible Rupee account. Operations on these accounts are subject to the following rules:

- (i) The convertible Rupee account can be credited with the following: -
  - (a) Foreign exchange received from abroad through normal banking channel.
  - (b) Foreign exchange encashed in Pakistan with any Authorized Dealer.
  - (c) Transfer from any other convertible Rupee account.

Other credits to the convertible Rupee accounts would require the prior permission of the State Bank.

The convertible Rupee account can be debited with the following without the permission of the State Bank:-

- aa) Payments in foreign exchange abroad.
  - bb) Credit to any other convertible Rupee account.
  - cc) Transfer to a non-convertible Rupee account.
  - dd) Local disbursements.
  - ee) Issuance of foreign currency travellers cheques and foreign currency notes.
- (ii) The non-convertible Rupee account can be credited with the following:-
    - a) Transfer of funds from convertible Rupee account.
    - b) Remittances received from abroad through banking channel.
    - c) Other receipts from authorized sources.

Remittance from a non-convertible Rupee account or transfers therefrom to a convertible Rupee account is not permissible. This account can, however, be debited freely without State Bank's permission for making local payments.

All payments to officials of Foreign Missions and International Organizations are to be made from the convertible Rupee accounts of the Foreign Missions/International Organizations by credit to the convertible Rupee accounts of the said officials maintained with banks. The officials are free to transfer such amounts from their convertible Rupee account to their non-convertible Rupee account as they may consider necessary for meeting their local expenses from time to time.

#### **9. United Nations and its Organizations in Pakistan.**

Operations on accounts of United Nations and its Organizations in Pakistan are governed by the instructions contained in para 2 of Chapter 8. The expatriate employees of the United Nations and its Organizations in Pakistan are also governed by the instructions contained in the preceding paragraph 8. However, in their case it will be in order for Authorized Dealers to allow transfer of funds to their convertible Rupee account from the official Rupee accounts of the United Nations Organizations.

#### **10. Issue of Travellers Cheques against Family Maintenance Permits.**

Authorized Dealers may issue travellers cheques to a foreign national, holding family maintenance permit or to the members of his family by deduction from his remittance entitlement for that particular month, on production of tickets evidencing the date of their departure from Pakistan within two weeks from the date of issue of travellers cheques.

#### **11. Subscription to Foreign Magazines, Periodicals etc. and Purchase of Books of a Learned or Technical Nature.**

Authorized Dealers may allow remittances, without prior approval of the State Bank, for subscription to foreign magazines, periodicals, newspapers etc., and for purchase of books of learned and technical nature as per ceiling prescribed in the Import Policy.

#### **12. Procedure for effecting Remittances.**

While effecting remittances Authorized Dealers shall ensure the following:-

- (i) Form 'M' has been duly signed by the applicant.
- (ii) Remittances are effected only on behalf of their own clients for not more than one copy each of the magazines, periodicals, books etc.
- (iii) The invoices, demand notes etc., received from foreign publishers or book-sellers and distributors are addressed to the clients on whose behalf remittance is being made.

- (iv) Remittances are made in favour of renowned booksellers, publishers and distributors on account of subscription to well-known foreign magazines, periodicals etc., and books of a learned and technical nature (i.e. non-fiction) only.
- (v) Remittances are not made for those magazines, books, journals, etc., whose import is prohibited.
- (vi) A declaration by the applicant showing the amount already remitted during the current fiscal year is submitted and remittance is allowed within his entitlement.

**13. Remittances by Book-sellers/Subscription Agencies on account of Subscription to Foreign Journals and Magazines etc.**

Authorized Dealers may allow remittances by book-sellers/subscription agencies on account of subscriptions collected by them from their individual customers for subscription to foreign newspapers/journals/magazines and import of books of technical and learned nature. In such cases remittances will be allowed by them on the strength of consolidated invoices issued by foreign publishers or book-sellers and distributors, subject to the following procedure:

- (i) The book-sellers/subscription agencies in Pakistan should accept payment from their customers only through cheques marked 'Account Payee Only' and deposit the same in a separate account, which they will open with their bankers exclusively for this purpose. Remittances in respect of foreign books and magazines will be made by the Authorized Dealers by debit to this account only.
- (ii) Authorized Dealers should make remittances direct to the internationally known publishers and book-sellers only. As an exception, however, remittances may also be made to the subscription agents as specified in Appendix V-64.
- (iii) The book-sellers/subscription agencies concerned must be a member of the Pakistan Publishers and Book-sellers Association. The book-sellers/subscription agencies should produce a letter from the Secretary of the Association certifying their membership. This certificate will be kept on record by the Authorized Dealers for inspection by the State Bank.
- (iv) Book-sellers/subscription agencies should ensure that parcels/invoices are addressed by the foreign publishers, book-sellers etc., direct to the individual subscribers in Pakistan. In cases where remittances are made on the strength of consolidated invoices, it should be ensured that such invoices are accompanied by statements duly authenticated by the foreign publishers showing the names, addresses etc., of the individual subscribers. However, in cases where the book-sellers/subscription agencies are unable to support the consolidated invoices with the detailed statements at the time of making remittances, the Authorized Dealers may make the remittance, on the basis of an undertaking from the applicant that authenticated copy of the statement will be produced to them within a period of two months from the date of remittance. It will also be the obligation of the concerned Authorized Dealer to ensure that the above statements are filed by respective book-sellers/subscription

agencies with them within the stipulated period. The said statement should be linked with the relative papers and produced to State Bank's Inspecting Team on demand.

#### **14. Import by Actual Users.**

<sup>1</sup>Authorized Dealers may approve applications on Form 'M' in connection with import of any importable item or items by actual users on production of the following documents:-

- (i) Proforma invoice/debit note in original.
- (ii) Declaration of the applicant showing the amounts remitted by him during the current fiscal year including the amount of the present application.
- (iii) Declaration that the item/items so imported are for his personal use only.

#### **15. Membership Fees of Educational, Technical, Professional & Scientific Institutions.**

Authorized Dealers may approve applications on Form 'M' covering subscriptions or membership fees at actuals to bonafide scientific, technical, professional and educational institutions abroad. <sup>2</sup>The above facility will also be available to institutions/professional bodies in Pakistan with international affiliations. Authorized Dealers may allow remittances on account of membership/affiliation fees payable by a local business/professional entity to the principals abroad. The applications should contain the following particulars:

- (i) Name and address of the institution.
- (ii) Amount of subscription payable.
- (iii) Period for which subscription is valid.

Remittances should be made directly in the name of the scientific, technical, professional and educational institutions/principals abroad.

#### **16. Membership Fees of Bonafide Social Clubs etc.**

No foreign exchange will be made available for this purpose.

#### **17. Correspondence Courses.**

Authorized Dealers may approve remittances for payment of fee for correspondence courses in actuarial science and for those other courses which prepare students for examinations

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<sup>1</sup> F.E. Circular No. 15 dated August 15, 2003.

<sup>2</sup> F.E. Circular No. 09 dated July 14, 2006.

conducted in Pakistan by professional institutions of repute abroad like ICWA etc. Applications for the purpose should be made on Form 'M' duly supported by a declaration in the prescribed form (Appendix V-65) and the demand note received from abroad.

**18. Fees for appearing in Examinations held in Pakistan by ICWA, London Institute of Bankers, etc.**

Authorized Dealers may allow remittances on account of fees to be paid by students to foreign professional/educational institutions for appearing in the examinations conducted by such institutions in Pakistan. The above facility also covers fees for all examinations held in Pakistan for entry into universities, institutions and courses of studies abroad for which exchange is otherwise allowed by the State Bank. Remittances for the purpose may be effected by the Authorized Dealers subject to scrutiny of the following documents:

- (i) Form 'M' signed by the applicant.
- (ii) Demand Note/Examination Fee notice etc., in original.

The remittances are to be effected in the names of the foreign institutions abroad.

**19. Other Private Remittances.**

Applications for remittances by private individuals for purposes other than those mentioned above should be made to the SBP-Banking Services Corporation on Form 'M'. Details of the purpose of the remittance should be stated in full on Form 'M' and appropriate documentary evidence in support of the application attached thereto. Authorized Dealers should advise all applicants that it is in their interest to state clearly the purpose of the remittances, as a decision on the application can be taken by the SBP-Banking Services Corporation only after considering full facts of each case. Authorized Dealers must satisfy themselves regarding the bonafides of each case through their personal knowledge of the applicant, if any, or evidence which the applicant may be able to produce. After thus satisfying themselves, the Authorized Dealers should certify the application and forward it to the SBP-Banking Services Corporation for consideration. In each case the nationality of the applicant should be stated and if the applicant is not a resident of Pakistan, the name of the country of which he is a resident shall be mentioned. If the applicant is a foreign national, the period of his residence in Pakistan and his future intention in this regard should be clearly spelled out. Particulars of any permit obtained by him for making monthly remittances to his country of domicile should also be indicated.

**20. Method of Reporting the Remittances allowed by Authorized Dealers under the above Authority.**

While reporting to the SBP-Banking Services Corporation remittances allowed by them under the general authority delegated to them in this chapter in their monthly exchange returns, the Authorized Dealers will bunch Forms 'M' under each category separately alongwith the prescribed supporting documents in each case on the basis of which the remittances in question have been effected.

Each 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..... for .....**

<b>Sl. No.</b>	<b>Name of the remitter.</b>	<b>Name &amp; address of beneficiary.</b>	<b>Amount remitted in foreign exchange.</b>	<b>Equivalent in Rupees.</b>
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Before forwarding the prescribed documents to the SBP-Banking Services Corporation alongwith the covering statements referred to above, the Authorized Dealers should see that these are invariably branded with an appropriate stamp indicating that remittances thereagainst have already been effected.