

CHAPTER 10

COMMERCIAL REMITTANCES (OTHER THAN FOR IMPORTS)

1. Freight and passage collections

(i) Applications for remittances: Applications for remittances of freight and passage collections by branches or agents of foreign airlines and shipping companies should be made to the ADs on Form TM accompanied by a declaration in Form FP (See Appendix 5/42) along with the following:

(a) Import/export freight manifest.

(b) Encashment certificate in support of inward remittances received from head office/principal abroad.

(c) Authenticated copy of the charter party in case of vessel chartered by the principal of the shipping agent in Bangladesh.

The statements mentioned in paras (v) and (vi) below should also accompany the applications.

(ii) Remittance of freight and passage: Remittances of freights and passages collected in Bangladesh may be sent to owners abroad after adjustment of the amount spent for local disbursement and taxes payable. Remittance of passage collections or use thereof for local disbursements are permissible only after the relative journeys have actually been undertaken; collections should not therefore be included in the remittance application or used for local disbursement unless the journeys are undertaken.

(iii) Submission of periodical statement : All foreign airlines & shipping companies are required to submit periodical statements of their disbursement and collection in the prescribed form regardless of whether there is a remittable surplus. The statement is required even from those airlines and shipping companies who bring in funds from abroad to meet their operating expenses in Bangladesh, the amounts brought in from head office/principal abroad should be reported in the FP statement.

(iv) Agency commission for handling vessels : Shipping Companies/Agents are required to charge minimum agency commission for handling vessels at Bangladesh ports at the following rates:

a) Export Cargo-5(five) percent of net freight collections for cargoes booked by the agent directly and 2.50(two and a half) percent against those booked by the principal.

b) Import Cargo-2(two) percent of net freight collections.

c) (1) Import Cargoes in tramp/chartered vessel per port per call:

Weight (Tons)	Amount in USD	
	(a) Import cargoes (dry) including bulk/homogeneous-mixed in tramp/chartered vessel upto DWAT(Dead Weight All Told)	(b) Tanker/liquid cargo upto DWAT (Dead Weight All Told)
Upto 10,000	1,000	1,000
Above 10,000 but not exceeding 20,000	2,000	1,500
Above 20,000	2,500	2,000

(2) Minimum agency commission for tramp/chartered vessels in ballast calling at Bangladesh ports for bunkering, victualling including landing of sick crew etc. per call per port USD 750

(3) Owner's protecting/husbanding /supervising agent's minimum fees for tramp/ chartered vessel per call per port USD 750.

(v) Submission of statements by foreign airlines : Foreign airlines are required to submit the following statements on monthly basis:

(a) Statement of freight/passage collection and disbursement in Bangladesh (See Appendix 5/43).

(b) Statement of passages sold/tickets issued by the Airlines (See Appendix 5/44).

(c) Statement of cargo sold by the Airlines (See Appendix 5/45)

(d) Disbursement statement (See Appendix 5/46) supported by cancellation/refund statement (See Appendix 5/47).

(e) Details of credit bookings of passage and freight realised in cash during the month (See Appendix 5/48).

(f) Details of outstanding passage/freight bookings on credit (See Appendix 5/49).

(vi) Submission of statements by shipping companies/agents : Shipping companies/agents operating in Bangladesh are required to submit the following statements on quarterly basis :

(a) Statement of freight/passage collections in respect of foreign vessels and disbursements in Bangladesh in Form Shipping I (See Appendix 5/50).

(b) Details of credit bookings of passage and freight realised in cash during the quarter in Form Shipping II (See Appendix 5/51).

(c) Details of outstanding passage and freight booking on credit in Form Shipping III (See Appendix 5/52).

d) Breakdown of disbursements in Form Shipping IV (See Appendix 5/53) supported by statement of cancellations or refunds of freight/passages in Form Shipping V (See Appendix 5/54).

(e) Statement of passages sold/tickets issued by the Shipping company (See Appendix 5/55).

The returns should be supported by export/import freight manifest and bill of lading. The breakdown of disbursement must also be supported by third party bills/receipts where the amount involved in any particular item of expenditure is Taka 2500 (Two thousand five hundred) or over. The returns should be submitted within 60(sixty) days following the quarter to which the returns relate.

(vii) Collection of freight for transportation of excess baggage

Shipping/Airline Companies or Travel Agents may collect freight in Taka for transportation of excess accompanied as well as unaccompanied baggage including motor car of Bangladesh nationals from destination abroad to Bangladesh without prior permission of the Bangladesh Bank.

(viii) Accepting freight in Taka by shipping companies/airlines

Shipping Companies/Airlines while accepting freight in Bangladesh Taka on exports and imports should be guided by the following instructions:

(a) Freight on Exports: Freight on exports from Bangladesh in local currency shall be accepted only when a certificate from the exporter's bank is produced to the Shipping Companies/Airlines in the following form:

"Certified that EXP Form in respect of shipment to be made by M/s.....(name of the exporter) has been stamped to the effect that the documents in respect of the shipment under this EXP form shall be negotiated/accepted only when these are drawn on CFR/CIF/CPT/CIP basis and not on FOB/ FCA /FAS/EXW basis.

Before issuing the above certificate, the ADs will invariably endorse the relative EXP form in the following manner:

"Certified that documents in respect of the shipment under this EXP form shall be negotiated/accepted only when these are drawn on CFR/CIF/CPT/CIP basis and not on FOB/FCA/FAS/EXW basis.

While submitting the applications for remittances to the AD, the Shipping Companies will invariably submit therewith the aforesaid bank's certificate alongwith a copy of the relevant bill of lading duly arranged according to the entries appearing on the freight manifest. In case of Airlines, Airway bill is to be submitted together with the certificate of the AD as mentioned above.

However, licenced freight forwarders may pay freight charges to airlines/shipping companies in Taka in respect of exports made on FOB basis subject to compliance with stipulations mentioned in Section -III, Chapter 17 of this Guidelines.

(b) Freight on Imports in Bangladesh Currency: Freight on imports on FOB basis against LCAFs issued on CFR/CPT/CIF basis shall be accepted in Bangladesh in the local currency by the shipping companies/airlines/freight forwarders provided a certificate from the AD as mentioned in Appendix 5/13 is produced by the importer to the airline/shipping company concerned. The AD should ensure that in the case of imports on FOB basis against LCAF issued on CFR/CPT/CIF basis, a reasonable margin within the overall limit of the LCAF is reserved to cover the amount of freight so that the overall total cost does not exceed the amount of the LCAF. With a view to ensuring compliance with the above requirement, the AD should endorse on the LCAF the amount of freight payable in Bangladesh currency as stated in the bill of lading/airway bill and to issue a certificate in the form prescribed in Appendix 5/13 for presentation to the shipping company/airline in Bangladesh at the time of payment of freight in Bangladesh currency. Shipping companies/airlines are advised that while accepting payment of freight in Bangladesh currency on such imports they should invariably insist on production of the certificate from the ADs prescribed in Appendix 5/13 which should be enclosed with the freight manifest/return at the time of applying for remittance of surplus freight collections. However, 'freight/transportation charge on FOB basis import may be accepted in foreign currency also as per instructions mentioned below:

(ix) Accepting freight on FOB imports in foreign currency by shipping companies/ airlines, eligible freight forwarders

Shipping companies/airlines may accept freight charges on FOB imports in foreign currencies from the importers/eligible licenced freight forwarders while importers' banks may at the request of their importer clients make payments of freight charges in foreign exchange to airlines/shipping companies/eligible licenced freight forwarders, out of the total value of the LCAF issued for the import covering costs of goods and freight (Para 16, Chapter 7). The receipts in foreign exchange shall be used through the foreign currency accounts maintained by shipping companies/airlines/eligible licenced freight forwarders as mentioned in Para 33, Section-VI Chapter 13. However, payment of freight in FC shall be

supported by certificate as per appendix 5/13 while crediting the FC account concerned which should be enclosed with the freight manifest/return at the time of applying for remittance of surplus freight collections.

(x) Accepting freight on FOB exports in FC : Foreign exchange received by shipping companies, airlines and multimodal transport operators licenced as freight forwarders by Customs Authorities against handling of FOB export cargos from Bangladesh may be credited to FC accounts as mentioned in Para 33, Section-VI, Chapter 13. Shipping companies/ air lines may accept freight charges on FOB exports in foreign currencies from the eligible licenced freight forwarders also (Please see Section-III, Chapter 17).

(xi) Transactions of freight forwarders

Besides the instructions mentioned in different paras of this chapter relevant to the operations of freight forwarders, other instructions including maintaining FC account, receipts of freight in FC and Bangladesh currency against handling of export/import cargo, outward remittance to counterpart freight forwarders, reporting to Bangladesh Bank, etc. are enumerated in Section -III, Chapter 17.

2. Remittance of surplus earnings of foreign airlines, shipping companies, railway companies and courier services companies

Apart from the periodical statements referred to in the foregoing paragraph, applications for remittance of surplus earnings of foreign airlines and shipping companies (in form TM, with declaration as per Appendix 5/9) submitted to the ADs should be accompanied by the following documents:

(A) Airlines

(i) Dummy P Form duly filled in as per Appendix 5/56.

(ii) P-2 Form (where applicable) filled in as per Appendix 5/57.

(iii) Encashment Certificate as per Appendix 5/58, certificate of debit to convertible Taka account as per Appendix 5/59 and certificate of debit to shipping agent's/ company's account as per Appendix 5/60 as applicable, certificate of inward remittance against FOB export (Appendix 5/96).

(iv) Airway Bill in the case of excess baggage, export cargo etc. If freight against export from Bangladesh is accepted in local currency, certificate from Exporter's Bank as per para 1(viii) (a) above;

(v) In the case of payment of freight in taka on import against LCAF, certificate from the concerned ADs as per para 1 (viii)(b) above;

(vi) In the case of issue of tickets against convertible Taka Accounts, letter of authorisation from the concerned account-holder as per para 11 (vi)(b) of Chapter 12.

Each form/supporting document will be submitted by the airline/ its GSA to the AD in duplicate.

Examination and Processing by Authorised Dealers

From the above mentioned documents the ADs shall satisfy themselves that the concerned airlines have collected passenger fare/cargo freight as per routes and fares approved by the Civil Aviation Authority of Bangladesh (CAAB). Moreover, the ADs have to satisfy themselves that the provisions of this Chapter and Chapter 12(Travel) relating to issuance of tickets and collection of freight have been duly complied with. All statements/returns/documents submitted to the Bangladesh Bank must show the following at actual :

- (a) fare realised from passengers
- (b) freight against cargo
- (c) number of passengers
- (d) number of cargo challans
- (e) expenses incurred under different heads

This is to mention here that only actual fare realised from passengers and actual freight realised against cargo shall be considered to determine remittable surplus to abroad in compliance with instructions stated in para 1(ii) of this chapter. It would be necessary for the ADs to obtain confirmation in writing from the certificate issuing ADs as to the genuineness of the encashment certificates submitted by the airlines.

To ascertain the expenses of the airlines, the ADs shall examine the statements submitted by the airlines in terms of para 1 (v) of this Chapter [Appendices 5/43-49]. Bills/vouchers issued by the relevant authorities submitted by the airlines in support of the expenses shown in Appendix 5/46 should be examined and written explanation should be obtained in case of major omissions (e.g. landing charge in case of on line carrier) in the statement. If the explanation is not found satisfactory, the matter should be brought to the notice of the the Bangladesh Bank immediately.

While determining surplus earnings, the concerned ADs shall satisfy themselves that the agency commission, overriding commission (in the case of issue of tickets and collection of freight by the GSA) as per IATA rules, and taxes at the applicable rate have been deducted.

Taxes may not be deducted to the extent exempted by Bilateral Treaties providing for tax exemption or where bank guarantees are furnished as per approval of the tax authorities. Airlines may pay taxes out of funds earlier earmarked for tax on the basis of assessment made by the tax authorities or from their current income. In the latter case, the taxes paid should be shown as an item of expenditure in the disbursement statement of the month in which the taxes have been paid. If expenditure in any month exceeds income, the deficit must be covered by inward remittance.

After determining the surplus earning as per relevant provisions of this Chapter and Chapter 12, the AD will approve form TM and remit surplus earnings to the head office of the applicant airline. Thereafter, within fifteen days of the following month of effecting remittance, the ADs shall submit to the Bangladesh Bank one set of all the relevant papers including copies of each form/document and approved form TM for post facto examination.

(B) Shipping Companies

- (i) Encashment certificate in support of remittance from abroad by head office/principal;
- (ii) Import/export freight manifests and bills of lading mentioned in the manifests;
- (iii) In the case of arrival in Bangladesh ports of vessel chartered by the foreign principal of Bangladeshi shipping agent, attested copy of the relevant charter party;
- (iv) In the case of export cargo, statement regarding tax liability in prescribed form (Appendix 5/61) duly signed by the taxation and customs authorities. The shipping company/its agent shall prepare this statement in quadruplicate and submit it to the tax authorities. The concerned Deputy Commissioner of Taxes will put his signature and seal on those and return three copies to the concerned shipping company or his agent. The shipping company/agent will submit those 3 (three) copies to the concerned office of the customs authorities who will put there signatures and seal alongwith name and full address on those and return two copies to the shipping company/agent who will submit these to the AD. The authorised officer of the AD will put his signature and seal mentioning name and address on both copies, retain one copy and return the other to the shipping company/agent;
- (v) Forms as per Para 1(vi) above and declarations as per Para 1(viii)(a) and Para 1(viii)(b) above;
- (vi) Bill/voucher in support of expenses shown in Form Shipping IV (Appendix 5/53) for all expenses of Tk. 2500 (Two thousand five hundred) or more per item.

Each form, statement and supporting bills/vouchers shall be submitted to the AD in duplicate.

Examination and Processing by Authorised Dealer

In determining total income, freight received against export on CFR/CIF/CPT/CIP basis, freight received against import on FOB basis and fund received by way of inward remittance from head office/principal of local shipping agent are to be added. The surplus earning is to be determined by deducting expenses shown in Form Shipping IV from the total income. Expenses relating to port charges and custom charges as per disbursement statement (Form Shipping IV) are to be checked with the bills issued by the concerned port authority. The ADs shall satisfy themselves that freight brokerages have been reflected in Form Shipping IV.

In the case of export of non-jute and non-traditional goods (including export of jute yarn and jute carpet by private sector jute mills and jute carpet manufacturers) 0.50(half) percent of total income is payable to Bangladesh Shippers' Council as freight brokerage on account of service charge. This freight brokerage is also required to be shown in the disbursement statement as an expense. The AD shall also ensure that agency fees and commission as per para 1 (iv) above have been shown at serial no 8 of the Disbursement Statement. Taxes shown in Disbursement Statement should be checked with particulars furnished for determination of tax liability as per Appendix 5/61. Since income tax on account of Feeder Freight is not shown in the Appendix referred to above, remittance of surplus earnings may be allowed only on receipt of supporting document to the effect that income tax has been paid on this account. Any advance payment made to the Master of the ship, payment towards bunker supply, expenses incurred in connection with hotel bill or charter hire should also be shown separately in the Disbursement Statement. For each item of expense amounting to Tk. 2500(two thousand five hundred) and above, the relevant bills should be checked. In each case of remittance of surplus earnings, the ADs should obtain a certificate from the Shipping Company/Agent that all the expenses have been shown in the disbursement statement, and that omission of any expense from the said statement shall render the applicant liable for action against violation of Foreign Exchange Regulations. The AD shall approve the form TM for the amount of surplus earnings found in order and after effecting remittance forward one full set of the papers alongwith approved form TM to the concerned area office of Bangladesh Bank within 15(fifteen) days of the following month of such remittance for post facto examination.

(C) Courier Services

A foreign courier service company/its agent shall submit to the AD monthly statements for the purpose of remittance of surplus earnings to Head Office/Principal abroad. The monthly statement, certified by a registered chartered accountant and its supporting documents should contain information relating to each collection in Bangladesh against outward despatches;

volume/weight of the documents/parcels despatched, mode of despatch, office abroad (with name of city and country) through which documents/parcels have been delivered, amount of commission and the amount payable to the principal on account of charges. The surplus earnings shall be determined by deducting from gross collections (i) the local agent's commission for handling inward and outward documents/parcels (ii) taxes payable on gross collections as applicable and (iii) audit fees and other expenses. Remittance applications should also be accompanied by invoices raised by head office/principal abroad for the claimed amount. As in the case of remittance of surplus earnings of airlines and shipping companies, the application and all other papers shall be submitted to the AD in duplicate. After recording approval in form TM and effecting remittance, the AD shall forward one full set of all papers including copy of approved form TM to the concerned area office of the Bangladesh Bank for post-facto examination within 15(fifteen) days of the following month of effecting remittance.

(D) Railway Companies: Remittance of surplus earnings of foreign railway company by local agent.

ADs may effect remittance of surplus earnings on behalf of local agents of foreign railway companies to their principals abroad. Local agents operating with the authorisation/licence of competent government bodies shall submit to the ADs monthly statements for the purpose of remittance of surplus earnings to foreign principals. The monthly statement, certified by a registered chartered accountant and its supporting documents should contain information relating to each collection in Bangladesh against sales of ticket, amount of commission and the amount payable to the principal abroad. The surplus earnings shall be determined by deducting from gross collections (i) the local agent's commission (ii) taxes payable on gross collections as applicable and (iii) audit fees and other expenses. Remittance applications should also be accompanied by invoices raised by principal abroad for the claimed amount. After recording approval in form TM and effecting remittance, the AD shall forward one full set of all relevant papers to FEOD, Bangladesh Bank, Head Office, Dhaka for post-facto examination within 15 days of the following month of effecting remittance. In addition to this, AD shall report the transactions to FEOD, Bangladesh Bank, Head Office/the concerned area office of Bangladesh Bank in the monthly returns/statements.

3. Operating in Bangladesh as agents of non-residents or branch/liaison/representative offices etc.

Before taking up for processing a remittance application, the AD shall check whether the concerned agent/office of the airline, shipping company, courier service company, freight

forwarders, stock brokerage firms, satellite channel distributors, railway company, etc. are operating in Bangladesh with permission from competent government authorities, as applicable as mentioned in Sections I, II and III of Chapter 17.

4. Undertakings for adjustment/repatriation of excess amount

In all cases of remittances of surplus earnings, undertakings shall be obtained from the applicants to the effect that in the event of detection, on post facto scrutiny, of any excess remittance, the excess amount will be repatriated/adjusted from subsequent remittable amount.

5. Submission of monthly return to Bangladesh Bank

All the above mentioned remittances shall be reported in the usual monthly returns submitted by the ADs to the Bangladesh Bank. Besides, all receipt and payment transactions through foreign currency accounts shall have to be included in the monthly collection and disbursement statements routinely submitted to Bangladesh Bank by shipping companies/airlines through their AD banks. In this context, collection in foreign currency should be presented in a separate column of relevant statements (Appendix-5/42, 5/43, 5/44, 5/45, 5/46, 5/48, 5/49, 5/50, 5/51, 5/52, 5/53, 5/54, 5/62, 5/63, 5/65, 5/66, 5/67).

6. (i) Operating expenses of Bangladesh Shipping Corporation and Bangladesh Biman

Bangladesh Shipping Corporation and Bangladesh Biman are allowed to make remittances to meet bonafide disbursements in foreign ports/foreign stations without prior approval of the Bangladesh Bank.

(ii) Submission of Statement Bangladesh Shipping Corporation

Bangladesh Shipping Corporation is required to submit the following periodical statements/returns in regard to their foreign operations:

- (a) Consolidated quarterly statement showing income and expenditure in respect of foreign shipping agents as per Appendix 5/62.
- (b) Consolidated quarterly statement showing income and expenditure in foreign exchange by foreign agents as per Appendix 5/63.
- (c) Consolidated quarterly statement showing balances held abroad with banks, main agents and other credit agencies as per Appendix 5/64.
- (d) A copy of the monthly report of cash foreign exchange earnings and expenditure submitted to Ministry of Finance.

Returns as at (a) to (c) above should reach Bangladesh Bank, Head Office, Dhaka within two months following the quarter to which returns relate and returns at (d) above by 20th of the following month.

(iii) Submission of Statement Bangladesh Biman

Bangladesh Biman is required to submit a consolidated monthly statement of foreign exchange earnings and expenditure as per Appendix 5/65.

7. Statements/returns to be submitted by Private Shipping Companies

All private shipping companies in Bangladesh are required to submit the following quarterly statements/returns :

(a) Statement of earnings and expenditure in Bangladesh in respect of vessels owned by private shipping companies as per Appendix 5/66.

(b) Statement showing earnings and expenditure of foreign agents of Bangladeshi shipping companies as per Appendix 5/67.

(c) Consolidated statement of earnings, disbursements and net amount repatriated to Bangladesh as per Appendix 5/68.

(d) Statement showing debits and credits to foreign currency account maintained by shipping companies with banks abroad as per Appendix 5/69.

The statements should reach FEOD, Bangladesh Bank, Head Office, Dhaka or concerned area office of Bangladesh Bank within two months following the quarter to which those relate.

8. Charter of Foreign Aircraft

Persons or firms holding permission of the appropriate ministry of the Government to charter non-resident-owned aircraft may apply for remittance approval of Bangladesh Bank in form TM alongwith the permission letter of the Govt. The application should be accompanied by a copy of the charter agreement together with an undertaking that a detailed account of all disbursements made for the account of the owners will be submitted to Bangladesh Bank within 15(fifteen) days of the expiry of the period 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 accounting of disbursements etc. is made available to the Bangladesh Bank.

9. Charter of foreign ships

Persons or firms resident in Bangladesh intending to remit foreign exchange in favour of non-resident owners of ships on account of charter hire shall apply to the ADs.

The documents to be furnished alongwith the application are :

- (i) Form TM duly filled in;
- (ii) Permission from the Ministry of Shipping/Directorate General of Ports and Shipping for charter of the concerned non-resident owned ship;
- (iii) Waiver certificate from the D.G., Ports & Shipping;
- (iv) Contract(Charter party/Agreement) between the ship owner and the charterer;
- (v) Contract between the exporter and the charterer (where the exporter is not the charterer himself);
- (vi) Freight prepaid bill of lading;
- (vii) Bank certificate in support of CPT/CFR/CIF/CIP export as per proforma prescribed vide para 1 (viii)(a) above;
- (viii) Freight/cargo manifest issued by the Shipping Agent;
- (ix) Mate's receipt issued by the Captain/Master of the concerned ship;

If the above documents are found in order, the total quantity of goods shipped shall be determined from the concerned bills of lading, cargo/freight manifest and Mate's receipt. Thereafter, the total freight shall be determined by applying the rate of freight mentioned in the charter party (agreement concluded between the ship-owner and the charterer) to the aforesaid quantity of goods. To be certain that the goods shipped have been exported on CFR/CPT/CIF/CIP basis, it would be necessary to examine certificates issued by the concerned banks. Net charter freight is required to be determined by deducting freight tax at prescribed rate, freight brokerage, port dues etc. and other local expenses relating to the chartered ship from the total freight. In the event of remittance of foreign exchange by the concerned non-resident ship owner for the purpose of said local expenses, net remittable charter freight shall be determined by adjustment of the amount so remitted from abroad. After determination of net charter hire on the basis of the above procedure, the AD shall approve the form TM and effect remittance to the non-resident owner. Before allowing remittance of charter hire, the AD shall obtain from the charterer an undertaking that the charterer shall submit to the AD the final Income-Expenditure Statement alongwith required documentary evidences within one month from the date of remittance of charter hire.

Further, an undertaking is to be obtained from the charterer to the effect that if on subsequent scrutiny the remittance is seen to be in excess of amount actually payable, the excess amount will be repatriated through normal banking channel.

10. In case the charterer is a private Bangladeshi shipping company, the AD, before effecting remittance, shall satisfy itself that the concerned shipping company has no surplus earnings abroad or the surplus earnings kept abroad is not sufficient to meet the concerned charter hire.

11. Income-Expenditure statement of the chartered foreign ship company

The charterer shall submit to the concerned AD a final Income- Expenditure Statement relating to the charter alongwith documentary evidences within one month from the date of approval of the remittance. Each of the above documents/statements and related papers shall be obtained in duplicate and one set of the same alongwith approved form TM shall be sent by the AD to the relevant area office of the Bangladesh Bank, for post-facto examination.

12. Import through chartered ship : payment of freight charges to ship-owner abroad

To effect payment of freight charges to foreign ship-owners for ships chartered by the importers in Bangladesh, ADs shall have to observe the following conditions to remit such charges :

- (a) the relevant Bill of Entry has been submitted as proof that the goods have been arrived in the country;
- (b) the ADs should satisfy themselves that the unit value of the imported goods including freight is competitive with the value of such goods imported on CFR basis in the respective period;
- (c) Import Policy Order in force has been meticulously complied with ;
- (d) authorisation from the Directorate of Shipping has been obtained (if general waiver has not been accorded) ;
- (e) Form TM is duly filled in.

13. Remittances against export claims

The ADs may remit export claims not exceeding 10(ten) percent of the repatriated export proceeds on the following counts:

- (a) Short weight claim;
- (b) Quality claim;
- (c) Part shipment.

In these cases the exporters will be required to apply to the AD in the form given in Appendix 5/70. The forms TM in these cases shall be approved by the concerned ADs. Genuineness of the claim should in these cases be established by examination of the following documents:

(a) Short-weight Claim

- (1) Proceeds Realisation Certificate (PRC);
- (2) Debit Note from the buyer;
- (3) Weighment Certificate/Note from a recognised weighing body;
- (4) LMD Certificate (for shipping weight basis shipment) in the case of raw jute.

(b) Quality Claim

- (1) PRC;
- (2) Debit Note from the buyer;
- (3) Test Report from a recognised test house or an Arbitration Certificate from an approved body of arbitrators.

(c) Part Shipment

- (1) PRC;
- (2) Debit Note from the buyer;
- (3) Contract in original;
- (4) Arbitration award from a recognised arbitrator as referred to in the contract.

14. In the following cases the ADs may effect remittances in settlement of commercial claims in respect of exports without prior approval of the Bangladesh Bank:

(i) Claims on export of jute goods by mills controlled by the Bangladesh Jute Mills Corporation (BJMC) provided:

(a) The remittance application of the mill concerned is supported by a genuineness certificate about the claims issued by the BJMC.

(b) The proceeds realisation certificate is submitted alongwith the application.

(ii) While receiving application from the exporter for approval of remittance on account of quality claim against export of raw jute and jute goods, No Objection Certificate/

recommendation issued by the Directorate of Inspection of Jute and Jute goods should be asked for alongwith other prescribed documents. No remittance application against quality claim on export of raw jute and jute goods should be considered without this No Objection Certificate/recommendation.

15. The ADs will submit to the FEOD, Head office or other offices of Bangladesh Bank all the documents under various types of export claims as mentioned in Paras 13 & 14 above for post facto examination, within 15 days from the date of remittance.

16. Applications (Appendix 5/70) from exporters for export claim remittance of more than 10(ten) percent of repatriated export proceeds, supported by documents mentioned in para 13 above, should be forwarded to the Bangladesh Bank alongwith form TM for prior approval. Such applications for remittance against other types of claim settlements on exports should also be forwarded similarly to Bangladesh Bank for prior approval, duly supported by the relevant documents as listed below:

(i) Amicable Settlement

- (a) PRC.
- (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 shipper and the buyer. Original cables should be produced if cable charges are included in the Debit Note.

(ii) Commission

- (a) PRC.
- (b) Debit Note.
- (c) Agreement regarding the payment of commission.

(iii) Cancellation of the contract

- (a) Debit Note.
- (b) Contract.
- (c) Correspondence in original passed between buyer and shipper.
- (d) Arbitration Certificate, or Chamber of Commerce's Certificate for claims settled amicably.

(iv) Freight against exports:

- (a) PRC

(b) Debit Note. (c) Contract.

(d) Bill of Lading.

(v) Inspection fee, arbitration fee, survey and analysis fee etc.

(a) PRC.

(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

(a) PRC

(b) Debit Note.

(c) Contract.

(d) Correspondence.

17. In addition to the export claims mentioned above, remittance on account of the undermentioned claims in respect of raw jute are also allowed subject to fulfillment of documentation prescribed for each type of claims.

(i) Invoice back and Resale

(Remittance is allowed after resale of the goods is completed. Resale price is adjusted from invoiced back claim).

(a) Original arbitration award (including appeal award, if any).

(b) Documentary evidence to show that:

(i) Shipper had advised the Bangladesh Bank about buyer's exercising the option of invoicing back the parcel.

(ii) Prior permission from the Bangladesh Bank was obtained for resale of the invoiced back goods.

(c) Receipts, bills, vouchers etc. in support of miscellaneous charges included in the claim.

(d) Account sale or resale note.

(e) Resale Contract [(For resale, maximum commission is 1(one) percent and no commission is allowed if the goods are resold to the same party who has invoiced back the parcel)].

(ii) Default

- (a) Original Contract.
- (b) Correspondence in original exchanged between the shipper and the buyer regarding non-shipment.
- (c) Original arbitration award or amicable settlement certificate.
- (d) Documentary evidence in support of market difference of claims. (e) Shipper's explanation for non-fulfillment of the contract.

(iii) Moisture claim

- (a) PRC (b) Debit Note.
- (c) Original contract.
- (d) Original arbitration award or test report or analysis report.

(iv) Late shipment penalty

- (a) Original contract.
- (b) Copy of bill of lading.
- (c) Shipper's explanation showing reasons for late shipment.
- (d) BJA's letter declining to issue unavoidable delay certificate.

(v) Difference for payment received at sight instead of after sight (usance) basis

- (a) Original contract.
- (b) Correspondence showing at whose instance the payment was made at sight.
- (c) Banker's confirmation that the proceeds were realised at sight showing the date of realisation and particulars of returns in which the transaction was reported.
- (d) The basis on which the difference is claimed and evidence in support thereof.

(vi) Freight rebate (or difference in rebate)

- (a) Original Contract.
- (b) Copy of Bill of Lading.
- (c) Shipping company's certificate of payment (if freight paid abroad and rebate paid in Bangladesh).

(vii) Refund against overpricing

- (a) Original contract.
- (b) Correspondence exchanged between buyer and seller in this regard.

18. Discount claims for shipment of readymade garments

All cases of discounts claimed by the importers on account of discrepancies in documents, short shipment, late shipment, conservative arrest, quality issue etc. in respect of shipment of readymade garments should be submitted (as per prescribed format shown in Appendix 5/71) to the Discount Committee through FEPD, Bangladesh Bank, Head Office for recommendation/decision. However, before referring such case to the Committee, AD must be satisfied about the genuineness and merit of the case.

19. For any other type of export claims not covered above, the exporter's application should be forwarded by the AD to Bangladesh Bank with full information and supporting documents.

20. ADs should furnish monthly statements of export claim remittances (as per Appendix 5/72), mentioning remittances allowed by themselves during a month under general authority given to them as well as those allowed with prior Bangladesh Bank approval, by the 7th day of the following month.

21. Claim settlement under marine insurance policies

For remittances on account of settlement of claims arising under Marine Insurance Policies, the ADs are required to submit the following documents to the Bangladesh Bank with Form TM duly filled in alongwith a declaration as per Appendix 5/73 for approval:

Marine Policies

- (i) Shippers' invoices relating to shipment against which claim is made.
- (ii) PRC
- (iii) Bill of Lading.
- (iv) Claim Note.
- (v) Original Insurance Policy/Certificate.
- (vi) Survey Report.
- (vii) Short Contents Certificate from the Customs Authorities of the country of import in case claim is made for short delivery of goods.

22. General Average Payment

There is a General Average Act when an extraordinary sacrifice or expenditure is intentionally and reasonably made or incurred for the common safety for the purpose of preserving from peril the property involved in a common maritime adventure. To protect a ship and a major portion of its cargo from peril, the captain may declare General Average. To determine losses arising from General Average Act the captain then appoints an Adjuster. The General Average Adjuster sends report to the concerned parties stating therein the amount of loss, the share of each in the loss and the destination to which the share is to be remitted. In this context the insurance companies may apply to the AD for remittance abroad of the amount representing the shares of consignees insured by them, with the following document :

- (i) Final Report of the General Average Adjuster
- (ii) Marine Cargo Policy
- (iii) Copy of Letter of Credit (LC)/contract
- (iv) Bill of Lading
- (v) Invoice
- (vi) Average guarantee
- (vii) Form TM and declaration as per Appendix 5/73
- (viii) Declaration from Shadaharan Bima Corporation alongwith the list showing names of the insurance companies concerned with the General Average.

Before allowing remittance the ADs shall satisfy themselves that the names of the company mentioned in the Marine Policy, of the ship, of the consignor and the consignee, the quantity of goods and price mentioned in the invoice, bill of lading no. and the quantity of goods mentioned therein, the quantity of goods and value mentioned in the LCs/contract the quantity of goods and value mentioned in the Average Guarantee etc. are consistent with the details contained in the General Average Adjuster's report. If all the documents and papers are found in order, the ADs may approve form TM and effect remittance on account of the General Average contribution applied for. All the papers and documents are to be preserved for eventual post facto checking by inspection team of Bangladesh Bank.

23. Employment of overseas agents etc.

Prior permission of the Bangladesh Bank is required by persons or firms in Bangladesh who wish to employ the services of agents abroad, whether on regular or intermittent basis.

Applications for this purpose should be made by letter giving full details of the nature and value of the business transacted in the past by the applicant, the existing arrangements and the nature of the proposed arrangements to be made with the overseas agents and where approved, applications for remittances should be made on form TM quoting reference of the approval of the facility by the Bangladesh Bank.

24. Opening of branches or subsidiary companies abroad

Prior approval of Bangladesh Bank is not required by the residents in Bangladesh for opening of offices/subsidiary companies abroad. They are however required to report the same to Bangladesh Bank within one month of opening of such offices, as per Appendix 5/74. Companies/firms shall, through ADs, regularly submit to FEID, Bangladesh Bank, Head Office periodical statements of accounts of these offices/subsidiary companies abroad; any net surplus of earning over routine current expenses/net profit of such offices are to be promptly repatriated to Bangladesh.

Remittance of upto USD 30,000(thirty thousand) or equivalent may be made annually to meet current expenses of such offices opened abroad by a commercial or industrial concern. Such remittance may only be made in the names of concerned offices/subsidiary companies abroad. The ADs shall examine following papers before effecting remittances:

- (1) approval letter of the competent authority of the country concerned for opening the office in that country.
- (2) lease agreement relating to the premises.

The AD shall satisfy itself about the actual necessity of remitting funds by examining the actual and/or estimated incomes and expenses of the office/subsidiary company abroad as revealed from its audited accounts and the other papers; and remit funds to the extent found necessary, subject to the prescribed ceiling. Before effecting remittances for subsequent years the ADs shall verify the renewed lease agreement (if applicable) and other related vouchers.

25. Application of Bangladesh Investment Development Authority Act, 2016 for payment of royalty, fees for technical knowledge or technical assistance and franchise fees to foreign persons or institutes.

Section 18 of Bangladesh Investment Development Authority (BIDA) Act, 2016 requires approved industrial enterprises to make applications to the Authority for payment of royalty, fees for technical knowledge or technical assistance and franchise fees to foreign persons or institutes in accordance with the prescribed manner as defined by BIDA. Accordingly, private sector industrial enterprises as defined in Section 15(3) of the Act shall have approval from BIDA for such remittances.

26. Outward remittances on account of payment of royalty, fees for technical knowledge or technical assistance and franchise fees.

On receipt of applications together with approval from BIDA, following instructions shall be observed by ADs before execution of remittances:

- (a) ADs shall be ensured that they are nominated for the remittances as per approval letter issued by BIDA;
- (b) ADs shall be satisfied that applicable taxes payable on remittable amounts have duly been deducted and paid;
- (c) ADs shall satisfy themselves about the genuineness of the relevant documents. They will immediately contact with BIDA in case of any doubt.
- (d) As usual, ADs shall preserve customer-wise documents for eventual examination by Bangladesh Bank inspection team and shall report the transactions to Bangladesh Bank.

27. Remittance of cost of training and consultancy services

Industrial enterprises producing for local markets and service sector industries may remit through their nominated ADs upto 1(one)percent of annual sales as declared in their previous year's income tax return towards costs of training and consultancy services as per relevant contract with the foreign trainer/consultant, and prior approval of Bangladesh Bank will not be required for such remittances. In this connection industrial enterprises will mean firms and companies engaged in manufacturing or processing or assembling and service sector industries will mean the industries within the purview of Industrial Policy in force.

28. Remittance of profit of branches of foreign firms other than financial institutions

ADs may without prior Bangladesh Bank approval remit abroad the profits of branches of foreign firms and companies. The foreign firm/company operating in Bangladesh should for this purpose submit application to its nominated AD duly supported by the following documents/information:

(A) Submission of Documents

- (i) Audited Balance Sheet and Profit and Loss Account for business done in Bangladesh for the relevant period.
- (ii) Consolidated audited Balance Sheet and Profit and Loss Account of the company/firm (head office) for the corresponding period.

(iii) Year-wise reconciliation of head office accounts for the period for which profit remittance is applied for.

(iv) Documents regarding payment of taxes in Bangladesh:

(a) A certificate from the Auditors in Bangladesh that tax provision made in the accounts for the period in question is sufficient to meet all tax liabilities in Bangladesh; or,

(b) Copies of final assessment orders and forms in respect of all taxes for the period duly certified and stamped by the department concerned.

(v) Full particulars about additions to fixed assets of the company in Bangladesh, if any, during the period and source of funds for financing such additions.

(vi) Particulars of outstanding borrowings in Bangladesh of the company/firm.

(vii) Permission letter of the relevant Government Authorities for carrying on business in Bangladesh and the terms and conditions thereof.

(B) Examination of Documents

The ADs, shall examine and process the applications for profit remittance as follows:

(i) All past losses should be adjusted either to profit and loss account or general reserve account.

(ii) Additions to fixed assets, furniture and fixture, office equipments, cars etc. will be deducted from net profit before arriving at the remittable profit. If the additions are financed out of depreciation, disposals during the year and/or non-repatriable funds received from abroad, no deduction for these will be made from the profit.

(iii) Profit on sale of small fixed assets items like furniture, fixture and equipment and profit on sale of investments in stocks, shares, bonds, securities etc. may be treated as admissible items of remittable profit.

(iv) The entire amount of the profit on sale of fixed assets acquired for running the normal business activities of the concern as well as profit on sale of investments in share, securities etc. acquired out of undistributed remittable profit will also be treated as remittable.

(v) Profit on sale of immovable properties such as land, building, etc. shall be deducted from remittable profit unless prior permission of Bangladesh Bank has been obtained on application alongwith (a) Auditor's certificate about current market value of the immovable property sold (b) balance sheet and other papers of the relevant period establishing the book value of the property on the date of sale (c) copy of agreement of sale certified by the Auditor (d) papers regarding tax assessment/tax payment on the capital gains from the sale.

(vi) Net amount of cash subsidy, if any, granted by the Govt. shall be deducted from profit.

(c) Remittance of profits of Sterling Tea Estate Companies

Further to the requirements of sub-paras (A) and (B) above, applications for remittance of profits of Sterling Tea Estate Companies should fulfill the following:

(i) The companies will prepare accounts in Taka and apply for remittance in Taka.

(ii) The Auditors should certify that the computation of remittable profit and the entire income for the year has been earned on business authorised by the Memorandum and Articles of Association of the company and accrued in Bangladesh and that all losses and revenue liabilities have been adjusted before arriving at the remittable profit. The Auditors must also certify that in their opinion the accompanying financial statements present fairly the financial position of the company as of date and the results of its operations and changes in financial position for the year ended, are in conformity with the generally accepted accounting principles applied on a business consistent with that of the preceding year and the deviations, if any, have been reported.

(iii) Certified copies of assessment orders and evidence of payment of all income and other taxes or a certificate from the Auditors of the company that adequate provision has been made to meet all tax liabilities in Bangladesh, both for the previous years as well as current year together with the calculation sheet duly certified by the Auditors showing how the tax provision figure has been arrived at, should be produced.

(D) The firm/company will keep the Foreign Exchange Investment Department, Bangladesh Bank, Head Office informed beforehand about its nomination of AD and about any subsequent change in such nomination. The AD shall determine the Taka amount of the remittable profit after examining the remittance application in terms of sub-paras (B) and (C) above and effect remittance of equivalent foreign exchange. After making the remittance the AD shall forward the remittance application and supporting papers/documents in original to the Foreign Exchange Investment Department, Bangladesh Bank for post facto checking within one month of effecting remittance. Another copy of the remittance application alongwith the approved form TM shall be forwarded, to the concerned area office of the Bangladesh Bank with the monthly returns of the AD.

29. Remittance of profit of banks, insurance companies and other financial institutions

Foreign banks and financial institutions operating in Bangladesh may remit profits to their head offices abroad through their nominated ADs without prior Bangladesh Bank approval. Foreign insurance companies operating in Bangladesh may likewise remit the shareholders' portion of

profits through their nominated ADs without prior Bangladesh Bank approval. The basis for computation of remittable profit and the documents on which the calculations should be based shall be as follows :

(A) Documents

(a) Audited Balance Sheet and Profit & Loss Account in respect of operation of the foreign bank/insurance company/financial institution in Bangladesh for the relevant year;

b) (i) Copies of final assessment orders and forms in respect of all taxes for the period duly certified and stamped by the taxation authority or (ii) certificate from the Auditors in Bangladesh that tax provision made in the accounts for the period is sufficient to meet all tax liabilities;

c) Certificate authenticated by the Auditor showing particulars of additions to fixed assets in Bangladesh, if any, during the period alongwith the amount of depreciation made, sale proceeds of fixed assets disposed of, and the amount of non-repatriable funds received from abroad to finance capital expenditure during the period;

d) Auditor's certificate with regard to the income accrued and shown in the books of accounts but not actually realised on the date of remittance;

e) In case of insurance companies, Actuary's valuation report relating to the period for which remittance is to be sent, and approval letter from Insurance Development and Regulatory Authority (IDRA) regarding remittance of shareholders' portion of profits for the period;

f) Auditor's certificates regarding adequacy of (i) capital and reserves and (ii) provisioning against classified loans, advances and other assets required in terms of applicable laws and regulations; mentioning clearly both the required and the actual levels of capital, reserves and provisions;

g) An undertaking from the applicant foreign bank/insurance company/ financial institution that any amount determined by Bangladesh Bank as having been remitted in excess of the amount actually remittable shall be repatriated immediately on demand.

(B) Computation of remittable profit

Upon being satisfied about the consistency of the amount applied for remittance with the facts and figures in the documents listed above, profits as per audited accounts may be remitted after making necessary deductions on the following counts:

a) Tax: Tax assessed by the taxation authority or in the event assessment is not completed on the date of remittance, the amount of tax as provided for in the books of accounts and certified by the auditors as adequate in accordance with the tax laws;

b) Additions to fixed assets: Costs of fixed assets, furniture and fixtures, office equipment, cars etc. acquired/bought during the year minus cost of assets financed out of depreciation, sale proceeds of assets and those bought with non-repatriable funds from abroad as shown in the Auditor's certificate referred to in para 29(A)(c) above;

c) Profits on sale of immovable assets: Any amount of profit in excess of Tk. 10,000 (Ten thousand) arising out of sale of immovable assets (land, building etc.) included in the profit;

d) Income receivable: Any unrealised interest income on adversely classified assets wrongly credited to income statement.

e) Irregular income: Excess amount of interest and commission/charges etc. realised and included in the Profit & Loss Account as detected by the Bangladesh Bank inspection teams ;

f) Shortfalls in capital & in provision requirements: Any shortfall in capital & reserves in Bangladesh and any shortfall in maintenance of provisions against classified loans, advances and other assets as required in terms of laws and regulations by Bangladesh Bank/other relevant regulatory authorities from time to time;

g) Past accumulated losses : All accumulated previous losses.

30. Submission of documents to Bangladesh Bank for post facto checking

Attested copies of all papers/documents related to remittance of profits of foreign banks, financial institutions and insurance companies are to be forwarded to the Foreign Exchange Investment Department, Bangladesh Bank, Head Office, Dhaka by the AD, within one month of remittance, for post facto checking; retaining the originals in their records for inspection by Bangladesh Bank officials. Any sum remitted in excess (as may be determined by the Bangladesh Bank during post facto checking) shall have to be repatriated immediately.

31.(a) Remittance of dividend to non-resident shareholders

The ADs are allowed to remit dividends (both final and interim) to the non-resident shareholders on receipt of the application in the prescribed form (Appendix 5/75) in triplicate from the companies concerned duly certified by their Auditors and supported by the following documents:

- (i) Attested copy of the certificate of incorporation of the company (to be submitted only once).
- (ii) Audited Balance Sheet and Profit & Loss Account of the Company for the year to which the dividend relates.
- (iii) Copy, certified by the Auditor, of the Board resolution declaring the dividend.

(iv) List of non-resident shareholders to whom dividend is payable.

(v) Certificate from the Auditor of the company to the effect that the taxes payable by the non resident shareholder on account of the dividend earned has been deducted.

(vi) Auditor's certificate to the effect that the provision for income tax and/or any additional liability (such as surcharge etc.) in connection with such taxes made in the accounts of the company is sufficient to meet all past and present tax liabilities of the company in Bangladesh upto the period for which remittance of dividend is applied for i.e. the provision should cover not only current year but also the previous years for which taxes have not yet been finally assessed and paid.

(vii) Final income tax assessment order as and when obtained.

(viii) Before allowing remittance the ADs should ensure that the applicant has given undertaking to the effect that in case of remittance of any ineligible amount, the amount so remitted will be repatriated to Bangladesh on demand by Bangladesh Bank/the AD.

(b) Each company will apply for dividend remittances through one nominated AD whose name should be communicated beforehand to the Foreign Exchange Investment Department, Bangladesh Bank, Head Office, Dhaka. Any change in the nominated AD bank should likewise be notified to the Bangladesh Bank well in advance.

(c) While allowing remittance of dividend the ADs should satisfy themselves that profit shown in the Balance Sheet and Profit & Loss Account has arisen out of the normal trading/business activities of the company or out of past accumulated reserves which were remittable. In arriving at the profit out of which dividend has been declared and applied for remittance, ADs should in particular verify to ensure that all previous losses/tax liabilities, if any, have been fully adjusted against current year's net profit or against general/revenue reserve. Also, any cash subsidy granted by Govt. to the company should be deducted from profit in arriving at the divisible profit, unless allowed otherwise by the Bangladesh Bank.

(d) Remittance of dividend should be approved in Taka first and be effected after converting the Taka into equivalent foreign exchange at the rate ruling on the date of remittance.

(e) Within one month of effecting remittance of dividend, one full set of the application, audited annual Balance Sheet and Profit and Loss Account and all other papers shall be forwarded by the AD to FEID, Bangladesh Bank, Head Office, Dhaka for post facto checking. Another copy of the application form shall be attached to the usual monthly returns to the concerned office of Bangladesh Bank. Third copy of the application form and copies of other papers should be retained by the AD for its record.

(f) The ADs will maintain separate company wise record of payment of dividends to the non-resident shareholders either by remittance or for credit to the Non-resident Investor's Taka Account (NITA, see Ch 14) as the case may be, under the above general permission, so as to facilitate their inspection by the Bangladesh Bank.

(g) Remittance of pre-liberation dividend will, however, require prior approval of Bangladesh Bank. Such application should be forwarded by the ADs to the General Manager, FEID, Bangladesh Bank, Head Office, Dhaka on form TM alongwith all requisite documents for approval.

(h) Export of dividend warrants

Dividend warrants can be freely exported to the non-resident shareholders of both Bangladesh and foreign controlled companies provided the shares have been issued against payments in foreign exchange received through the banking channel or against payments out of NITA in the name of the shareholder in accordance with the general approval of the Bangladesh Bank accorded in this behalf.

(i) Remittance of profits to foreign partner in joint venture

For joint venture enterprises, Bangladesh Bank shall allow remittance of the foreign partner's/collaborator's share of profits on submission of application alongwith audited Balance Sheet, Profit & Loss Account etc. and other papers as per instructions contained in this paragraph.

32 (a) Subscriptions to foreign media services

On applications from the local newspapers, ADs may remit foreign exchange towards cost of subscription of news items, features, articles of foreign news agencies. Remittance should be made on the basis of (i) contracts entered into between the applicant and the foreign news agency and (ii) NOC of the Ministry of Information.

(b) Cost/fees for Reuter monitors

ADs may remit abroad costs/fees on account of their own subscription to foreign media services such as Reuter monitor service, without prior Bangladesh Bank approval.

(c) Cost/Fees for SWIFT

ADs may remit abroad costs/fees on account of their own subscription to SWIFT service provider without prior Bangladesh Bank approval.

33. Advertisement of Bangladeshi products in mass media abroad

ADs may without prior Bangladesh Bank approval effect remittance towards cost of advertisement of Bangladeshi products in mass media abroad. Remittance applications from the

companies/firms in Bangladesh should be supported by the invoice from the foreign mass media concerned, and the applicant will have to submit copy of the advertisement within one month of its issuance. The AD shall preserve the invoice, application and advertisement copy for post facto checking by inspection officials of Bangladesh Bank.

34. Bank charges and sundries

(a) The ADs may effect remittances towards settlement of dues to foreign banks of bank charges, cost of cables & other incidental charges arising in their normal course of the business without prior Bangladesh Bank approval. All such remittances should be reported to the Bangladesh Bank alongwith appropriate return.

(b) ADs may effect remittance towards cost of agent services of legal process under the USA PATRIOT Act of 2001 after satisfying themselves with the genuineness of the request through agreement/proforma invoice duly accepted and after deducting all applicable taxes.

35. Outward remittance by local satellite channel distributor to principal abroad

Outward remittance required by the Local Satellite Channel Distributors toward their Principals abroad may be remitted by the ADs subject to obtaining prior permission from Bangladesh Bank. It is mandatory that the annual audited balance sheet of the local distributor will have clear information about the income received from this sector. In that case, amount determined after adjustment of commission receivable by the agent/distributor as mentioned in the contract, government tax and others, if any, from the gross income, can be remitted abroad after obtaining permission from Bangladesh Bank. To obtain permission for remittance, the concerned authorised dealer bank shall submit the following documents to the Bangladesh Bank after proper scrutiny thereof:

(a) A statement containing information on monthly collection of fees by individual cable operator; government tax paid by the cable operators; amount receivable by the local agent/distributor as fees; other deductibles (if any) and amount to be remitted in favour of the foreign principal(s);

(b) Copy of the monthly statement of revenue collected from the local customers by the agent/distributor;

(c) Copy of invoice received from the foreign principal(s) (based on the statement of monthly collections).

(d) The auditors' certificate on outward remittance stating whether tax at source is deductible or not, if so whether tax at source has been deducted or not;

- (e) Copy of TIN Certificate and copy of documents pertaining to the payment of deducted income tax;
- (f) An undertaking by Chief Executive of the agent/distributor (as per Appendix 5/76) to the effect that in case of excess remittance to the foreign principal(s) due to error in calculation or by mistake or otherwise, the amount so remitted will be brought back/repatriated/adjusted;
- (g) Audited Balance Sheet, Profit and Loss A/C Statement and other financial statements for the year to which the remittance relates;
- (h) Number of imported Decoder(s)/IRD(s) by the distributor from the principal (as per Letter of Permission from the Office of Chief Controller of Export and Import, Commercial Invoice and Packing List) and a detailed list of cable operators to whom the Decoder(s)/IRD(s) was(were) distributed. On being satisfied about the genuineness/correctness of the documents listed above, the authorised dealer bank on behalf of the agent/distributor shall apply to FEOD, Bangladesh Bank, Head Office along with form TM and all other necessary/relevant documents for sending remittance abroad. Remittance can only be made after obtaining approval from the above mentioned department.

36. Membership fee to foreign professional and scientific institutions

ADs may allow remittances on account of membership/affiliation fees payable by local business/professional entities to the professional/scientific institutions abroad without prior permission of Bangladesh Bank as mentioned in Para 9, Chapter 11.

37. Software maintenance/support fees

AD may continue to effect remittance of periodical maintenance/support fee for software during the tenure of the agreement for which maiden approval was accorded from Bangladesh Bank. In this context, the AD banks shall satisfy themselves with the bonafides of the subsequent requests through invoices and validity of the relevant agreement and comply with the instructions contained in first time approval letter of Bangladesh Bank.

38. . Remittance on account of legal expenses of banks

Banks may need to be involved in legal proceedings abroad for taking legal action against any party thereon or to face any litigation abroad sued against them. In both of the cases, bank may require outward remittance(s) of foreign exchange. Prior approval of Bangladesh Bank will be required for making any remittance for the first time needed for such legal proceedings. However, once permission is granted for any case for the first time, subsequent remittances (if any) needed for the same case may be done without prior permission of Bangladesh Bank. Bank,

while applying to Bangladesh Bank for such remittance, AD shall have to submit the opinion of its own legal adviser regarding justification of being involved to the litigation and prospect for winning thereto along with permission of the board of directors of the bank concerned for participating in such legal proceedings.

39. Remittance facilities to IT/software firms

ADs may remit up to USD 30,000(Thirty thousand) on behalf of IT/software firms in a calendar year on account of international alliance/software registration fee, domain registration/hosting fee, server maintenance fee, account verification/remittance test fee, etc. without prior approval of Bangladesh Bank subject to compliance of the following drill:

- (a) ADs shall ensure that the services against which fees have been paid are subsequently provided for;
- (b) Invoice/demand note from the beneficiary abroad along with relative documents will have to be attached to the application for remittance;
- (c) ADs shall ensure deduction of applicable tax and payment thereof;
- (d) An undertaking from the applicant company to the effect that, in case of wrong or excess remittance, the amount remitted will be repatriated to Bangladesh immediately on demand.
- (e) BASIS will issue letter of recommendation for a particular firm to a specific AD of applicant's choice. All subsequent letters of recommendations are to be addressed to the same AD. ADs shall maintain separate file for each firm to ensure maintenance of limit as mentioned above for verification by Bangladesh Bank inspection team.
- (f) Within the limit of USD 30,000, ADs may issue International card favouring a nominated official of IT/Software firm for USD 6000 with the recommendation of BASIS. The international card may be refilled for another USD 6,000 subject to production of documents evidencing the fact that the previous transactions were carried out for the purposes mentioned above. ADs shall ensure that the aggregate amount of refills of international card and outward payment through other means do not exceed USD 30,000 in a calendar year. ADs shall report the transactions to the concerned area office of Bangladesh Bank.

40. Remittance of IT Expenses through Virtual Cards (debit, credit or pre-paid)

International card issuing banks may issue 'Virtual Card' to individual developers/freelancers of mobile Apps and Games having acknowledgements/training/boot-camps/hackathons/course participation certificates on mobile application development arranged by government authority, BASIS, or its member organisation and any other recognised training/academic institutes for

online payment of fees for a) Registration/licence fees to reputed online or mobile application marketplace like Google, iTunes, Firefox, Windows, Blackberry, etc. b) Any associated licence fees such as game engine or other software licence for mobile application or game development c) Online training fees for programs such as vendor certification examination, etc. d) Any domain registration/renewal, hosting/cloud solutions within the scope of mobile/game application development. However, The release of foreign exchange for these purposes shall not exceed USD 300(three hundred) or its equivalent in a calendar year.

41. Outward remittance of commission earnings of 'foreign brokerage firm' against service rendered to foreign portfolio investors in Bangladesh

Local stock brokerage firms acting on behalf of foreign stock brokerage firms (registered and operating abroad) to aid foreign portfolio investors for trading of securities through NITAs in Bangladesh can remit share of commission earnings to their foreign counterpart brokerage firms through ADs without prior approval of Bangladesh Bank subject to observance of the following stipulations:

- (a) The local brokerage firm (agent) shall have required permission from relevant Government Bodies (including BSEC) to operate their business in Bangladesh.
- (b) The local brokerage firm shall request concerned AD for necessary arrangement to remit commissions/fees abroad with documents/information as mentioned in FBC-1 (Appendix 5/77).
- (c) Only commission/service charge earned from trading of securities of the foreign investors through BO Account opened with the concerned brokerage firm/securities custodian bank and NITAs (opened with any AD) shall be considered for sharing with the foreign brokerage firm after deduction of taxes and other items (if any) for subsequent remittance to abroad in accordance with the agreement signed between the two parties.
- (d) Local brokerage firm (agent) shall request the AD for the purpose of remittance to foreign brokerage firm (principal) abroad. Commission/service charge payable to the foreign stock brokerage firm shall be determined on monthly basis [FBC-2(Appendix 5/78)] in accordance with the agreement signed between the two parties. The statement must be certified by the auditor of the local agent. Supporting documents should contain information relating to transaction volume against stock trading on behalf of non-resident portfolio investors, amount of commission/service charge earned and the amount payable to the principal on account of commission/service charge. Commission/service charge earned in one month may be remitted in any subsequent month. Applications to AD should be accompanied by invoices raised by the brokerage firm abroad for the claimed amount.

(e) AD shall report the transactions as per FBC-2 (Appendix 5/78) and supporting documents with usual monthly returns to the FEOD, Bangladesh Bank, Head Office/concerned Office of Bangladesh Bank following the month of remittance. Besides, consolidated information about remittance of commission earnings shall have to be reported to FEID, Head Office/concerned Office of Bangladesh Bank on half yearly basis (Jan-June information to be submitted by next August and July-Dec information to be submitted by next February) in the format in FBC-3 (Appendix 5/79) for post facto checking.

(f) ADs and Brokerage firms shall also adhere to the instructions mentioned in Section-I, Chapter 17 of this Guidelines.

42. Trading at Border Haats

India and Bangladesh have opened 'border haats,' or 'common marketplaces' in different places of the border of the two countries for carrying on traditional border trade at these places in terms of the Memorandum of Understanding dated October 23, 2010 signed between the Government of the People's Republic of Bangladesh and the Republic of India. To facilitate transactions in these haats, it has been decided that pursuant to the authorisation conferred by the Government of Bangladesh under Section 25 of the Foreign Exchange Regulation Act, 1947 (Act VII of 1947), operations of Section 5(1) and 5(3) of the said Act shall remain suspended in respect of purchases by each individual not exceeding Bangladesh Taka or Indian Rupee equivalent to USD 100 (one hundred dollars) for any particular day in the border haats (Please see Appendix 3/21).