

SECTION - V

FOREIGN CURRENCY ACCOUNTS FOR THE EPZ COMPANIES**30. Disposal of proceeds**

The following procedures shall apply to release of foreign exchange to the enterprises against exports made from the EPZs:

(i) 100 (hundred) percent of repatriated export proceeds of a Type A industrial unit in EPZ may be retained in FC account in the name of the unit with an AD or OBU in Bangladesh. Balances in the FC account may freely be used to meet all foreign payment obligations including import payment obligations of the unit and payment obligations in foreign exchange to BEPZA. Balances from the FC account will also be freely encashable for local disbursements or for crediting Taka account maintained with an AD for meeting Taka payment obligations like wages, rents, rates, taxes etc. Taka account maintained with ADs by Type A units in EPZ may be credited only with encashments of funds from FC accounts or of other inward remittances from abroad. However, receipts from Taka sales of factory refuses and of unusable portion of raw materials of Type A industries may be credited to the Taka accounts provided the permission letter of BEPZA for the sale and evidence of payment of duties/taxes on sale proceeds are produced to the AD. Balances in these Taka accounts cannot be converted to foreign exchange and may only be used for meeting local expenses.

(ii) Upto 80 (eighty) percent of the repatriated export proceeds of Type B and Type C units other than those in the garments sector may be retained in FC Accounts maintained in the names of the units with their ADs; for a Type B or Type C unit in the garments sector, upto 75 (seventy five) percent of the repatriated export proceeds may be credited to FC account maintained in the name of the unit with an AD. The remainder of the export proceeds should be encashed to taka at the prevailing exchange rate. Besides, Taka accounts of Type B & Type C industrial units may also be credited with authorised payment received in Taka in accordance with same instructions as stipulated in Para 30(i) above. All foreign payment obligations of Type B and Type C units including import payment and repayments of foreign loans may be met out of the balances in their FC accounts; payment obligations in foreign exchange of a type B unit to the BEPZA may also be settled from balances in its FC account. Balances in the FC accounts of the Type B and Type C units are freely encashable to Taka for local disbursements.

(iii) Equity from foreign shareholders of Type A & B enterprises and authorised loan received in foreign currency by Type A, B & C enterprises may be credited in FC accounts of enterprises of EPZs. ADs may issue a certificate in support of inward equity amount credited in FC account as per Format (Appendix 5/39 or 5/40, as the case may be). Foreign investment in EPZs (in 'Type A'

and 'Type B' enterprises) is subject to report to Bangladesh Bank within 14 (fourteen) days of issuance of shares favoring non-resident investors as per instructions stipulated in Para 2, Chapter 9 of this Guidelines.

(iv) To facilitate business travel abroad by the officials of enterprises located in EPZs, balances of such accounts may be used through international debit/pre-paid cards also as mentioned in Para 2(b), Chapter 19.

The above instructions shall be applicable for the units of EZs and units of Private Export Processing Zones also.