

SECTION : II

PRIVATE NON-RESIDENT TAKA ACCOUNTS

6. (i) Non-resident accounts

The accounts of individuals, firms or companies resident outside Bangladesh are designated as non-resident accounts and are treated as accounts of countries of permanent residence of the account holders. ADs should establish the countries of permanent residence of all account-holders and mark the accounts of all non- resident persons, firms or companies as non-resident accounts; indicating clearly the countries of their permanent residence as established. Where any doubt exists whether an account is to be treated as non-resident, reference should be made to the Bangladesh Bank for decision, giving relevant details.

(ii) In terms of Section 5 of Article II of the schedules appended to the United Nation (Privileges and Immunities) Act, 1948, the accounts of United Nations and its organisations are free from financial controls. The ADs should therefore treat such accounts maintained with them as resident accounts. However, the instructions contained in this Chapter will equally apply to the expatriate employees of the UN and its organisations in Bangladesh except that their convertible Taka accounts will be credited with (i) funds from official accounts of UN organisations in Bangladesh, (ii) remittances from abroad, (iii) foreign exchange encashed with an AD in Bangladesh and (iv) funds from other convertible Taka accounts.

7. Change of residence

All nationals of Bangladesh who go out of Bangladesh for any purpose viz. employment, study, business tour, pleasure trip etc. are required to be treated as non- resident for the purpose of Section 5 of the FER Act, 1947 for so long as they remain outside Bangladesh except in the case of accounts of persons holding office in the Service of Bangladesh who go abroad or who are already abroad and residing outside Bangladesh for the time being either on duty or on leave. Such persons will not, therefore, be able to instruct persons in Bangladesh to make any payment on their behalf to persons in Bangladesh. Such payments, if made, will constitute an offence under the FER Act, 1947 and will be punishable under the provisions of the said Act. If persons proceeding abroad find that they have to make certain payments to a person in Bangladesh, they must obtain prior approval of the Bangladesh Bank before doing so.

However, when such persons come to Bangladesh on temporary visits their accounts may be treated as "Resident" during the period of their stay in Bangladesh. The ADs will, however, ensure that such accounts are immediately redesignated as "Non-resident" after the account-holders leave the country.

It would, however, be in order for the ADs to raise debits and credits to the accounts of such persons during their absence from Bangladesh for the following:

(a) Debits

(i) Payments on account of insurance premium, club bills or other payments in Bangladesh of a regular nature for which the ADs hold standing instructions from their customers provided the payments are supported by bills and vouchers.

(ii) Government and Municipal dues in Bangladesh provided payments are supported by official claims.

(iii) Debits representing payments in Bangladesh for cost of passages by air or by sea.

(iv) Other payments by cheques drawn in favour of payees resident in Bangladesh.

(v) Debits on account of purchase of shares of public limited companies and/or securities of the Government of the People's Republic of Bangladesh provided such shares/securities are purchased and retained by the ADs themselves for and on behalf of the account holder so long as he resides outside Bangladesh. In case the shares/securities are required to be disposed of, the sale proceeds should be credited to the non-resident account.

(vi) Debits on account of disbursements in Bangladesh to resident Bangladesh nationals to the extent of funds received from abroad through banking channel.

(vii) Debits on account of repayments of instalments of loan direct to a financial institution in Bangladesh from which the account holder had obtained loan.

(viii) Debits in reversal of previous credits

(b) Credits

(i) Receipts on account of salary, allowances, bonus, commission etc.,

(ii) Dividend and interest income on investments in shares and securities,

(iii) Income from landed property and agricultural rent,

(iv) House rent and sale proceeds of properties on the basis of documentary evidence,

(v) Interest accrued on the amounts lying in the non-resident accounts,

(vi) Sale proceeds of shares of public limited companies and/or securities of the Government of the People's Republic of Bangladesh purchased under Sub-para (v) of Para (7)(a) above,

(vii) Remittances received from abroad through banking channel

(viii) Refund of amount previously debited or over-charged.

In these cases, the AD must satisfy himself that the credit falls under any one of the exempted categories and represents the purpose which it purports to do before passing it through the account.

When a person domiciled in Bangladesh leaves Bangladesh to take up permanent residence in another country his account should be treated as an account of the country of his new domicile; similarly, when a foreign national residing in Bangladesh leaves Bangladesh permanently, his account should be treated as an account of the country of his permanent domicile.

8. New non-resident accounts of persons other than banks

(a) New non-resident accounts in the names of persons or firms or companies other than banks may be opened only with prior approval of the Bangladesh Bank. The application for approval should give the full name and permanent address of the applicant and the purpose for which such an account is required and the manner in which it will be kept in funds.

(b) Non-resident Taka accounts may, however, be opened without prior approval of the Bangladesh Bank for crediting the proceeds of inward remittances sent through banking, and postal channels. To the extent the funds credited represent the proceeds of foreign currency, the same may be freely disbursed locally.

9. Accounts of foreign nationals resident in Bangladesh: Form QA 22

The accounts of all foreign nationals who are resident in Bangladesh and the accounts of companies or firms (other than banks) whose head office or controlling interests are outside Bangladesh but are operated on by persons in Bangladesh may be treated as resident accounts. The account-holders or persons in Bangladesh authorised to operate on such accounts must sign Form QA-22 (Appendix 5/90) and the same will be preserved in the respective account opening files. Prior approval of Bangladesh Bank for opening such accounts is, however, not necessary. This form is an undertaking that the signatory will not provide any foreign currency against reimbursement in Taka and that any transaction on the account not directly connected with the signatory's business in Bangladesh or which represents remittance from abroad will be reported to the Bangladesh Bank on Form A-7 (Appendix 5/91). Declaration on Form QA-22 need not be taken from members of foreign embassies, legations, consulates and foreign government officials in Bangladesh. Permission has also been given to banks which are not ADs to open taka accounts of foreign nationals in their books subject to their signing certificates on Form QA-22.

10. Form QA-22 not required from non-residents

In the case of non-resident accounts, declarations on Form QA- 22 are not necessary.

11. Responsibility of ADs regarding irregular operation on accounts

Notwithstanding the fact that a constituent has signed Form QA-22 the AD must take all reasonable steps to ensure that the constituent is not making foreign exchange available to any

person in Bangladesh other than an AD against reimbursement in Taka or is not by any other means contravening the provisions of the Act. Any irregularity should immediately be brought to the notice of the Bangladesh Bank.

12. Joint account of residents and non-residents

An account held jointly by a resident and a non-resident should be treated as a resident accounts if it is operated solely by the resident or jointly by the resident and the non-resident. If the joint account is to be operated by the non-resident only, it is to be treated as non-resident account.

13. Operations on non-resident accounts of persons, firms and companies other than banks

Unless prescribed otherwise by the Bangladesh Bank in respect of any particular non-resident Taka account of persons, firms and companies other than banks, all operations on such accounts shall be governed by the rules given below.

Transactions on such accounts should be covered by a Form A-7 (See Appendix 5/91) except for transactions which are specifically exempted from the completion of Form A-7 as given below. Wherever prior approval of Bangladesh Bank is required, it should be obtained on Form A-7.

(I) Credits and debits not subject to report on Form A-7.

(a) Credits:

Refunds of amounts previously debited or overcharged.

(b) Debits:

(i) Payments in respect of postage, telegram charges, storage or safe custody charges, club bills and other sundry payments where the amount does not exceed Tk.2000(two thousand) per month

(ii) Debits in reversal of previous credits.

(iii) Debits in respect of approved remittances in foreign exchange.

(iv) Payments for disbursements in Bangladesh from the accounts which are opened in terms of para 8(b) of this Chapter and which are fed entirely by remittance from outside Bangladesh.

(v) Debits as mentioned in Para 7 (a)(i) to (viii) excepting Para 7(a)(iv).

(II) Credits and debits subject to report on Form A-7 but not subject to prior approval of the Bangladesh Bank:

(a) Credits

(i) Proceeds of cheques drawn on banks outside Bangladesh or of remittance received from abroad in favour of the non-resident account holder or proceeds of foreign currency brought in

physically during temporary visits to Bangladesh with declaration on form FMJ with submission of encashment certificate issued by an AD. However, for USD 5000(five thousand) or below Form FMJ will not be required.

Foreign currency brought in by NRBs may be deposited to such accounts through bank booths operating in airports as mentioned in Para 1(D), Chapter 6.

(ii) Credits as mentioned in Para 7(b)(i) to (vi)

(b) Debits:

1. Cheques drawn in favour of payees resident in Bangladesh not exceeding Tk. 5,000(five thousand) in any one month;
2. Transactions referred to in Para 7 (a)(iv) provided the value of the cheque does not exceed Tk. 20,000(twenty thousand) in any one month.

All other credits and debits require prior approval of the Bangladesh Bank. Form A-7 in respect of the credits and debits to private non- resident accounts which require to be reported to the Bangladesh Bank should be forwarded to the FEPD, Head Office, Bangladesh Bank.

14. Responsibility of submitting Forma A-7: Credits to Private to Non-resident Accounts

In the case of credits to a non-resident account the receiving bank, i.e. the bank who credits a non-resident account in his books is responsible for ensuring that Form A-7 has been completed and approved by Bangladesh Bank or an AD as permissible before crediting funds to private non-resident accounts. In order that no difficulty may arise in doing so, the following procedure is suggested for adoption by all banks:

A cheque or draft received for the credit to a non-resident account of a company, firm or person unless accompanied by Form A-7 should not be passed through the clearing, but should be sent by the receiving bank to the paying bank stating that a non-resident account is being credited and requesting in exchange a pay-slip accompanied by Form A-7 duly completed by the drawer or by the paying bank on his behalf and approved by the Bangladesh Bank or the AD as permissible.

A similar practice should be followed in the case of bank cheques which represent payment of remittances from abroad for credit to the resident accounts of foreign nationals who have completed Form QA-22.

15. Responsibility of submitting Forma A-7: Debits to Private Non-resident Accounts

In the case of debits to non-resident accounts, cheques representing payments other than those mentioned in paragraph 13(I)(b)(i), (ii), (iii), (iv) & (v) should be returned by the paying bank with the remarks "Non-resident account, Approved Form A-7 required". The collecting bank will then arrange with the customer, for whom the payment is drawn, to submit Form A-7 for approval.

16. Outward remittances

Subject to approval/reporting requirements in form A-7 described in Para 13 of this chapter, debits to balances in Non-resident Taka Accounts will be permissible also for outward remittances towards:

- (i) subsistence expenses of individual account holders and their family member in their country of residence;
- (ii) current payments abroad by institutional account holders for permissible procurement of goods and services from abroad.