

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Department of Foreign Exchange

Date 2021.07.02

New Order issued under Foreign Exchange Act to Preserve the Foreign Exchange

Position of Sri Lanka

With a view to assist and maintain the financial system stability by minimizing the pressure on the exchange rate and preserving the foreign currency reserve position of the country, the Hon. Minister of Finance with the recommendation of the Monetary Board of the Central Bank of Sri Lanka and the approval of the Cabinet of Ministers has issued an Order under Section 22 of the Foreign Exchange Act, No.12 of 2017, published in the *Extraordinary Gazette* Notifications No. 2234/49 dated 2 July, 2021.

Accordingly following suspensions/restrictions on outward remittances will be effective for six (06) months commencing from 2 July 2021.

- i. Suspend the repatriation of funds under the migration allowance out of funds received as monetary gifts by an emigrant from an immediate family member (i.e. parents, grandparents, siblings and spouse of the Emigrant).
- ii. Limit the repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts by the emigrants who have already claimed migration allowance under the general permission, up to a maximum of USD 10,000 or equivalent in any other designated foreign currency.
- iii. Limit the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time under the general permission, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency.
- iv. Limit the repatriation of any current income or accumulated current income (including Employees Provident Fund (EPF), Employees Trust Fund (ETF), gratuity and pensions or any other retirement benefits) by the emigrants through the Capital Transaction Rupee Accounts or Emigrant's Remittable Income Accounts, under the general permission, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency.

- v. Limit the outward remittances or issuance of foreign exchange for any Sri Lankan individual who resides in or outside Sri Lanka and has obtained Temporary Residence Visa of another country which falls into a category of visa that entitles the individual to obtain permanent residency status or citizenship in that country at a future date, up to a maximum of USD 20,000 or equivalent in any other designated foreign currency.
- vi. Limit the issuance of foreign exchange for any person resident in Sri Lanka who intends to leave Sri Lanka under the Temporary Residence Visa of another country up to a maximum of USD 10,000 or equivalent in any other designated foreign currency.
- vii. Suspend making payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission granted in the Schedule of the Regulations No. 1 of 2021 published in the *Extraordinary Gazette Notifications* No. 2213/34 dated 03 February 2021, excluding:
 - (a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the Foreign Exchange Act, or
 - (b) an additional investment to be made to fulfill the regulatory requirements in the investee's country applicable on the investment already made in compliance with the provisions of the Act or repealed Exchange Control Act, in a company or a branch office in that country, or
 - (c) an additional investment/infusion of funds (as applicable) to be made by eligible resident companies in already established subsidiaries or branch offices in overseas incorporated/established subject to the provisions of the Act or repealed Exchange Control Act, up to a maximum of USD 15,000 or equivalent in any other designated foreign currency, for the purpose of working capital requirements of the investee, or
 - (d) the remittances for the purpose of maintenance of liaison, marketing, agency, project, representative or any other similar offices already established in overseas subject to the provisions of the Act or repealed Exchange Control Act, by eligible resident companies, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency;provided that, the Head of Department of Foreign Exchange is satisfied with the fulfillment of such requirement.

- viii. Limit the outward remittances on capital transactions through Business Foreign Currency Accounts or/and Personal Foreign Currency Accounts held by a person resident in Sri Lanka, up to a maximum of USD 20,000 or equivalent in any other designated foreign currency, during the effective period of this Order;
- ix. The Monetary Board shall have the authority to grant permission in terms of the Section 7(10) of the Foreign Exchange Act for the investments on case-by-case basis which exceeds the limits specified in the general permission granted in the Regulation No 1 of 2021 provided that,
 - (a) the proposed investment is to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the Foreign Exchange Act, or
 - (b) the proposed investment is to be made to fulfill the regulatory requirement in the investee's country applicable on the investment already made in a company or branch office in that country in compliance with the provisions of the Act or repealed Exchange Control Act.

Further information can be obtained by visiting www.dfe.lk.