

Foreign Exchange Regulations of Bhutan, 1997.

(Approved by the Lhengyal Shungtsog in its 179th meeting on 21 August 1997).

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FOREIGN EXCHANGE REGULATIONS OF BHUTAN 1997

Whereas it is necessary to frame regulations to govern foreign exchange dealings in the Kingdom, and transactions between residents and non-residents, the Lhengyel Shuntsog hereby make the following regulations:

Section I. General Provisions

1. Short title and commencement

These regulations may be called the Foreign Exchange Regulations, 1997. They shall come into force from the twenty first day of August, 1997, and extend to the whole Kingdom of Bhutan.

2. Power to make rules and procedures

The RMA may, from time to time, establish such limits and prescribe such rules and procedures as are necessary for the effective implementation of these regulations.

3. Definitions

In these regulations the following terms shall have the following meanings, unless the context clearly otherwise requires:

- (a) **“RMA”** means the Royal Monetary Authority of Bhutan;
- (b) **“Foreign currency”** means any currency notes and coins other than Bhutanese or Indian currency notes and coins, and traveler’s cheques denominated in any currency other than in Bhutanese or Indian currency;
- (c) **“Foreign exchange”** means any foreign currency and includes cheques, drafts, letters of credit, bills of exchange, promissory notes, deposits, and credits and balances expressed or drawn in any foreign currency;
- (d) **“authorized bank”** means a bank which has been authorized by the RMA in terms of regulation 5 to deal in foreign exchange;
- (e) **“authorized money changer”** means any persons who has been authorized by the RMA in terms of regulation 5 to deal in foreign currencies;
- (f) **“resident”** means [i] a person who is a citizen of Bhutan, but does not include such persons who are domiciled outside Bhutan for purposes of employment or vocation or any other purposes; [ii] a person, not being a citizen of Bhutan, who is domiciled in Bhutan for purposes of employment or vocation, or for any other purpose;
- (g) **“third country”** means any foreign country other than India;
- (h) **“persons”** means an individual, a company, or any body of persons, whether incorporated or not;

4. Importation and exportation of cash and securities

- (i) The RMA may make the importation and exportation of cash and securities subject to a declaration of value at the customs point of entry into and departure from Bhutan.
- (ii) Foreign currency notes, traveler's cheques, bank drafts, and cheques purchased from authorized banks, or declared on entry, may be exported freely. ([Export and Import of Currency Regulations](#))

5. Authorization to deal in foreign exchange

- (i) The RMA may, on such terms and conditions as it deems fit, grant a license to:
 - (a) any bank to deal in foreign exchange as an authorized bank; and
 - (b) any company, firm or business establishment to deal in foreign currencies as an authorized money changer.
- (ii) An authorization granted under subsection (i) may be revoked by the RMA at any time if it is satisfied that the authorized bank or money changer has contravened any of the provisions of these Regulations, or has not complied with the conditions subject to which the authorization was granted. Authorised banks or money changers found guilty of contravening any provision of these Regulations, or any of the terms and conditions subject to which the authorization was granted, shall be liable to a fine not exceeding two times the amount involved in the contravention.

6. Offence

Any person, not being an authorized bank or money changer, who deals in foreign exchange, or contravenes any provision of these Regulations shall be guilty of an offence, and upon conviction in a court of law, shall be liable to a fine not exceeding two times the amount involved in the contravention.

7. Obligation to provide information

All persons are obliged, on request, to furnish the RMA with all declarations, statements, and documents which, in the opinion of the RMA, are necessary for the exercise of control over the observance of these Regulations.

8. Repatriation of foreign exchange receipts and holdings

The foreign exchange proceeds of any receipts or holdings by Bhutanese citizens and companies shall be repatriated to Bhutan by transferring such claims and funds to an authorized bank in Bhutan.

9. Authorized bank's foreign exchange positions

The RMA may set limits on each authorized bank and money changer's holdings of foreign exchange, and prescribe that any surplus above these limits be sold to the RMA for the purpose of increasing the official external reserve of the country.

Section II. External Payments and Remittances.

10. Payments arrangements

Payments and remittances by residents to non-residents other than in cash and traveller's cheques shall be channeled through authorized banks.

11. Imports

Persons who have been granted an import licence by the Royal Government shall be allowed to purchase foreign exchange from authorized banks for payment against the goods specified in the licence.

12. Education and Training

Subject to such limits as may be prescribed by the RMA, Bhutanese students who have been admitted in universities and institutions in third country for studies or training, shall be permitted to purchase foreign exchange from authorized banks for their fees, stipend and other expenses.

13. Remittance of salary and savings by third country nationals

Any person being the national of a third country who, with the prior approval of the Royal Government, is employed directly by a public or private sector organization in Bhutan, shall be permitted to remit his salary and savings in foreign exchange through an authorized bank. The RMA may set limits on any or all such remittances as it deems is necessary.

14. Other remittances

Authorised banks shall be permitted to remit foreign exchange, within the limits prescribed by the RMA, on behalf of their clients for any of the following purposes:

- (a) application fees to universities and educational and training institutions in third countries;
- (b) subscriptions to foreign journals and magazines;
- (c) membership fees in professional and trade bodies.

Section III. Foreign Travel

15. Business visits

Subject to such limitations prescribed by the RMA, a citizen of Bhutan, who is carrying on a registered business activity in Bhutan shall be entitled to purchase foreign exchange from authorized banks for visits to third countries for any of the following purposes:

- (i) export promotion, market studies;
- (ii) attending seminars, conferences, trade fairs and exhibitions;
- (iii) selection/import of capital goods, machinery and raw materials.

16. Medical Treatment

A citizen of Bhutan who, on the recommendation of a medical specialist, is proceeding to a third country for medical treatment, shall be permitted to purchase foreign exchange from authorized banks, within the limits prescribed by the RMA, for the cost of treatment, medicines, and living expenses.

17. Private visits to third countries.

Subject to the limit prescribed by the RMA, a resident citizen of Bhutan may purchase foreign exchange from authorized banks, once in every calendar year for private visits to third countries.

Section IV. Foreign Currency Accounts

18. Foreign Organizations and other foreigners

The following categories of persons shall be permitted to open and maintain US Dollar denominated foreign currency accounts with authorized banks in Bhutan:

- (a) Diplomatic missions in Bhutan and their expatriate employees;
- (b) Representative offices of donor agencies and their expatriate employees;
- (d) Third country contracting firms engaged to execute projects financed by donor agencies and their expatriate employees;
- (d) Any other person, being the national of a third country, who is resident in Bhutan.

19. Foreign Exchange earners

Exporters and other foreign exchange earners shall be allowed to retain 10% of their foreign exchange receipts in US Dollar denominated foreign currency accounts with authorized banks in Bhutan. The purposes for which the balances in the account may be used, and the procedures for their utilization shall be prescribed by the RMA.