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Flash Alert

19 December 2021



Amendment and Additions in Unified Circular, 2076

Nepal Rastra Bank (NRB), using its rights given by Section 12 of the Foreign Exchange Act, 2049 has issued a circular dated 2078/08/27 on amendments and additions of new provisions to the Unified Circular applicable to institutions licensed to carry out foreign exchange transactions. Few amendments are summarized below:

Directive 01:

Documents to be presented by the importers {Clause 1.1.1 (क)}

Instead of the original documents, **photocopy** of updated documents relating to registration of importer and income tax registration will be sufficient while opening a letter of credit (LC).

Entry of imported goods from different customs point {Clause 1.1.1 (ग) 3}

In case of import from customs checkpoint other than the checkpoint mentioned in the LC, importers shall submit to the customs office the documents in which the bank issuing the LC confirms justification of revision of customs checkpoint.

In order to change the customs point of import permission or recommendation of other bodies is not required. This arrangement will also be applicable when importing goods through Draft/TT and similar intermediaries.

Collateral on import of goods {Clause 1.1.5 (क)}

Regarding the deposit to be taken on import of goods (including from India) by letter of credit, arrangements have been made where banks will be able to take the importer's deposit account/ overdraft account as a collateral by spending it or by ear marking overdraft limit.

Guarantee on issue of LC {Clause 1.1.5 (ख) 2}

In case the payment terms of the LC is on T.T. Reimbursement Basis, it shall be issued only after receiving 10% of the amount of LC (including tolerance amount if any) as guarantee.

Earmarking of overdraft {Clause 1.1.5 (ग)}

If an entrepreneur having obtained approval of a permanent limit for any import letter of credit desires, may deposit the amount equal to collateral by earmarking overdraft in the funded limit of the approved fund. They will be able to issue वि. वि. नि. फा. No. 4 by doing so.

Regarding Import of Transport Vehicle {Clause 1.1.17}

In the following cases, *import* can be made from manufacturer or authorized dealers of vehicles including transport vehicles by person other than the authorized dealer in Nepal:

- Government body, person or institution availing diplomatic or tariff facility, government project running on loan/ donation importing vehicle used for transporting goods/ person and scooter imported for use of disabled person,
- Vehicle used for extinguishing fire*,
- Ambulance imported as per the criteria of Ministry of Health and Population, tractor under heading 87.01 and special purpose motor vehicle under heading 87.05,
- Vehicle falling under Nepal Vehicle Pollution Standards, 2069 imported by Nepal Government, Council of Ministers to be used in any international/ regional assembly/ conference,
- Import by institutions or persons receiving partial or complete customs duty exemption,

* Vehicles used for extinguishing fire may also be reconditioned, used or vehicles not falling under the Nepal Vehicle Pollution Standards, 2069.

Details in the proforma invoice (Clause 1.7.3)

In the proforma invoice submitted, in addition to the details mentioned previously, name and address of importer and exporter, contact address, email, EXIM code of importer, PAN, country of origin and incoterms also need to be disclosed.

Directive 07

Submission of PAN for availing exchange facility {Clause 15 (previously 16)}

In case the person demanding an exchange facility without PAN submits the PAN of a family member (one house) along with a document certifying their relationship, exchange facility could be provided on convertible foreign currency.

Payment for operation expense of foreign based office (Clause 16)

- Transfer to foreign based branch/ contact office/ agency of any bank or financial institution for payment of approved expenses such as house rent, employee salary, advertisement, legal and administrative expenses can be made by the bank or financial institution itself in convertible foreign currency.
- Exchange facility can be provided while making payment of remuneration facility to representative (permanent or contract based employee) assigned in a foreign based remittance company with which licensed bank or financial institution or remittance company has entered principal-agent agreement approved by NRB.
- When payment/ transfer as above has been made, the concerned licensed institution shall submit a report to the foreign exchange management division within 15 days of the end of quarter.

Directive 09

Applicability of directive number 09

The directive shall now be applicable to the banking department and its provisional offices, "A" class commercial banks, national level "B" class development banks and licensed money changers.

Amount limit for providing exchange facility at one time {Clause 2 (क)}

The one-time limit for providing exchange facility by any bank or financial institution has been increased to USD 5,000 from USD 3,000. (Applicable to any other equivalent convertible foreign currency.)

For the circular issued by NRB [Click Here](#)