

**OFFICIAL PRESS RELEASE**

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**National Reserve Bank of Tonga Eases Exchange Control Requirements**

The Reserve Bank has eased its Exchange Control requirements as reflected in the revised Exchange Control Policy Guidelines which the Reserve Bank's Board of Directors at its meeting on 2<sup>nd</sup> February 2017 has approved to be effective immediately.

The Governor of the Reserve Bank, Sione Ngongo Kioa, announced that the Reserve Bank has reviewed its Exchange Control Policy Guidelines in light of the very high level of foreign reserves, which is expected to remain at comfortable levels, the current monetary policy stance, as well as the need to improve the clarity of the requirements as per feedback received from banks, the authorized restricted foreign exchange dealers, and the general public.

The Reserve Bank is of the view that this review would assist individuals and businesses in making foreign exchange payments, provide an accommodative business environment, and further support economic growth. The Reserve Bank will continue to monitor the level of foreign reserves and the economic fundamentals closely.

The major changes include the following:

1. The delegated limit of T\$100,000 to the banks and authorised restricted foreign exchange dealers will now also apply to capital payments that previously had no delegated limit such as loan repayments, offshore investment, dividend payments to non-resident investors and migrant transfers (except for loans to residents controlled by non-residents).
2. The monthly limit for gift payments of \$5,000 per month is removed. This means that anyone can send gift payments overseas for amounts up to \$50,000 per annum per remitter per beneficiary in any given time of the year.
3. The delegated limit of \$5,000 per transaction per remitter applicant without supporting documents previously removed is now reinstated.
4. The requirement to provide visas for payments for travel, education and medical expenses, and export of cash is removed.
5. The requirement to provide evidence of funds received from offshore for loan repayments and wages paid in foreign currency cash to foreign crew members is removed.
6. The requirement with regards to the overseas recipient of payments for education and medical expenses has been expanded to include third parties.

The Reserve Bank will continue to review the Exchange Control Policy Guidelines to reflect new developments in the financial system, ensure that the payments are bonafide transactions and that funds are remitted overseas for its intended purpose.

Copies of the Revised Exchange Control Policy Guidelines are available on the Reserve Bank's website "<http://www.reservebank.to>" and the reception desk of the Reserve Bank.

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