

Exchange Control Policy Guidelines for Banks and Authorised Restricted Foreign Exchange Dealers

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
1.	Airline Ticket Sales - ticket sales & earning	<ul style="list-style-type: none"> • Fax copy/Letter from head office requesting transfer of funds and note that proceeds are sourced from ticket sales • Original tax clearance certificate for amounts above \$10,000¹ 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
2	Charges/Fees/Services a. Freight & Shipping b. Other Transport Charged c. Royalty & Commission d. Patents , Copyright e. Brokerage & Other Charges to agents and representatives outside country f. Movie/Film Hire, News g. Repair - domestic air/shipping, other h. Technical, Professional & Management Fees i. Advertising/Licence j. Office expenses k. Re-imbusement	<ul style="list-style-type: none"> • Invoice or statement on payment due • Original tax clearance certificate for amounts above \$10,000 <p><i>*In the case of refunds and reimbursement, a tax clearance is not required if funds are received within a month from the date of repatriation</i></p>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
3.	Court Order Payments a. Alimony b. Collection of debt c. Out of court settlement d. Other	<ul style="list-style-type: none"> • Original court order • Documents verifying that payments are due • Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
4.	a) Credit Card Payments b) Debit Card Payments	<ul style="list-style-type: none"> • *Original current month's statement of payment due <p><i>*In the case of prepayments, applicant is required to submit statement when it is received.</i></p>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
5.	Deposits into Expatriate's Foreign Currency A/cs & Overseas Bank A/cs a. Salaries & Wages from employment b. Interest payable on the account c. proceeds of sales of assets/personal effects/claims d. Retirement Fund Proceeds e. Tax refund f. Proceeds from sales of foreign currency sourced from external sources or remaining from travel funds uplifted g. Income from rental/directors fees/gratuity h. Other funds from local sources Note: Provided that the bank submits a list of expatriates and a letter from their respective employers with name of expatriate, term of employment and fortnightly salary; NRBT can issue an approval for a period eg. 6 months etc.	<ul style="list-style-type: none"> • Original pay slip (to verify salary) which should indicate tax has been deducted • Evidences of sources of fund • Original signed Sale & Purchase agreement and proof of transfer of ownership where applicable • Original tax clearance certificate for amounts above \$10,000 • Documentary evidence of payment • Retirement Fund cheque • Inland Revenue Department cheque • Documentary evidence of source of funds 	All Transfers from T\$ to foreign currency must be approved by NRBT. EC Directive 01/05

¹ Tax clearance is valid for that Exchange Control application only

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6.	Education/Training Expenses (for current year only) a. Paid directly to the education institution b. Paid directly to the students c. Scholarship payments by recognized institution <i>Note: Provided that applicant submits a letter stating estimated expenses for the month; NRBT can issue a blanket approval for student allowance up to 1 year.</i>	<ul style="list-style-type: none"> Original enrolment/acceptance letter on letterhead Statement of expenses for the school year (same is applied to paying directly to student) Original enrolment/acceptance letter from the institution Confirmation letter by the issuer of scholarship 	Up to T\$50,000 per application and T\$5,000 per month without supporting documents.
7.	Foreign Currency Borrowing	<ul style="list-style-type: none"> Original documentary evidence of receipt of funds from offshore. Original tax clearance certificate for amounts above \$10,000 	Refer to EC Directive 03/05
8.	Gifts - Transfer overseas for personal reasons (Unrequited transfers)	<ul style="list-style-type: none"> No documentary requirements for amounts up to T\$10,000 per beneficiary per applicant per annum. IF on NRBT Gift list please refer the Applicant to NRBT lodge application with a letter (or T/T form from the bank) stating source of funds, relationship with beneficiary, customer of which commercial bank. Original tax clearance certificate for amounts above \$10,000 	Up to T\$10,000 per applicant per beneficiary per annum ² EC Directive 04/06. IF on NRBT Gift list please refer applicant to NRBT.
9.	Government Department Payments/Transfer (includes funding of Offshore accounts)	<ul style="list-style-type: none"> Original invoice for amount due or application letter from the relevant Ministry 	Up to T\$50,000 per application
10.	Import Payments		
	a) Goods on board ship or aircraft, or goods landed but awaiting Customs clearance	<ul style="list-style-type: none"> Suppliers invoice showing value of goods imported Original Bill of lading or Airway Bill confirming details of the current shipment or cargo Relevant Custom clearance documents upon receipt of goods in Tonga 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	b) Goods already landed & cleared by Customs	<ul style="list-style-type: none"> Supplier's invoice Customs import entry document (green copy) 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	c) Prepayment of term bills for goods already landed & cleared by Tonga Customs	<ul style="list-style-type: none"> Supplier's invoice Supplier's demand for immediate payment Customs import entry document (green copy) 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	d) Advance Import Payments prior to shipment of goods.	<ul style="list-style-type: none"> Pro-forma invoice from supplier including request of payment prior to shipment of goods Customs import entry document (green copy) to be provided proving goods have arrived in Tonga 	Up to T\$50,000 per application. Banks to advise NRBT to follow up on supporting documents
	e) Payment to Third Party (Goods already received in Tonga)	<ul style="list-style-type: none"> Supplier's invoice Supplier's confirmation of payment due to third party Customs import entry documents (green copy) 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.

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11.	Insurance/ Re-insurance Payments Offshore	<ul style="list-style-type: none"> All relevant documents relating to insurance payments Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
12.	Lease Payments a. Aircraft b. Fishing or cruise vessels c. Machinery d. Other lease payments	<ul style="list-style-type: none"> Original signed lease agreement Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
13.	Loan repayment Principal & Interest(excluding up front fees)	<ul style="list-style-type: none"> Original loan agreement & repayment schedule Original bank confirmation that funds were received from offshore Original tax clearance certificate for amounts above \$10,000 	All capital transfers must be approved by NRBT EC Directive 02/05
14.	Loan Pre-payment	<ul style="list-style-type: none"> Same as loan repayment Lender's demand for early repayment Revised repayment schedule (where applicable) 	All capital transfers must be approved by NRBT EC Directive 02/05
15.	Local Borrowing Facilities	<ul style="list-style-type: none"> 	
	a) Non-resident controlled business entities	<ul style="list-style-type: none"> Original documents for approval of projects (If new) 	Up to T\$50,000 per application
	b) Non-resident individuals Note: a non-resident is a non-Tongan resident who has lived in Tonga for less than 3 years	<ul style="list-style-type: none"> Valid Work Permit (2 years) 	Up to T\$50,000 per application
16.	Maintenance Note: Provided that the applicant submits a letter stating estimated expenses for the month; NRBT can issue a blanket approval for up to 1 year.	<ul style="list-style-type: none"> Application stating relationship between applicant and beneficiary Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
17.	Medical Expenses/Reimbursements a) Paid directly to the Medical Institution	<ul style="list-style-type: none"> Original invoice or letter from the medical institution stating the amount due Visa of the applicant (If applicable) 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	b) Paid directly to the Patient	<ul style="list-style-type: none"> Original invoice or letter from the medical institution stating the amount due Letter from medical institution confirming admittance Visa of the applicant (If applicable) Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
18.	Migrant transfers - Source of funds: Sale of personal assets Maturity of life insurance Death benefits Rental/Directors fees Savings/Retirement Fund/Refund	<ul style="list-style-type: none"> Valid passport(including family members) Permanent resident visa(including family members) Original retirement fund cheque or letter of withdrawal from Retirement fund Airline Ticket Original tax clearance certificate for amounts above \$10,000 	All capital transfers must be approved by NRBT EC Directive 02/05
19.	Offshore Investment		
	a) Set up of new Subsidiaries b) Individual/Entities c) Retirement Fund	<ul style="list-style-type: none"> Details and evidence of proposed investment - shares/equity or prospectus Valid identification of applicant Original tax clearance certificate for amounts above \$10,000 	All capital transfers must be approved by NRBT EC Directive 02/05

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20.	Oil Import Payments	<ul style="list-style-type: none"> • Supplier's invoice • Custom import entry documents (green copy) • Tax clearance for freight and port charges • Projected payments for ensuing quarter • Re-export figures from shipment • Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application
21.	Pensions/Superannuation/Gratuity		
	a) Payment by Gov't & Retirement Fund	<ul style="list-style-type: none"> • Gov't/Retirement Fund Cheque 	Up to T\$50,000 per application
	b) Payment by companies	<ul style="list-style-type: none"> • Evidence of payment due 	Up to T\$50,000 per application
22.	Profit declared and distributed to non-resident shareholders/partners/sole proprietors		
	a) Capital - remittance of accumulated profit	<ul style="list-style-type: none"> • Audited accounts for amount above T\$100,000 per amount distributed • Unaudited accounts for amounts of T\$100,000 and below; • Director's Resolution approving profit distribution • Original tax clearance certificate for amounts above \$10,000 	All capital transfers must be approved by NRBT EC Directive 02/05
	b) Dividend or operating Profit	<ul style="list-style-type: none"> • Audited accounts above T\$100,000 per amount distributed; • Unaudited accounts for amounts of T\$100,000 and below; • Directors resolution approving the dividend payment • Original tax clearance certificate for amounts above \$10,000 	All capital transfers must be approved by NRBT EC Directive 02/05
23.	Refund		
	a) Hotel bookings cancelled	<ul style="list-style-type: none"> • Documentary evidence of cancelled booking from hoteliers and travel agencies • Bank confirmation of receipt of funds from offshore • Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	b) Tax Refund (beneficiary must be non-resident)	<ul style="list-style-type: none"> • Application by Inland Revenue Department or original IRD Cheque 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
	c) Other (incl. airline tickets sold locally by travel agents)	<ul style="list-style-type: none"> • Evidence of payment due 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
24.	Subscriptions to clubs/magazines, societies and trade organizations including entrance fees.	<ul style="list-style-type: none"> • Invoice or statement for the amount due • Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.

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25.	Travel Allowance	<ul style="list-style-type: none"> Valid passport and visa Airline ticket or e-ticket, or copy of email confirmation of airline bookings Government Official Travel: In the absence of any travel documents a supporting letter from the Ministry of Finance. 	Up to T\$20,000 per application or up to T\$5,000 per month without supporting documents. R:L221106
26.	Visa Application Fees	<ul style="list-style-type: none"> No documents required 	T\$5,000 per month without supporting documents.
27	Wages Paid in foreign currency cash to foreign crew members	<ul style="list-style-type: none"> Documentary evidence of receipt of funds from offshore 	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
28.	Withdrawal of Investment by non-resident Investors		
	a) Sales of Shares/Assets	<ul style="list-style-type: none"> Signed sale & Purchase Agreement (or original documentary proof of sale) Original tax clearance certificate for amounts above \$10,000 Original bank confirmation that funds originated from offshore (where applicable) Evidence that the beneficiary is non-resident 	All capital transfers must be approved by NRBT EC Directive 02/05
	b) Shareholders Funds	<ul style="list-style-type: none"> Signed sale & Purchase Agreement (or original documentary proof of sale) Original tax clearance certificate for amounts above \$10,000 Original bank confirmation that funds originated from offshore (where applicable) Evidence that the beneficiary is non-resident 	All capital transfers must be approved by NRBT EC Directive 02/05
	OTHER EC REQUIREMENTS		
29.	Foreign Currency Customer Accounts a) Exporters b) Other Foreign Exchange Earners	<ul style="list-style-type: none"> Ensure that account is funded with proceeds from oversea Banks to ascertain the credibility of the account holder and that funds are obtained from offshore through legitimate means Transfers into and out of the account are to be reported to NRBT within 1 business day A list of foreign currency accounts is to be reported to NRBT within 15 working days from the end of the quarter Regardless of the amount, all foreign currency accounts that are funded from local sources require prior approval by the NRBT Banks are required to submit a letter to the Governor requesting the opening of new foreign currency accounts and stating the purpose of the account. 	Transfer of funds to Foreign Currency Account from offshore sources EC Directive 01/05
30.	Foreign Currency Loans by commercial banks	<ul style="list-style-type: none"> Loans are financed from offshore Banks cannot buy from NRBT to finance foreign currency loans Local borrowing by customers to fund profit remittances is prohibited 	Require prior approval of NRBT EC Directive 03/05

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31.	Forward Exchange Contracts Commercial banks can write forward cover up to USD 2 million per customer	<ul style="list-style-type: none"> • Bank to lodge application on behalf of customer • Bank to write on letter to confirm that they would cite and stamp invoices and documents when the Forward Exchange Contract is due. • Note: Due date must be shown on application 	Up to T\$50,000 per application
32.	House Materials - Shopping	<ul style="list-style-type: none"> • Evidence of intention to build a house e.g. letter from bank to state that they have approved a loan to purchase house and amount to be sent overseas • Invoices and Custom import entry document (green copy) to submit to NRBT when shipment arrives 	Up to T\$50,000 per application
33.	Land and/or House purchase for investment overseas	<ul style="list-style-type: none"> • Copy of purchase agreement e.g. original copy of agreement to sell • Original tax clearance certificate for amounts above \$10,000 • Legal documents relating to purchase 	All capital transfers must be approved by NRBT EC Directive 02/05
34.	Reduction of Funds by Foreign Companies e.g. insurance companies	<ul style="list-style-type: none"> • Letter from head office to advise source of funds and decision to reduce funds • Original tax clearance certificate for amounts above \$10,000 	Up to T\$50,000 per application

Notice to Banks and Authorised Foreign Exchange Dealers:

1. **The banks and authorized foreign exchange dealers have been delegated the authority** to approve the current payments of amounts up to T\$50,000 with supporting documents or T\$5,000 per month for current transaction without supporting documents.
2. **Applications that exceed the delegated limit must be approved by the NRBT.** Applicants must complete the exchange control application form and attach supporting documents which are to be submitted to the NRBT enquiries desk for approval. Applications lodged at the NRBT before 12 noon should be approved and available for pickup by 3 pm of the same day if all documentary requirements are in order. The NRBT may also approve urgent request for approval while you wait, please inform/call the exchange control officer to confirm. The NRBT at this time does not provide telephone approvals.
3. **Banks and authorized dealers are required to sight and stamp supporting documents** that have been presented and paid.
4. If the **applicant/customer is unable to provide documentary requirements**, please send the application to NRBT with a letter on why they cannot provide these documentary requirements.
5. If unsure of any transaction please refer the customer to the NRBT or call to clarify.
6. **Exchange Control Forms Approved by the NRBT expires after 30 days** please refer to the date on the EC application form.
7. **Advance payment for imports:** NRBT approval is subject to the applicant providing necessary Custom Import Entry documents to NRBT for recording purposes. Note: Failure to do so would result in the rejection of subsequent applications. If banks and foreign exchange dealers approve advance import payments within their delegation limit then the banks and foreign exchange dealers are required to follow up on the documentary requirements. Banks and foreign exchange dealers are to refer the applicant to the NRBT if they are unable to follow up on the documentary requirements
8. **Banks and authorized dealers are required to report all approved applications that have been paid to the NRBT** before the end of the next business day.
9. **Tax Clearance is valid for that application only.**
10. **Blanket approval:** the Reserve Bank provides exchange control blanket approvals for up to a year on outward payments that are to be made on a monthly or quarterly basis eg. Expatriate salaries, maintenance of families residing overseas, school fees and living allowance, funding of overseas accounts for purchases/shopping or imports etc. Applicants are required to complete and submit an exchange control form and letter stating estimated expenses or funds to be remitted for the year.
11. **Gifts:** no documentary requirements are required for amounts up to T\$10,000 per beneficiary and T\$10,000 per applicant per annum. The Reserve Bank issues a list to all the banks on applicants who have breached the T\$10,000 per annum limit. If the applicant is on the NRBT Gift list please refer the applicant to NRBT, please ask the applicant to lodge a completed application form with a letter stating source of funds, relationship with beneficiary, customer of which commercial bank and original tax clearance certificate for amounts above T\$10,000.
12. **Travel Allowance:** For travel allowance payments that have satisfied the documentary requirements, the applicant may choose to transfer approved funds, by telegraphic transfer, to a credit card, to debit card, traveler's cheques, foreign currency notes or to foreign currency account.
13. **Name of beneficiary account is not the name of the applicant.** The applicant may not have a foreign currency account and is sending the money to a beneficiary account of another person for shopping/import of goods. Banks and Foreign exchange dealers should facilitate the payment if their customer due diligence or Know Your Customer policies have been satisfied i.e. banks and foreign exchange dealers must establish the stated relationship between the beneficiary and the applicant for anti money laundering and terrorist financing purposes.

14. **Invoice payments:** Beneficiary Name on invoice and name of beneficiary account should be the same. If it is a third party payment, banks and foreign exchange dealers must sight a letter from the supplier of the invoice that the funds are to be paid to the stated beneficiary account.
15. **Breach of NRBT Exchange Control Requirements:** In accordance with S(7) of the Foreign Exchange Control (Amendment) Regulations 2000, a person who commits an offence against these regulations shall be liable on conviction (i) in the case of an individual to a fine not exceeding \$2,000 or imprisonment for a term not exceeding 3 years (ii) in the case of a body corporate to a fine not exceeding \$200,000.
16. **Confidentiality:** The applicant/customer is to be assured that the NRBT treat the information provided confidentially. The NRBT will not inform anyone outside the NRBT, unless authorized by the applicant/customer, except to the extent the NRBT is required to by law.
17. **Complaints:** an applicant/customer has a right to complain and the NRBT welcomes complaints in writing regarding its services. A complaint received gives the NRBT the opportunity to improve and maintain confidence in its services and products.

Please direct all enquiries to the Exchange Control Unit
National Reserve Bank of Tonga
Telephone: (676) 24 057
Fax (676) 24201
Email: nrbt@reservebank.to

National Reserve Bank of Tonga
December 2006

Letter of 22 November 2006

Effective immediately, all banks and authorized restricted foreign exchange dealers must comply with the following changes to the Reserve Bank Exchange Control Requirements:

1. that the removal of cash exceeding T\$10,000 whether it be in local or foreign currency is prohibited, except with the written permission of the Governor the National Reserve Bank.
2. that the delegated limit to the banks and foreign exchange dealers on Travel Allowance in the Exchange Control Documentary Requirements issued on the 30th October 2006 has been reduced from T\$50,000 to T\$20,000.

This letter supersedes all previous directives regarding Foreign Exchange Control Requirements.

Please ensure that all your branches comply with the new requirement and that they inform all your customers.