

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

The Foreign Exchange Control (Amendment) Regulations 2000 assigns the authority to the National Reserve Bank of Tonga over sending money and securities out of Tonga.

The exchange control documentary requirements guideline is issued by the Reserve Bank for use by banks and authorized foreign exchange dealers under the Foreign Exchange Control Act.

These guidelines were introduced by the Reserve Bank to provide a level playing field in the foreign exchange market, improve the consistency of the exchange control process in the financial system, improve the accuracy of balance of payments statistics and assist with the protection of the country's foreign reserves.

The exchange control documentary requirements list the type of supporting documents that banks and authorized restricted foreign exchange dealers are required to sight for all foreign exchange outward payments. Banks and authorized foreign exchange dealers have been delegated to approve current payments of amounts up to T\$50,000 per transaction except for gifts and miscellaneous payments which are limited for amounts up to T\$10,000 per applicant per annum and travel allowance payments which are limited for amounts up to T\$20,000 per application. All current payments above these amounts and all capital payments require the prior approval of the Reserve Bank. The banks and authorized foreign exchange dealers have been delegated to approve the current payments of amounts up to T\$5,000 per month for any transaction without supporting documents. The Reserve Bank reserves the right to ask for any other information.

The Reserve Bank has issued the following Exchange Control Directives which are attached to the guidelines:

1. EC 01/05 Directive - Foreign Currency Customer Accounts
2. EC 02/05 Directive – Foreign Exchange Control Requirements
3. EC 03/05 Directive - Foreign Currency Loans
4. EC 04/06 Directive – Delegated Limits on Outward transfers of Gifts

In accordance with Regulation 11 of the Foreign Exchange Control (Amendment) Regulations 2009, 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 \$20,000 or imprisonment for a term not exceeding 3 years (ii) in the case of a body corporate to a fine not exceeding \$200,000.

National Reserve Bank of Tonga  
April 2010

No	Type of Payment	Documentary Requirements ( <i>originals to be sighted and stamped by authorised dealers</i> )	Delegated Limit
1.	<b>Airline Ticket Sales</b> - ticket sales & earning <i>OET Code – P22</i>	<ul style="list-style-type: none"> <li>• Fax copy/Letter from head office requesting transfer of funds and note that proceeds are sourced from ticket sales</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
2	<b>Charges/Fees/Services</b> a. Freight & Shipping <i>OET Code – P21</i> b. Other Transport Charged <i>OET Code – P22</i> c. Royalty & Commission <i>OET Code – P51</i> d. Patents & Copyright <i>OET Code – P51</i> e. Brokerage & Other Charges to agents and representatives outside country <i>OET Code – P51</i> f. Movie/Film Hire & News <i>OET Code – P51</i> g. Repair - domestic air/shipping & others <i>OET Code – P51</i> h. Technical, Professional & Management Fees <i>OET Code – P51</i> i. Advertising/Licence <i>OET Code – P51</i> j. Office expenses <i>OET Code – P51</i> k. Re-imburement <i>OET Code – P51</i>	<ul style="list-style-type: none"> <li>• Invoice or statement on payment due</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul> <p><b><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></b></p> <p><b><i>*In the case of freight &amp; shipping payments for Importers only, a tax clearance is required for amounts above T\$50,000<sup>1</sup></i></b></p>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
3.	<b>Court Order Payments</b> <i>OET Code – P51</i> a. Alimony b. Collection of debt c. Out of court settlement d. Other	<ul style="list-style-type: none"> <li>• Original court order</li> <li>• Documents verifying that payments are due</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
4.	<b>a) Credit Card Payments</b> <b>b) Debit Card Payments</b> <i>OET Code – P31</i>	<ul style="list-style-type: none"> <li>• *Original current month's statement of payment due</li> </ul> <p><b><i>*In the case of prepayments, applicant is required to submit statement when it is received.</i></b></p>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
5.	<b>Deposits into Expatriate's Foreign Currency Accounts &amp; Overseas Bank Accounts</b> 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	<ul style="list-style-type: none"> <li>• Original pay slip (<i>to verify salary</i>) which should indicate tax has been deducted <b>OR</b> letter from employer confirming status of employment</li> <li>• Original signed Sale &amp; Purchase agreement and proof of transfer of ownership where applicable</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Documentary evidence of payment</li> <li>• Retirement Fund cheque</li> <li>• Inland Revenue Department cheque</li> <li>• Documentary evidence of source of funds</li> </ul> <p><b><i>*In the case of expatriates workers, commercial banks may submit a list of expatriates with a letter from their respective employers with name of expatriate, term of employment and fortnightly salary; NRBT can issue a blanket approval for a specified period.</i></b></p>	All Transfers from T\$ to foreign currency must be approved by NRBT. EC Directive 01/05

<sup>1</sup> Tax clearance is required for all taxes related to this payment only.

No	Type of Payment	Documentary Requirements ( <i>originals to be sighted and stamped by authorised dealers</i> )	Delegated Limit
6.	<b>Education/Training Expenses</b> <i>(for current year only) OET Code – P31</i> a. Paid directly to the education institution b. Paid directly to the students c. Scholarship payments by recognized institution  <i>*An applicant may submit a letter stating estimated expenses for the month; NRBT can issue a blanket approval for student allowance up to a specified period.</i>	<ul style="list-style-type: none"> <li>Original enrolment/acceptance letter on letterhead</li> <li>Statement of expenses for the school year (<i>same is applied to paying directly to student</i>)</li> <li>Original enrolment/acceptance letter from the institution</li> <li>Confirmation letter by the issuer of scholarship</li> </ul>	Up to T\$50,000 per application and T\$5,000 per month without supporting documents.
7.	<b>Foreign Currency Borrowing</b>	<ul style="list-style-type: none"> <li>Original documentary evidence of receipt of funds from offshore.</li> <li>Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Refer to EC Directive 03/05
8.	<b>Gifts</b> - Transfer overseas for personal reasons ( <i>Unrequited transfers</i> ) OET Code – P81	<ul style="list-style-type: none"> <li>No documentary requirements for amounts up to T\$10,000 per beneficiary per applicant per annum.</li> <li>Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$10,000 per applicant per beneficiary per annum <sup>2</sup> EC Directive 04/06.
9.	<b>Government Department Payments/Transfer</b> ( <i>includes funding of Offshore accounts</i> ) OET Code – P41, 61, 71, 91, 93	<ul style="list-style-type: none"> <li>Original invoice for amount due or application letter from the relevant Ministry</li> </ul>	Up to T\$50,000 per application
10.	<b>Import Payments</b> OET Code – P11		
	a) Goods on board ship or aircraft, or goods landed but awaiting Customs clearance  <i>(subject to the provision of Custom Imports Entry documents to the NRBT once shipment is cleared from Customs &amp; Trade Division)</i>	<ul style="list-style-type: none"> <li>Suppliers invoice showing value of goods imported</li> <li>Original Bill of lading or Airway Bill confirming details of the current shipment or cargo</li> <li>Relevant Custom clearance documents upon receipt of goods in Tonga</li> </ul>	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"> <li>Supplier's invoice</li> <li>Customs import entry document</li> </ul>	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"> <li>Supplier's invoice</li> <li>Supplier's demand for immediate payment</li> <li>Customs import entry document</li> </ul>	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.  <i>(subject to the provision of Custom Imports Entry documents to the NRBT once shipment is cleared from Customs &amp; Trade Division)</i>	<ul style="list-style-type: none"> <li>Pro-forma invoice from supplier including request of payment prior to shipment of goods</li> <li>Customs import entry document to be provided proving goods have arrived in Tonga</li> </ul>	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"> <li>Supplier's invoice</li> <li>Supplier's confirmation of payment due to third party</li> <li>Customs import entry documents</li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.

<sup>2</sup> Transfer of funds offshore must not exceed T\$10,000 per applicant per beneficiary per year

No	Type of Payment	Documentary Requirements ( <i>originals to be sighted and stamped by authorised dealers</i> )	Delegated Limit
11.	<b>Insurance/ Re-insurance Payments Offshore</b> OET Code – P51	<ul style="list-style-type: none"> <li>• All relevant documents relating to insurance payments</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
12.	<b>Lease Payments</b> a. Aircraft OET Code – P22 b. Fishing or cruise vessels c. Machinery d. Other lease payments ( <i>Land – OET Code – P92</i> )	<ul style="list-style-type: none"> <li>• Original signed lease agreement</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
13.	<b>Loan repayment</b> <i>Gov't loan OET Code – P93, Private loan OET Code – P94</i> Principal & Interest(excluding up front fees)	<ul style="list-style-type: none"> <li>• Original loan agreement &amp; repayment schedule</li> <li>• Original bank confirmation that funds were received from offshore</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05
14.	<b>Loan Pre-payment</b> <i>Gov't loan OET Code – P93, Private loan OET Code – P94</i>	<ul style="list-style-type: none"> <li>• Same as loan repayment</li> <li>• Lender's demand for early repayment</li> <li>• Revised repayment schedule (<i>where applicable</i>)</li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05
15.	<b>Local Borrowing Facilities</b> a. Non-resident controlled business entities b. Non-resident individuals	<ul style="list-style-type: none"> <li>• Original documents for approval of projects (<i>If new</i>)</li> <li>• Valid Work Permit (2 years)</li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
16.	<b>Maintenance</b> OET Code – P81  <b>*An applicant may submit a letter stating estimated expenses for the month; NRBT can issue a blanket approval for a specified period.</b>	<ul style="list-style-type: none"> <li>• Application stating relationship between applicant and beneficiary</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Evidence of the source of funds</li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
17.	<b>Medical Expenses/Reimbursements</b> OET Code – P31 a. Paid directly to the Medical Institution b. Paid directly to the Patient	<ul style="list-style-type: none"> <li>• Original invoice or letter from the medical institution stating the amount due</li> <li>• Visa of the applicant (If applicable)</li> <li>• Original invoice or letter from the medical institution stating the amount due</li> <li>• Letter from medical institution confirming admittance</li> <li>• Visa of the applicant (<i>If applicable</i>)</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
18.	<b>Migrant transfers - Source of funds:</b> a. Sale of personal assets OET Code – P92 b. Maturity of life insurance c. Death benefits d. Rental/Directors fees e. Savings/Retirement Fund/Refund OET Code – P71	<ul style="list-style-type: none"> <li>• Valid passport (<i>including family members</i>)</li> <li>• Permanent resident visa(<i>including family members</i>)</li> <li>• Original retirement fund cheque or letter of withdrawal from Retirement fund</li> <li>• Airline Ticket</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Evidence of the source of funds</li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05
19.	<b>Offshore Investment</b> OET Code – P95 a. Set up of new Subsidiaries b. Individual/Entities c. Retirement Fund	<ul style="list-style-type: none"> <li>• Details and evidence of proposed investment - shares/equity or prospectus</li> <li>• Valid identification of applicant</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Evidence of the source of funds</li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05

No	Type of Payment	Documentary Requirements ( <i>originals to be sighted and stamped by authorised dealers</i> )	Delegated Limit
20.	<b>Oil Import Payments</b> <i>OET Code – P11</i>	<ul style="list-style-type: none"> <li>• Supplier's invoice</li> <li>• Custom import entry documents</li> <li>• Tax clearance for freight and port charges</li> <li>• Projected payments for ensuing quarter</li> <li>• Re-export figures from shipment</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application
21.	<b>Pensions/Superannuation/Gratuity</b> a. Payment by Gov't & Retirement Fund <i>OET Code – P71</i> b. Payment by companies <i>OET Code P92</i>	<ul style="list-style-type: none"> <li>• Gov't/Retirement Fund Cheque</li> <li>• Evidence of payment due</li> </ul>	Up to T\$50,000 per application
22.	<b>Profit declared and distributed to non-resident shareholders/partners/sole proprietors</b> <i>OET Code – P63</i> a. Capital - remittance of accumulated profit b. Dividend or operating Profit	<ul style="list-style-type: none"> <li>• Audited accounts for amount above T\$100,000 per amount distributed</li> <li>• Unaudited accounts for amounts of T\$100,000 and below;</li> <li>• Director's Resolution approving profit distribution</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05
23.	<b>Refund</b> a. Hotel bookings cancelled b. Tax Refund ( <i>beneficiary must be non-resident</i> ) c. Other ( <i>incl. airline tickets sold locally by travel agents</i> )	<ul style="list-style-type: none"> <li>• Documentary evidence of cancelled booking from hoteliers and travel agencies</li> <li>• Bank confirmation of receipt of funds from offshore</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Application by Inland Revenue Department or original IRD Cheque</li> <li>• Evidence of payment due</li> <li>• Letter from Donor for return of funds</li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
24.	<b>Subscriptions</b> to clubs/magazines, societies and trade organizations including entrance fees.	<ul style="list-style-type: none"> <li>• Invoice or statement for the amount due</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
25.	<b>Travel Allowance</b> <i>OET Code – P31</i>	<ul style="list-style-type: none"> <li>• Valid passport and visa</li> <li>• Airline ticket or e-ticket, or copy of email confirmation of airline bookings</li> <li>• Government Official Travel: In the absence of any travel documents a supporting letter from the Ministry of Finance.</li> <li>• Evidence of the source of funds for amounts more than T\$50,000.</li> <li>• Original tax clearance for amounts above T\$50,000.<sup>1</sup></li> </ul>	Up to T\$20,000 per application or up to T\$5,000 per month without supporting documents. R:L221106
26.	<b>Visa Application Fees</b> <i>OET Code – P51</i>	<ul style="list-style-type: none"> <li>• No documents required</li> </ul>	T\$5,000 per month without supporting documents.
27.	<b>Wages Paid in foreign currency cash to foreign crew members</b>	<ul style="list-style-type: none"> <li>• Documentary evidence of receipt of funds from offshore</li> <li>• Source of funds from Offshore</li> </ul>	Up to T\$50,000 per application or up to T\$5,000 per month without supporting documents.
28.	<b>Withdrawal of Investment by non-resident Investors</b> a. Sales of Shares/Assets b. Shareholders Funds	<ul style="list-style-type: none"> <li>• Signed sale &amp; Purchase Agreement (or original documentary proof of sale)</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup> (<i>on beneficiary that is receiving the funds</i>)</li> <li>• Original bank confirmation that funds originated from offshore (<i>where applicable</i>)</li> <li>• Evidence that the beneficiary is non-resident</li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05

No	Type of Payment	Documentary Requirements ( <i>originals to be sighted and stamped by authorised dealers</i> )	Delegated Limit
<b>OTHER EC REQUIREMENTS</b>			
29.	<b>Foreign Currency Customer Accounts</b> a) Exporters b) Other Foreign Exchange Earners	<ul style="list-style-type: none"> <li>• Ensure that account is funded with proceeds from overseas</li> <li>• Banks to ascertain the credibility of the account holder and that funds are obtained from offshore through legitimate means</li> <li>• Transfers into and out of the account are to be reported to NRBT within 1 business day</li> <li>• A list of foreign currency accounts is to be reported to NRBT within 15 working days from the end of the quarter</li> <li>• Regardless of the amount, all foreign currency accounts that are funded from local sources require prior approval by the NRBT</li> <li>• 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.</li> </ul>	Transfer of funds to Foreign Currency Account from offshore sources EC Directive 01/05
30.	<b>Foreign Currency Loans by commercial banks</b>	<ul style="list-style-type: none"> <li>• Loans are financed from offshore</li> <li>• Banks cannot buy from NRBT to finance foreign currency loans</li> <li>• Local borrowing by customers to fund profit remittances is prohibited</li> </ul>	Require prior approval of NRBT EC Directive 03/05
31.	<b>Forward Exchange Contracts</b> Commercial banks can write forward cover up to USD 2 million per bank <sup>3</sup>	<ul style="list-style-type: none"> <li>• Bank to lodge application on behalf of customer</li> <li>• Bank to write on letterhead to confirm that they would cite and stamp invoices and documents when the Forward Exchange Contract is due.</li> </ul> <p><b><i>*Due date must be shown on application</i></b></p>	Up to T\$50,000 per application
32.	<b>House Materials - Shopping</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Invoices and Custom import entry document to submit to NRBT when shipment arrives</li> </ul>	Up to T\$50,000 per application
33.	<b>Land and/or House purchase for investment overseas</b>	<ul style="list-style-type: none"> <li>• Copy of purchase agreement e.g. original copy of agreement to sell</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Legal documents relating to purchase</li> </ul>	All capital transfers must be approved by NRBT EC Directive 02/05
34.	<b>Reduction of Funds by Foreign Companies e.g. insurance companies</b>	<ul style="list-style-type: none"> <li>• Letter from head office to advise source of funds and decision to reduce funds</li> <li>• Original tax clearance certificate for amounts above \$10,000<sup>1</sup></li> <li>• Audited accounts for amount above T\$100,000</li> <li>• Unaudited accounts for amounts of T\$100,000 and below</li> <li>• Any other information</li> </ul>	Up to T\$50,000 per application

<sup>3</sup> Refer Governor's letter dated 27 January 2003

## **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 required for all taxes related to the payment 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. A **“Resident”** in Tonga, in accordance with Regulation 2 of the Foreign Exchange Control (Amendment) Regulations 2009, means:
  - a Tongan national residing in Tonga
  - a person who is not a Tongan national who has resided continually in Tonga for 2 years or more, or been granted a permit to reside in Tonga on an assured income
  - a married couple of whom one of the spouses is a resident in Tonga; or
  - a business entity (partnership, company, branch operation, sole proprietor, trust) that is incorporated, formed or registered and operating under the laws of Tonga.A **“Non-resident”** is a person who is not a resident in Tonga.
12. **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.
13. **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 cash not exceeding T\$10,000 or to foreign currency account. NRBT approval will only be granted for the additional amount to the T\$20,000 delegated limit.

14. **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.
15. **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.
16. **OET Code:** This information is to assist the banks and authorized restricted foreign exchange dealers to ensure accurate reporting of OET data to the Reserve Bank. It is used for i) as a preliminary indication of Tonga's Balance of Payments position ii) to enable the NRBT to monitor and forecast movements in the Kingdom's foreign exchange holdings, and iii) to enable the Department of Statistics to compile Tonga's official balance of payments statistics.
17. **Breach of NRBT Exchange Control Requirements:** In accordance with Regulation 11 of the Foreign Exchange Control (Amendment) Regulations 2009, 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 \$20,000 or imprisonment for a term not exceeding 3 years (ii) in the case of a body corporate to a fine not exceeding \$200,000.
18. **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.
19. **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.
20. **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:
  - 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.
  - that the delegated limit to the banks and foreign exchange dealers on Travel Allowance in the Exchange Control Documentary Requirements issued on the 30<sup>th</sup> 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.

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](mailto:nrbt@reservebank.to)

National Reserve Bank of Tonga  
*April 2010*

*15 August 2005*

**EC 01/05 Directive - Foreign Currency Customer Accounts**

Effective immediately, all banks must comply with the following conditions when opening / operating of foreign currency accounts for their customers:

- That the account is funded with proceeds from overseas
- That the banks ascertain the credibility of the account holder and that funds are obtained from offshore through legitimate means.
- That transfers into and out of the foreign currency account are to be reported to the reserve bank within one business day.
- That a list of foreign currency accounts is to be reported to the Reserve Bank within 15 working days from the end of the quarter
- That regardless of the amount all foreign currency accounts that are funded from local sources must get prior approval by the Reserve Bank. Banks are required to submit a letter of request to the Governor stating the purpose of the account.

This directive supersedes all previous directives regarding Foreign Currency Customer Accounts.

This directive is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000. Please ensure that all your branches comply with the new requirement.

*16 August 2005*

**EC 02/05 Directive – Foreign Exchange Control Requirements**

Further to the former Governors letter's of the 5, July and 14 September 2000, the banks are reminded of the following:

1. That all outward transfers of T\$50,000 and above whether by your customers or by yourselves, require the prior approval of the Reserve Bank. This requirement also applies to forward contracts.
2. The administration of foreign exchange control for all outward transfers below T\$50,000 has been delegated to licensed financial institutions (commercial banks). The commercial banks must ensure that all transfers below T\$50,000 are bona fide transactions by citing documentary evidence.
3. Irrespective of the amount, all outward transfers that fall within the following categories shall be submitted to the Reserve Bank for prior approval. These categories are:
  - Capital transfers, including property, migrants' transfers and debt forgiveness;
  - Acquisition/disposal of non-financial assets such as patents;
  - Direct investment, including equity capital;
  - Portfolio investment, including equity capital;
  - Portfolio investment, including equity and debt securities, and financial derivatives;
  - Other investments, including trade credits, loans and bank deposits.These categories also fall under the OET code P91 to P96.
4. That the prior approval of the Reserve Bank is required before loans in excess of T\$50,000 are made to any body corporate resident in Tonga which is, by any means controlled (whether directly or indirectly) by persons resident outside Tonga.

The above requirements are issued under the Foreign Exchange Control Regulations (Amendment) Act 2000.

**EC 03/05 Directive - Foreign Currency Loans**

Effective immediately, all banks must comply with the following Reserve Bank requirements on foreign currency loans (by yourselves or your customers):

- That the loans are financed from offshore.
- That the banks cannot buy from the NRBT to finance foreign currency loans.
- That local borrowing by customers to fund profit remittances is prohibited
- All new foreign currency loans must be reported in FID 1-6 within 10 working days from the end of the month
- That a list of foreign currency loans is to be reported to the Reserve Bank within 15 working days from the end of the quarter. The report must include the following details
  - Customer Name
  - Type of customer eg. individual, exporter, importer, company
  - Currency
  - Outstanding balance in T\$
  - Purpose of the loan
  - Comments such as any other variations to the original loan agreement

This directive supersedes all previous directives regarding Foreign Currency Loans. This directive is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000. Please ensure that all your staffs who handle these types of transactions are fully conversant with this directive and that all your branches comply with this requirement.

8 February 2006

**EC 04/06 Directive – Delegated Limits on Outward transfers of Gifts**

Effective immediately, all banks and authorized restricted foreign exchange dealers must comply with the following Reserve Bank requirements:

For all outward transfers or payments classified as **gifts** (OET Code P81), the following conditions apply:

1. That all banks and authorized restricted foreign exchange dealers are authorized to make outward transfers for an **applicant up to a total amount of T\$10,000 per annum.**
2. That all banks and authorized restricted foreign exchange dealers are authorized to make outward transfers to a **beneficiary up to a total amount of T\$10,000 per annum.**
3. Any outward transfers, that exceed the delegated amounts of (T\$10,000 per annum) in 1 and 2 above would require the prior approval of the Reserve Bank.

This directive supersedes all previous directives regarding Foreign Currency outward transfers of Gifts and is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000.

*8 February 2006*

**EC Reminder: Foreign Exchange Control Requirements**

Further to our exchange control directive EC 02/05 issued in August 2005, the banks and authorized restricted foreign exchange dealers are reminded of the following:

1. The banks and authorized restricted foreign exchange dealers must determine that all outward transfers below T\$50,000 must be bona fide transaction by citing documentary evidence prior to effecting the payment.
2. That compliance with the Reserve Bank Exchange Control requirements is a condition of licence.

That breach of any Reserve Bank Exchange Control requirements will be subject to penalties in the Foreign Exchange Control (Amendment) Act 2000.