

ROYAL MONETARY AUTHORITY OF BHUTAN

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FOREIGN EXCHANGE OPERATIONAL GUIDELINES 2024

DEPARTMENT OF FOREIGN EXCHANGE AND RESERVE MANAGEMENT

1. SHORT TITLE, EXTENT, AND COMMENCEMENT

These Operational Guidelines shall:

- a) Be cited as the Foreign Exchange Operational Guidelines 2024
- b) Extend to the whole of the Kingdom of Bhutan;

2. OBJECTIVE

This guideline shall define the limit, terms and condition for the permitted operation of foreign exchange transactions by AD I as per the Foreign Exchange Rules and Regulations 2022.

3. RULES OF CONSTRUCTION

In these guidelines unless the context indicates otherwise, the singular shall include plural and the masculine gender shall include the feminine gender hereafter.

4. AUTHORITY AND INTERPRETATION

The RMA may issue notification, order and clarification in the form of circular from time to time as may be necessary to give effect and implement this guideline. This guideline shall be guided by the Foreign Exchange Rules and Regulations 2022 and may be read in conjunction with it.

5. DEFINITIONS

In this guideline, unless the context otherwise requires, it shall have the same meaning as defined in the Foreign Exchange Rules and Regulations 2022.

6. PENALTY:

A person failing to comply with any of the provisions specified in this guideline including the failure to submit reports on time shall be liable for appropriate actions or penalties specified under Penalties Rules and Regulations 2023 and amendments thereto.

7. CURRENT ACCOUNT TRANSACTIONS

- a) Payment, receipt and transfer for current transaction specified under Chapter V of the Foreign Exchange Rules and Regulations 2022 may be made and received freely through AD I, subject to the condition specified herein;
- b) Any other current transactions payment not explicitly provided and in excess of the limit prescribed herein shall not be made except with the prior approval of the RMA. Respective AD I shall forward the application to the Department with the endorsement letter stating the reason for forwarding it. RMA's approval of such transactions shall be provided upon verification of the bona fide of the transaction.
- c) Payment, receipt, and transfer for prohibited transactions by the Royal Government of Bhutan shall not be allowed.

8. TRANSACTIONS FOR IMPORT OF GOODS

- a) Payment for import of goods may be made through AD I subject to any conditions prescribed by the RMA from time to time;
- b) Payment for import of goods from third country may be remitted in convertible currency based on the import license or any other document issued in lieu of an import license by the Ministry of Economic Affairs;
- c) Goods imported shall be declared to the Department of Revenue and Customs, Ministry of Finance at the point of entry as prescribed under the Customs Rules

and Regulations of Bhutan 2017 and amendment thereto;

- d) An AD I may execute advance payment for import of goods into the country. An importer executing such payments shall submit evidence of the goods having entered Bhutan within 180 days from the date of executing the advance payment to AD I;
- e) The import of capital goods in convertible currency for manufacturing industries shall be in accordance with *Annexure-VI* as follows:
 - i) RMA shall provide convertible currency requirements for the import of capital goods based on the project proposal approved by the Royal Government of Bhutan for the Local Manufacturing Industry; and
 - ii) For FDI Company, the local investor's share of convertible currency may be provided by the RMA to meet the initial capital investment for the FDI in cases where the foreign investor's equity in the project is insufficient to meet convertible currency requirement for purchase of capital goods
- f) The import of permissible raw materials in convertible currency for manufacturing industries shall be in accordance with *Annexure-VI* as follows:
 - i) RMA shall provide convertible currency requirement for the import of raw materials for newly established Manufacturing Industries as a start-up support and proprietary raw materials approved by the Royal Government of Bhutan;
 - ii) Manufacturing industries with its own earnings in convertible currency maybe allowed to avail convertible currency for import of raw materials from third country through their foreign currency account with prior approval of RMA;
 - iii) Notwithstanding, Section 8 f) i&ii, the RMA may provide Local Manufacturing Industries with convertible currency for import of raw materials from third countries subject to the conditions prescribed by RMA from time to time.
- g) AD I shall upon request from an entity (MI's & FDI's) shall issue statement evidencing the net convertible currency earning (earnings net of expenses made)

of the particular entity; and

h) Documents required:

- i) Bank form;
- ii) Proforma Invoice & Commercial Invoice/Tax Invoice from the Supplier stating the value, the c.i.f. value of the goods to be imported and the account details of beneficiary (should be the importer's account);
- iii) Import license or any other document issued in lieu of an import license for import from third country;
- iv) Customs declaration form issued by DRC, MoF;
- v) Any other documents required by AD I.

9. TRANSACTIONS FOR EXPORT OF GOODS

- a) Receipts of export proceeds shall be received through AD I, subject to any conditions prescribed by the RMA from time to time or otherwise approved by the RMA
- b) Export proceeds shall be received within 180 days after the declaration of goods at customs point of exit or as per the letter of credit; and
- c) Manufacturing Industries and Exporters shall open and maintain a foreign currency account with AD I in Bhutan to receive export proceeds, related income and make payment accruing from the entity's line of business in convertible currency.

10. FREIGHT AND TRANSPORTATION COST

- a) Freight and Transportation cost shall mean charges paid for carriage, or transportation of goods by land, air or sea. It would include both freight-prepaid (freight paid before the arrival/dispatch of goods) or freight-collect basis (freight paid after receipt of goods);
- b) Freight and transportation cost for import and export of goods by land, air, or sea shall be remitted in foreign currency to the service providers account through AD

- I;
- c) Notwithstanding, Sections 10 b), a person authorized to import and export goods and services to and from India via land may apply to avail Indian Rupee in cash from one of the AD I in Bhutan subject to conditions prescribed by RMA from time to time or in accordance with cash limits as per *Annexure-II*.
 - d) Documents required:
 - i) Bank form;
 - ii) Invoice specifying the amount and account number of the beneficiary (service providers account);
 - iii) Copy of import license or any document issued in lieu of import license by the Ministry of Economic Affairs for import from third country via sea;
 - iv) Any other documentary evidence required by AD I.

11. PASSENGER TRAVEL EXPENSES

- a) A person residing in Bhutan may remit foreign currency from an AD I to any valid travel or ticketing agent abroad to pay for travel ticket/tour purchased for travel abroad;
- b) Notwithstanding, Section 11(a), Bhutanese tour operators may be approved to obtain Indian Rupee in cash per bus to meet en-route expenses in accordance with *Annexure - II*.
- c) Documents required:
 - i) Bank form;
 - ii) Invoice specifying the particulars of traveler such as name, passport/CID number, date of travel and amount of fare collected, beneficiary account number (service providers account);
 - iii) For Bhutanese travel or ticketing agent, a copy of a valid ticketing license/copy of tender awarded to the ticketing agent in case of Royal Government of Bhutan and other agencies; and

iv) Any other documentary evidence required by AD I.

12. OFFICIAL TRAVEL EXPENSES

- a) Travel abroad by official of the Royal Government of Bhutan and its agencies or autonomous bodies which is financed by the Royal Government of Bhutan, and its agencies, autonomous bodies, external donor or sponsor, or out of the fund of externally financed project shall be regarded as official travel for purpose of these rules and regulations;
- b) AD I may release DSA in foreign currency cash for the duration of the travel in accordance with *Annexure-I & II*;
- c) Foreign diplomats/embassy officials of foreign diplomatic missions in Bhutan, receiving their salary in convertible currency remittances in their foreign currency accounts maintained with AD I may withdraw from such accounts USD cash equivalents as and when such officials travel abroad
- d) For related cost, such as air fare, course fees, living expenses, stipend and any other related cost, AD I may remit directly to the relevant institution's account or issue bank draft in lieu for the officials;
- e) Multilateral organizations that are externally funded with establishments in Bhutan, AD I may release DSA as per the DSA rate approved by their organization upon verification of the received funds; and
- f) Documents required;
 - i) Authorization letter from respective agencies specifying details of travel including name of officials, duration, country of travel, and payment details;
 - ii) Authorization to debit agency's account maintained with AD I or by way of a cheque drawn by the agency on such account;
 - iii) For related cost, relevant documents specifying the amount and beneficiary

account number; and

iv) Any other documentary evidence required by AD I.

g) For foreign diplomats/embassy officials, they will be required a forwarding letter from their diplomatic mission office stating the individual is traveling abroad

13. BUSINESS TRAVEL EXPENSES

a) Travel abroad by resident, for carrying on registered business activity in Bhutan or employed by a Bhutanese firm, company or organization, for purposes associated primarily with the business such as export promotion, market study, attending seminar, conference, trade fair, or exhibition or for selection or import of capital good, machinery and raw material, etc. shall be regarded as Business travel;

b) AD I (For Convertible currency) and RMA (For Indian Rupee) may release daily subsistence allowance (DSA) and incidental expenses in foreign currency cash for the duration of the travel in accordance with *Annexure-I & II*.

c) For related cost, such as air fare, course fees, living expenses, stipend etc., AD I may remit directly abroad to the relevant institution's account or issue bank draft in lieu for the officials by debit to the respective business account or foreign currency account (Foreign Direct Investment company's) maintained with AD I;

d) Notwithstanding, Section 13 a) to c), multilateral organizations that are externally funded with establishments in Bhutan, AD Is may release DSA as per the DSA rate approved by their organization; and

e) Documents required;

i) Authorization letter from respective business specifying details of travel including name of officials, duration, country of travel, and payment details;

ii) Authorization of travel by respective agency such as Tourism Council of Bhutan for tour operators, Bhutan Chamber of Commerce and Industries for

- private business firm, company or organization for INR & USD cash only;
- iii) Authorization to debit business account maintained with AD I or by way of a cheque drawn by the agency on such account;
 - iv) For related cost, relevant documents specifying the amount and beneficiary account number; and
 - v) Any other documentary evidence required by AD I.

14. MEDICAL RELATED EXPENSES

- a) Travel abroad by residents for purpose of medical treatment or examination, accompanied by one escort, if necessary, on the recommendation of a medical specialist shall be regarded as medical related travel;
- b) AD I (For Convertible Currency) and RMA (For Indian Rupee) may release foreign currency cash per patient for third countries and India as per medical travel in accordance with *Annexure-I & II*.
- c) Payment for treatment and other related expenses including medicine, an AD I may remit directly abroad to the medical institution's/service providers account or issue bank draft in lieu at the time of leaving Bhutan;
- d) AD I may allow remittance of any additional cost of treatment, if it has exceeded the amount availed initially, directly to the hospital or medical service provider's bank account or to the Royal Bhutanese Embassies, Consulate General or Liaison offices' account abroad based on a letter with cost estimate and bank account details provided by the hospital;
- e) Any family member or representative of the patient in Bhutan can submit the document to AD I to process the payment; and
- f) Documents required;
 - i) Bank form;

- ii) Forwarding letter from RBE, CG or LO;
- iii) Recommendation letter from JDWNRH or previous medical documents / appointment letter,
- iv) For remittance of related cost, relevant documents (invoice for medical related costs) specifying the amount and medical institutions account number; and
- v) Any other documentary evidence required by AD I.

15. EDUCATION RELATED TRAVEL/ EXPENSES

- a) Travel abroad by resident for the purpose of undertaking or resuming a course of study or training shall be regarded as education related travel;
 - b) AD I (For Convertible Currency) and RMA (For Indian Rupee) may release foreign currency cash for travel and stipend up to limit as follows:
 - i) Travel expenses in foreign currency cash per student studying in India and third country in accordance with *Annexure-I & II*.
 - ii) Remit stipend and living allowance amounting to INR 50,000 per month and USD 1200* per month for students in India and third countries respectively. For payment by debit to FC account, the following are enhanced accessibilities:
 - a) Stipend and living allowance amounting to INR 100,000 per month and USD 4,800 per month for students in India and third country respectively.
 - b) Stipend and living allowance may be clubbed for up to 3 months for remittance
- * For third countries, a student is eligible to avail either USD 1200 or equivalent in foreign currency per month or **opt** for the student card.*
- c) For payment of tuition fees, course fees, and additional educational related expenses, AD I may remit directly abroad as follows:
 - i) To the educational institution or service provider's account for tuition, course fees, and other educational fees; or
 - ii) Issue bank draft in lieu at the time of leaving Bhutan; or

- d) Any family member or representative of the student in Bhutan can submit the document to AD I to process the payment; and

Documents required;

- i) Bank form;
- ii) For remittance of related cost, relevant documents (invoice for tuition/course fees/rent/mess fees and other educational expenses) for specifying the amount and educational institutions / service provider's account number;
- iii) Acceptance/letter of admission/Valid student card for continuing student;
- iv) Any other documentary evidence required by AD I.

16. PRIVATE TRAVEL

- a) Resident excluding foreign nationals' wage-earners employed in construction works (Indian Laborers) may apply to AD I to avail foreign currency as part of traveling allowance when traveling abroad as prescribed by RMA as follows:
 - In cash in accordance to *Annexure-I & II*; or
 - International debit or credit card as per the limit issued by AD I in accordance with *Annexure III; & or V*;
- b) Documents required as per *Annexure I & II*.

17. FAMILY REMITTANCES

- a) Family remittances shall mean remittance of earnings or retirement benefits by foreign workers employed in Bhutan;
- b) Notwithstanding Section 17 (a), foreign workers employed by Bhutanese entities outside Bhutan may remit earnings or retirement benefits;
- c) Foreign Workers may remit family remittances (earnings or retirement benefits) through AD I to their own account abroad or to their family members abroad by debit to their own account or their employer's account maintained with AD I;
- d) AD I shall ensure that the value of remittances does not exceed the foreign workers income (wages/salary/benefits) earned in Bhutan;

- e) If the foreign workers maintain FC account with AD I, the remittances shall be made by debit to the respective FC account;
- f) Notwithstanding 17 (c), AD I may release INR cash per foreign nationals' wage-earners employed in construction works (Indian Laborers) approved by the RGOB to be employed in accordance with *Annexure-II*: and
- g) Document required:
 - i) Bank form;
 - ii) Work Permit / Diplomatic Card / Service Card or any other employment permit/document issued by the RGOB for foreign workers in Bhutan;
 - iii) Pay Slip/Payroll Statement/Salary statement/Contract Agreement for expatriates and foreign workers;
 - iv) Letter from NPPF or RICBL or any relevant government agency for remittance of retirement benefits;
 - v) For remittances related to foreign workers abroad, approval letter from relevant government agencies (MoEA/MoF) and amended thereto; and
 - vi) Any other documentary evidence required by AD I.

18. INSURANCE SERVICES

- a) Insurer licensed by the RMA may apply to remit foreign currency to make payment for current transaction related to insurance, reinsurance or retrocession product and service as allowed under Section 251 of the Financial Services Act of Bhutan 2011;
- b) Notwithstanding 18 (a), an insurance company licensed as FDI company shall make payment related to insurance, reinsurance or retrocession product and services by debit to their FC account out of their own foreign exchange earnings;
- c) An insurance company involved in reinsurance or retrocession product and service shall settle the claims in the currency of premium received or paid;
- d) AD I shall not make any payment for any insurance business emanating within Bhutan except for the persons specified by the RMA from time to time;
- e) Documents required:
 - i) Bank form;

- ii) Invoice or claim from the brokers or cedent;
- iii) A copy of the assessment;
- iv) Any other documentary evidence required by AD I.

19. PAYMENT FOR OTHER SERVICES

- a) Residents may make payment in foreign currency from an AD I to pay for the following services upon submission of the documentary evidence:
 - i) Telecommunication services related fees;
 - ii) Computer services related fees;
 - iii) Information services related fees;
 - iv) Charges use for intellectual fees;
 - v) Travel Service (Visa fee);
 - vi) Professional Service Fees (Research and Development, Legal, Consultancy, Marketing, Advertising, Accounting, Management, Membership, Publication, Lab test, etc.)
 - vii) Any other fee determined to be bona fide by the RMA.
- b) AD I shall ensure that the payment is made to the rightful beneficiary account; and
- c) Documents required:
 - i) Bank form;
 - ii) Invoice for all fees;
 - iii) A copy of contract agreement where applicable; and
 - iv) Any other documentary evidence required by AD I.

20. PAYMENT FOR ROYAL GOVERNMENT OF BHUTAN, ITS AGENCIES, PUBLIC-SECTOR ENTITIES AND INTERNATIONAL AGENCIES & FOREIGN DIPLOMATIC MISSIONS

- a) For payments related to capital-intensive project self-financed by an entity, the Government and its agency and public-sector, AD I may make payment upon submission of RMA's approval for such payments;

- b) Prior to making such remittance, AD I must receive the value of such remittance in Ngultrum through valid instruction to debit the account of the remitting institution or upon receipt of a crossed cheque or pay order drawn on the bank account; and
- c) Documents required as per current transactions in line with FEOG 2024
- d) For outward remittance by Embassy of India (Eol)/ CGI and its personnel, the remittances can be facilitated based on the forwarding letter from the respective agencies.

21. CAPITAL ACCOUNT TRANSACTIONS

- a) Capital account shall mean transactions made for the purpose of transferring capital including transactions involving foreign direct investment, portfolio investment, or interest in real estate, and loans, guarantees and deposits other than normal short-term banking and credit facilities; and
- b) Payment, receipt and transfer for capital transaction with India and third country specified under Chapter VI of the FERR 2022 may be made and received freely through AD I, subject to RMAs approval;
- c) AD I shall not make any payment related to capital account transactions unless otherwise approved by the RMA.

22. INWARD FOREIGN DIRECT INVESTMENT

- a) Bhutanese company with foreign shareholding approved by the Royal Government of Bhutan and subject to the terms and conditions of the FDI policy, as announced by the RGOB from time to time, may:
 - i) Receive the foreign investment in the approved currency of investment through AD I within 6 months up to a maximum period of 3 years from the date of opening of foreign currency account;
 - ii) With prior approval from the RMA, the FDI may repatriate dividend in the currency of earnings based on self-sufficiency, namely that the cumulative net currency earnings of the company are sufficient to cover the amount of these

- transactions;
- iii) Notwithstanding, Section 22 a) ii), for service activity in the priority list where the investment in the project was made in the convertible currency and the earnings are in the currencies other than convertible currency, the FDI company shall be allowed to purchase from the RMA convertible currency up to USD 5 million per annum for repatriation of dividend;
 - iv) Notwithstanding, Section 22 a) ii), in case of FDI businesses where the investment in the project was made in convertible currency and earnings are in Indian Rupee, the foreign investor shall be permitted to repatriate dividend in convertible currency with prior approval from the RMA; and
 - v) Repatriate capital and realized capital gain in foreign currency, net of tax on capital gain through an AD I on the sale or partial sale of the foreign direct investment in Bhutan or on liquidation of the entity incorporated or registered in Bhutan, with the prior approval of the RMA.
- b) Such entities shall open and maintain a foreign currency account as per Section 34 of FERR 2022; and
- c) Documents required:
- i) Approval from the RMA wherever applicable;
 - ii) Invoice stating the amount and beneficiary details;
 - iii) Copy of FDI license issued by MoEA;
 - iv) Any other documents required by AD I.

23. EXTERNAL COMMERCIAL BORROWING

- a) An eligible borrower who has been approved by the Royal Government of Bhutan to avail external commercial borrowing from non-resident lenders shall;
 - i) Register with the RMA within 15 days from the date of approval with the copy of loan agreement including terms of loan and repayment structure thereof;
 - ii) Entity shall meet its repayment obligations from its earnings in foreign currency;

- iii) Remit all proceeds of ECB to the borrower's foreign currency account in Bhutan within 6 months up to a maximum period of 3 years from the date of approval of ECB or as per the terms in the approved contract agreement;
- iv) Utilize the ECB proceeds only to make capital expenditure as specified in the ECB guideline issued by the Royal Government of Bhutan from time to time;
- v) Notify the RMA for any draw down on the ECB including remittance of installment of principle, interest and other charges on the ECB;
- vi) Payment of interest and amortization on ECB in accordance with the respective agreement as approved by Royal Government of Bhutan with prior approval from RMA; and
- vii) Prepayment of ECB would be permitted to a maximum of USD 5 million per loan, if met out of the inflow of foreign equity or if the net foreign currency earnings of the borrower are sufficient to cover with prior approval from RMA.

b) Documents required:

- i) Approval from the RMA wherever applicable;
- ii) Invoice stating the amount and beneficiary details;
- iii) ECB Certificate issued by Ministry of Finance; and
- iv) Any other documents required by AD I.

24. FOREIGN CURRENCY ACCOUNTS IN BHUTAN

- a) The foreign currency account opened by persons specified in the FERR 2022 shall be of three types:
 - i) FC I for Individual;
 - ii) FC II for Entity; and
 - iii) FC III for account opened under Inward Remittance Rule and Regulation 2016 and amendment thereto.
- b) FC I shall mean foreign currency account opened by the following individuals in Bhutan:
 - i) Staff of permanent diplomatic or consular missions of foreign governments and international organization in Bhutan;

- ii) Staff of representative office of donor agency;
 - iii) Staff of third country contracting firm engaged to execute project approved by the Royal Government of Bhutan and financed by donor agency;
 - iv) Individual Bhutanese citizens having earnings/remunerations in foreign currency in Bhutan;
 - v) All Bhutanese residing in Bhutan; and
 - vi) Any other individual or category of individuals approved by the RMA.
- c) FC II shall mean foreign currency account opened by following entities:
- i) Permanent diplomatic or consular missions of foreign governments and international organization in Bhutan;
 - ii) Representative office of donor agency;
 - iii) Certified Tourism Service Providers;
 - iv) Third country contracting firm engaged to execute project approved by the Royal Government of Bhutan and financed by donor agency;
 - v) Bhutanese manufacturing industry earning foreign currency;
 - vi) Bhutanese exporters exporting goods and services to India and third country;
 - vii) Person receiving grant, donation or similar inward remittance in foreign currency for project that have been approved by the Royal Government;
 - viii) FDI company approved by the Royal Government of Bhutan; and
 - ix) Any other entity approved by the RMA.
- d) FC III shall mean foreign currency account opened by Non-Resident Bhutanese residing abroad for higher study, training, or employment abroad or having earning in foreign currency including foreign currency account opened under RemitBhutan. AD I shall adhere to the Inward Remittance Rules and Regulations 2023 for operation and maintenance of such accounts.

25. GENERAL CONDITIONS FOR FOREIGN CURRENCY ACCOUNT IN BHUTAN:

AD I shall abide by the following general and specified conditions for foreign currency account prescribed thereon:

- a) Notwithstanding section 24 (b) vi & (c) viii & ix, a foreign currency account shall be opened by any AD I in Bhutan;
- b) A person may be allowed to open multiple foreign currency accounts in convertible currency and Indian rupee with any AD I in Bhutan
- c) AD I shall ensure all payment and receipt in foreign currency is routed through the foreign currency account maintained with AD I;
- d) Cash deposit of foreign currency into the foreign currency accounts excluding FC II and FC III shall be allowed:
- e) Any conversion of convertible currency balances into local currency will be at the prevailing exchange rates;
- f) No cheque shall be issued by AD I for any foreign currency account opened under this guideline;
- g) Unless otherwise specified, withdrawal from the foreign currency account in Bhutan shall be in Ngultrum only; and
- h) The authorized officials of the RMA shall have direct access to information on foreign currency accounts.

26. SPECIFIC CONDITIONS FOR FOREIGN CURRENCY ACCOUNT IN BHUTAN:

The foreign currency account opened under the FERR 2022 shall be subject to the following specific conditions in addition to the general conditions specified under Section 25 above:

A. SPECIFIC CONDITIONS FOR FC I

- a) Permissible Credit for FC I shall be as:
 - Inward remittance or income by way of remuneration earned in convertible currency in Bhutan; and
 - Interest on FC Account.
 - Any other inflows approved by the RMA
 - Foreign Currency held in the form of bank notes (cash deposit)
- b) Permissible Debit for FC I shall be as:

- Cash withdrawal of USD 3000 or equivalent in foreign exchange per travel to third countries/India;
 - Settlement of International Debit & Credit Cards;
 - Current transactions, (excluding payment for import of goods) permissible as per the FERR 2022 upon production of supporting invoice and validation of repeat debit transactions may be facilitated without supporting documents; and other transactions* duly approved by RMA with applicable terms and conditions.
- c) For Resident Non-Bhutanese account holders, AD I must close the foreign currency account at the end of contract period and permit the account holder for encashment in cash in accordance with *Annexure-I & II* and the balance amount transferred abroad through AD I; and
- d) Cash withdrawal from FC I accounts maintained by foreign diplomats/embassy officials of foreign diplomatic missions in Bhutan shall be as per Section 12 c) of this guideline.

B. SPECIFIC CONDITIONS FOR FC II

a) Permissible Credit

- Equity proceeds (FDI);
- Loan proceeds (External Commercial Borrowings);
- Export proceeds;
- Tourism services related remittances (Certified Tourism service providers, TCB, DoI, FDI hotels and resorts);
- Interest on FC Account; and
- Any other inflows approved by the RMA

b) Permissible Debit

- Current account transactions permitted under FERR 2022. Current transactions, (excluding payment for import of goods) permissible as per the FERR 2022 upon

production of supporting invoice and validation of repeat debit transactions may be facilitated without supporting documents;

- Make payment of salary/wages and professional's fees in convertible currency to foreign nationals employed or hired by an entity in Bhutan. However, such payment must be made through account-to-account transaction from an entity's FC account to beneficiary's FC account maintained with AD I in Bhutan;
- Settlement of International Debit & Credit Cards;
- Payment of DSA in foreign currency cash for official/business travel by officials and sponsored individuals/employees of the organization; and
- Other transactions duly approved by RMA with applicable terms and conditions.

c) When an entity ceases to operate, the account must be closed and the balance may be transferred to an account abroad at the prevailing exchange rate.

C. SPECIFIC CONDITIONS FOR FC III

a) AD I shall adhere to Inward Remittance Rules and Regulations 2023 for operation and maintenance of foreign currency accounts opened by individuals under FC III.

27. DOMESTIC CURRENCY ACCOUNTS IN BHUTAN:

a) The domestic currency account opened by foreign individuals/an entity specified under Section 35 (a) of the FERR 2022 shall be used to receive remuneration and payments related to a person's employment or their line of business in Bhutan only;

b) Balances held in domestic currency accounts of persons specified in Section 35 (a) of the FERR 2022 may be:

- i) Withdrawn by the account holder in Bhutanese Ngultrum; or
- ii) Converted into foreign currencies and remitted abroad by the account holder through AD I as per the limit prescribed by the RMA.

- c) The domestic currency account opened by the person shall be closed upon completion of their term/ contract; and
- d) Upon closure of a domestic currency account, the account holder may:
 - i) Withdraw in foreign currency as per *Annexure I & II*; or/&
 - ii) Transfer to their own account or to their family members abroad, in whole or in part, the closing balance in foreign currency through AD I.

28. ELECTRONIC FUND TRANSFER CARDS

- a) AD I may independently or in association with credit and debit card company, international bank or financial institution abroad, issue international credit or debit card to their account holder with prior written approval from the RMA including, but not limited to, introduction of any new card product and scheme;
- b) Residents may apply to the AD I for International credit or debit cards. However, resident foreign nationals may apply for international debit cards in the currency of their earnings;
- c) In line with Section 14 (b) of the FERR 2022, the credit or spending limit that will apply to any international credit, debit or prepaid card shall be as specified under *Annexure-III*;
- d) AD I may club the entitled amount by a person in convertible currency for travel to a third country for official, medical, education, private travel, and business-related travel to a person's international debit card. However, the limit shall be per calendar year and in no way be carried forward to next year's card balance;
- e) For applications received from the Royal Government and its agency, public sector entities¹ and private entities having foreign currency earnings, AD I shall issue the corporate credit card in the name of the agency up to USD 5000 per annum after assessing the credit worthiness of the applicant. Further, all requests for

¹ Public Sector Entities shall include government owned corporations, Civil Society Organization and any other entity established under an act for a public or state purpose.

enhancements shall be forwarded to the RMA with a recommendation letter² by the AD I;

- f) The Corporate Credit card shall be used exclusively for making payment related to travel (airfare, hotel, meals, etc), and/or other services (online subscriptions fees) which cannot be made via bank transfer and in no way be allowed to make import payments;
- g) All cards issued against foreign currency accounts shall be settled by debiting to the respective foreign currency account maintained with the AD I. All card transactions settled against FC accounts in US dollars shall be converted to Bhutanese Ngultrum on the date of conversion and those transactions in foreign currency other than US Dollars will be converted into US dollars before being converted into Bhutanese Ngultrum at the prevailing exchange rate as on date of transaction. However, for cards tagged to their Ngultrum accounts, the settlement should be by debit to the individual account maintained with the AD I.
- h) Limit enhancement of International Debit cards tagged to FC I shall be as per *Annexure V* of these rules and regulations. Limit enhancement of International Debit cards tagged to FC III shall be as per Inward Remittance Rules and Regulations 2023.
- i) AD I shall ensure that except for personal international debit and credit cards, specific cards such as corporate credit card and student card issued shall be used only for the purpose for which the card is issued;
- j) AD I shall ensure that their internal audit compliance conduct inspection on a semi-annually basis and reports to the RMA on the limits, usage, and purpose of the card as prescribed under the FERR 2022, FEOG 2022 (*updated as of September 11, 2023*) and Terms and Conditions amended thereto; and
- k) Documents required:
 - i) Bank forms;
 - ii) For clubbing entitlements from other current transactions as per Section 28 (d),

² The recommendation letter shall include, at the least, information on the credit worthiness of the applicant along with the rationale behind the recommendations made.

letter of undertaking from individuals to ensure that the facility is availed by an individual from one AD I only and other relevant documents specified in this FEOG or amended thereto;

iii) Any other documents required by AD I.

Annexure I: The limits for the approval of convertible currency

Sl. No	Cash Release Scheme	Amount in USD	Eligibility	Within Limit Prescribed	In excess to the Limit prescribed	Documentation Required
1	Private Travel	Equivalent to/or up to USD 3000* (USD 1000 cash & USD 2000 international card top-up**)	Per Annum	AD I	RMA	1. Copy of confirmed air ticket/visa for travel to third country; 2. Copy of Valid CID/Passport/Marriage Certificate card for non- Bhutanese or any other proof of being resident in Bhutan; 3. Any other documentary evidence required.
2	Medical Travel	Equivalent to or USD 1500	Per Travel	AD I	RMA	1. Copy of confirmed air ticket for third country; 2. Copy of Valid CID/Passport/Marriage Certificate card for non- Bhutanese or any other proof of being resident in Bhutan; 3. Referral letter from JDWNRH for referral case and for Past Medical documents/letter of appointment ³ for privately sponsored patients 4. Any other documentary evidence required.
3	Education Travel	Equivalent to/or USD 1000	Per Annum	AD I	RMA	1. Copy of confirmed air ticket/visa for travel to third country; 2. Copy of Valid CID/Passport or any other proof of being resident in Bhutan; 3. Acceptance/Letter of admission for new students and Valid Student ID Card for continuing students; 4. Any other documentary evidence required.
4	Official Travel	Daily allowance as per RGOB Incidental for head of delegation as per the rate approved by the RGOB	Per Travel	AD I	RMA	1. Copy of confirmed air ticket; 2. Authorization letter from respective agencies specifying details of travel including name of officials, duration, country of travel; 3. Authorization to debit agency's account maintained with the bank or by way of a cheque drawn by the agency on such account; 4. Any other documentary evidence required.

³All subsequent requests for medical travel allowance by Privately sponsored patients shall be subject to submission of any documentary proof of the initial travel.

5	Business Travel	As per MoF	Per Travel	AD I	RMA	1.Copy of air ticket;
						2.Authorization letter from respective business specifying details of travel including name of officials, duration, country of travel, and payment details;
						3.Authorization of travel by respective agency such as Tourism Council of Bhutan for tour operators, Bhutan Chamber of Commerce and Industries/any other documentary evidence to validate the business travel abroad for private business firm, company or organization;
						4.Any other documentary evidence required.
6	Incidental	Equivalent to/or USD 500	2 or more Stopovers	AD I	RMA	As per the confirmed travel documents
7	Cash Withdrawal from FC	Foreign currency equivalent to/or USD 3000	Per Travel	AD I	RMA	1.Copy of confirmed air ticket/visa for travel to third country or any other travel documents;
		Foreign currency equivalent to/or USD 1000	Per Month	AD I	RMA	2.Copy of Valid CID/Passport/Marriage Certificate card for non- Bhutanese or any other proof of being resident in Bhutan n/a

Note:

* Or as per RMA's directives.

** For minors who are not eligible for availing International Card Facilities, top up of USD 2000/USD 3000 shall be on the International cards of their parents/guardian based on the proof of relation.

Annexure II: The limits for Indian Rupee (INR).

Sl. No	Cash Release Scheme	Amount in INR	Eligibility	Within Limit Prescribed	In excess to the Limit prescribed	Documentation Required
1	Private Travel	INR 25,000*	Semi Annually	DCM/RO/AD I	RMA	<p>1.Copy of confirmed travel documents, if applicable*</p> <p>2.Copy of Valid CID/Passport/Marriage Certificate card for non-Bhutanese or any other proof of being resident in Bhutan;</p> <p>3.Any other documentary evidence required.</p>
2	Medical Travel	INR 100,000	Per Travel	DCM/RO/AD I	RMA	<p>1.Copy of confirmed travel documents, if applicable;</p> <p>2.Copy of Valid CID/Passport/Marriage Certificate card for non-Bhutanese or any other proof of being resident in Bhutan;</p> <p>3.Referral letter from JDWNRH for referral case and Past Medical documents/Letter of Appointment⁴ for privately sponsored patients</p> <p>4.Any other documentary evidence required.</p>
3	Education Travel	INR 80,000	Per Annum	DCM/RO/AD I	RMA	<p>1. Copy of confirmed travel documents, if applicable;</p> <p>2.Copy of Valid CID/Passport or any other proof of being resident in Bhutan;</p> <p>3.Acceptance/Letter of admission for new students and Valid Student ID Card for continuing students;</p> <p>4.Any other documentary evidence required.</p>
4	Official Travel	Daily allowance as per MoF/multinational organization's rate for their	Per Travel	DCM/RO/AD I	RMA	<p>1.Copy of confirmed travel documents, if applicable;</p> <p>2.Authorization letter from respective agencies specifying details of travel including name of officials, duration, country of travel;</p>

⁴ All subsequent requests for medical travel allowance by Privately sponsored patients shall be subject to submission of any documentary proof of the initial travel.

		employees/ organization s rate for their employees				
		Incidental for head of delegation as per the rate approved by the RGOB				3.Authorization to debit agency's account maintained with the bank or by way of a cheque drawn by the agency on such account;
						4.Any other documentary evidence required.
5	Business Travel	INR 3500 per day	Per Travel	DCM/RO/AD I	RMA	1.Copy of confirmed travel documents, if applicable;
						2.Authorization letter from respective business specifying details of travel including name of officials, duration, country of travel, and payment details;
						3.Authorization of travel by respective agency such as Tourism Council of Bhutan for tour operators, Bhutan Chamber of Commerce and Industries for private business firm, company or organization or any other documentary proof of business-related travel
						4.Any other documentary evidence required.
6	Tour Package	INR 50,000 - 100,000	Per Bus**	DCM/RO/AD I	RMA	1.Copy of confirmed travel documents;
						2.Invoice specifying the particulars of traveler such as name, passport/CID number, date of travel and amount of fare collected
						3.Valid ticketing license/copy of tender awarded to the ticketing agent in case of Royal Government of Bhutan and other agencies;
						4.Any other documentary evidence required.
7	Freight and Transportation Cost	INR 15,000	Per Truck***	DCM/RO/AD I	RMA	1.Request Letter endorsed by Bhutanese Export Association (BEA);
						2.Packing List;
						3.Copy of Letter of Credit;
						4.Customs Declaration form;
						5.Any other documentary evidence

						required.
8	Toll Tax (any vehicle ferrying through Indian Territory)	As per the recommendation of RSTA	Per Vehicle	DCM/RO/AD I	RMA	1.Forwarding letter, Transit Declaration & List of vehicles all endorsed by RSTA 2.Any other documentary evidence required.
9	Foreign Workers Wage-earners employed in Construction works (Indian Nationals)	INR 6000	Monthly per person	DCM/RO/AD I	RMA	1.Construction approval from Thromde/relevant Municipal authority 2.Valid CID of the employer 3.Valid Work permit of the labor
10	Cash Withdrawal from FC	INR equivalent to USD 3000/-	Per Travel	AD I	RMA	1.Copy of confirmed air ticket/visa for travel to third country or any other travel documents if applicable; 2.Copy of Valid CID/Passport/Marriage Certificate card for non- Bhutanese or any other proof of being resident in Bhutan
		INR equivalent to/or USD 1000	Per Month	AD I	RMA	n/a

Annexure III: The limits for International Cards.

Sl. No	Type of Card	International Card denominated in USD	International Card denominated in INR
1	Debit Card (Including Prepaid cards)	USD 1000 per annum**	ATM - INR 15,000 per month POS & ECOM - INR 50,000 per month**
2	Credit Card	USD 1000 per annum	INR 150,000 per month
3	Student Card	USD 10,000 per annum***	-
4	Corporate Card	USD 5,000 to 10,000 or equivalent in FC per annum *	

Note:

* as per RMA's directives

** Foreign Exchange Cash Deposit to be allowed solely for limit enhancement on international debit cards held by the depositor with enhancement equivalent to the foreign exchange cash deposited. The enhanced limit shall be applicable until exhaustion. The AD I may open a foreign currency account for the depositor which shall solely be used to settle the enhanced international debit card transaction. Upon full usage of the enhanced limit, this account shall be closed.

Annexure IV: Permissible Credit and Debit through Foreign Currency Account I & II.

Foreign Currency Account Category	Permissible Credit	Permissible Debit
<p style="text-align: center;">Foreign Currency Account I</p>	<ul style="list-style-type: none"> i. Inward remittance or income by way of remuneration earned in convertible currency in Bhutan; and ii. Interest on FC Account. iii. Any other inflows approved by the RMA iv. Foreign Currency held in the form of bank notes (cash deposit) 	<ul style="list-style-type: none"> i. Cash withdrawal of USD 3000 or equivalent in foreign exchange per travel to third countries/India; ii. Cash withdrawal of USD 1000 or equivalent in foreign exchange per month iii. Settlement of International Debit & Credit Cards; iv. Current transactions, (excluding payment for import of goods) permissible as per the FERR 2022 upon production of supporting invoice and validation of repeat debit transactions may be facilitated without supporting documents; and v. Other transactions* duly approved by RMA with applicable terms and conditions.

<p style="text-align: center;">Foreign Currency Account II*</p>	<ul style="list-style-type: none"> i. Equity proceeds (FDI); ii. Loan proceeds (External Commercial Borrowings); iii. Export proceeds; iv. Tourism services related remittances (Certified Tourism service providers, TCB, DoI, FDI hotels and resorts); v. Interest on FC Account; and 	<ul style="list-style-type: none"> i. Current account transactions permitted under FERR 2022. Current transactions, (excluding payment for import of goods) permissible as per the FERR 2022 upon production of supporting invoice and validation of repeat debit transactions may be facilitated without supporting documents; ii. Make payment of salary/wages and professional's fees in convertible currency to foreign nationals employed or hired by an entity in Bhutan. However, such payment must be made through account-to-
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	vi. Any other inflows approved by the RMA	account transaction from an entity's FC account to beneficiary's FC account maintained with AD I in Bhutan; iii. Settlement of International Debit & Credit Cards; iv. Payment of DSA in foreign currency cash for official/business travel by officials and sponsored individuals/employees of the organization; and v. Other transactions duly approved by RMA with applicable terms and conditions.
Foreign Currency Account II	<i>In accordance with Inward Remittance Rules and Regulations 2023 and amendments thereof.</i>	

*Other Transactions approved by RMA:

Transfers from FC accounts maintained by tour operators and hotels (tourism service providers) certified by Department of Tourism (DoT) into:

- i. Drukair Corporation Limited*
- ii. Bhutan Airlines*
- iii. Royal Bhutan Helicopter Services Limited*
- iv. Tourist hotels certified by the DoT and*
- v. Department of Immigration*

** Subsequent credits from the above entities FC accounts into the tourism service providers FC accounts is permissible only for refund purpose.*

Annexure V: The limits for International Debit Cards tagged to Foreign Currency I

Particulars
Allowed to top-up 100% of the FC account balance onto the International Debit Card.*
Authorized banks should ensure the international card payment obligations is settled by debit to the applicants FC account.

Note:

* USD 1000 International debit card limit shall be inclusive in the computation of 100% top-up amount

Annexure VI: Limits on Convertible Currency for Manufacturing Industries

Sl.No	Particulars	Source of CC	Eligible
1.	Import of Capital Goods	Nil	As per MoICE's approval
2.	Import of raw materials for start-up	Under trade finance	Up to six-month Requirement of the raw materials.
3.	Import of Raw Materials from Third Countries	FC earnings through export of goods by debit to their FC account	100%
4.	Proprietary Raw Materials	Actual sale for a calendar year	10%

Annexure-VII: Reporting Formats for Reports required under Foreign Exchange Rules and Regulations 2022

1. Daily Rupee Holding.

Name of the Bank _____ ,

Daily report for:

SL No.	Name of the Correspondent Bank	Opening Balance (INR)	Debit			Credit			Closing Balance * ****	Total INR Liabilities
			Internal Debit*	External Debit**	Total Debit	Internal Credit**	External Credit***	Total Credit		
1		XXX							XXX	
2		XXX							XXX	
3		XXX							XXX	
Total		XXX							XXX	

*To record debit transaction from the banks correspondent bank to its other correspondent bank

**To record credit transaction received from the banks other correspondent bank to its other correspondent bank

***To record debit transaction from the banks correspondent bank to external banks (BoP transaction & other external debit transaction)

****To record credit transaction received from external banks/parties (BoP transaction & other external credit transaction)

*****Total Credit - Total Debit

We hereby certify that the reports furnished above are true and correct as per our records.

Place:	Signature of Authorized Official:
Name:	
Date:	Designation

2. Daily CC Holding

Name of the Bank _____ ,

Daily report for:

SL No.	Name of the Correspondent Bank	Cy	Opening Balance	Debit			Credit			Closing Balance*****
				Internal Debit*	External Debit**	Total Debit	Internal Credit**	External Credit**	Total Credit	
1		USD								XXX
2		EUR								XXX
3		JPY								XXX
4		GBP								XXX
5		USD								XXX
Total		USD								XXX

*To record debit transaction from the banks correspondent bank to its other correspondent bank

**To record credit transaction received from the banks other correspondent bank to its other correspondent bank

***To record debit transaction from the banks correspondent bank to external banks (BoP transaction & other external debit transaction)

****To record credit transaction received from external banks/parties (BoP transaction & other external credit transaction)

*****Total Credit - Total Debit

We hereby certify that the reports furnished above are true and correct as per our records.

Place:	Signature of Authorized Official:
Name:	
Date:	Designation:

Annexure IX: FC account

Name of the Bank _____ ,

Report for the month of:

Name of Commercial Bank								
Reporting period								
SL No	Account opening date	Name of the account holder	Account Type	Account No.	TPN/CID No.	Registration License No. (For NGO/CSO only)	Currency of account	Account Status

We hereby certify that the reports furnished above are true and correct as per our records.

Place:	Signature of Authorized Official:
Name:	
Date:	Designation:

Annexure X: Domestic Accounts for Non-Residents (Foreigners)

Name of the Bank _____ ,

Report for the month of:

Name of Commercial Bank							
Reporting period							
SL No	Account opening date	Name of the account holder	Account holder nationality	Account No.	Work permit/KYC document no. of account holder	Employer/Spouse/Affiliate name	Account Status

We hereby certify that the reports furnished above are true and correct as per our records.

Place:	Signature of Authorized Official:
Name:	
Date:	Designation

Annexure XI: Monthly Statements on International Credit and Debit cards issued:

Name of Bank _____ ,

Report for the month of:.....

Type of Card	No. of cards issued in a month	Total no. of cards as of date
1. INR Debit Card		
a. Prepaid Card		
b. RuPay Card		
2. INR Credit Card		
3. USD Debit Card		
a. Student Card		
4. USD Credit Card		
a. Corporate Card		
Total		

We hereby certify that the reports furnished above are true and correct as per our records.

Place:	Signature of Authorized Official:
Name:	
Date:	Designation:

Annexure XII: Monthly Outflows through International Credit and Debit cards:

Name	CID /Work Permit	Nationality	Card Type	Card Brand Name	Transaction Date	Terminal (ATM/POS/ECOM)	Merchant/ Terminal Name	Merchant/ Terminal Location	Merchant Category Code	Currency	Transaction Amount in Foreign Currency	Transaction Amount in Bhutanese Ngultrum
XX	XXXX	XXX X	XX	XXXX	DD/MM/YYYY Y	XX	XXXXXXXX	XX	XX	XXXX	XX	XX
XX	XXXX	XXX X	XX	XXXX	DD/MM/YYYY Y	XX	XXXXXXXX	XX	XX	XXXX	XX	XX
XX	XXXX	XXX X	XX	XXXX	DD/MM/YYYY Y	XX	XXXXXXXX	XX	XX	XXXX	XX	XX

Annexure XIII: Issuance of Corporate Credit Card:

Name of the Bank

Report for the month of:

Name of Agency	CID of cardholder	Card Type	Card Brand Name	Limit Issued (In FCY)	Issuance Date	Date of Expiry	Currency	FC/CD Account Number
XX	XXXX	XX	XXXX	XXXX	DD/MM/YYYY	XXXX	XXXX	XXXX
XX	XXXX	XX	XXXX	XXXX	DD/MM/YYYY	XXXX	XXXX	XXXX
XX	XXXX	XX	XXXX	XXXX	DD/MM/YYYY	XXXX	XXXX	XXXX
