CHAPTER 17

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CHAPTER 17

FOREIGN TRAVEL

1. Introduction.

This chapter sets out regulations which govern release of foreign exchange to Government officials on account of their official travel abroad like meetings, seminars, trainings etc. Further, the chapter also contains regulations for release/remittance of foreign exchange to, and on behalf of, other individuals in connection with their foreign travel for leisure, business, education, medical treatment, Hajj/Umrah etc.

2. Release of Foreign Exchange Quota to Government/Semi-Government/Public Sector Organizations' Officials traveling abroad for Meetings, Seminars, Training etc.

i) Government/Semi-Government/Public Sector Organizations' (Government Institution) officials will be entitled to draw foreign exchange at the prescribed rate of daily allowance which has been prescribed by the Government for the actual period they remain abroad on official duty. For this purpose, the concerned Government Institution/official may approach area office of Foreign Exchange Operations Department, SBP-Banking Services Corporation for issuance of Foreign Exchange Permit on production of the following documents:

a) Permission/nomination letter from the relevant Government Institution mentioning particulars of the official, designation, period of stay abroad etc.
b) Foreign Exchange Allocation issued by Finance Division to the concerned Government Institution.
c) Copy of Computerized National Identity Card/Passport.

ii) Authorized Dealers, upon production of original Foreign Exchange Permit, shall release foreign exchange to the concerned Government official. The amount of foreign exchange released by the Authorized Dealer must be recorded on the traveller's passport under the stamp and signature of the Authorized Dealer with date. The endorsement should be made on the special pages of the passport provided for the purpose.

3. Release of Foreign Exchange to Pakistani Exporters and remittances on their behalf for participation in International Trade Fairs/Exhibitions.

Authorized Dealers may allow remittances, including advance remittances, on behalf of their clients for participation in International Trade Fairs/Exhibitions on account of rent for stalls, booking of space, construction of pavilion, freight and other related expenses to the trade/fair/exhibition organizers upon submission of the following documents:

i) Copy of offer/invitation letter/ open tender for participation in the trade fair/exhibition by the international organizing authority.
ii) Description and value of goods to be exhibited.
iii) Membership certificate of any Chamber of Commerce & Industry.
iv) Copy of air tickets alongwith business visa for participation in the exhibition.
v) Form-E/EFE or Undertaking in Form V-76 (revised) to the effect that the unsold goods will be re-imported after exhibition abroad.

Authorized Dealers should ensure repatriation of sale proceeds against goods sold abroad or having brought back the unsold goods taken for display. In case of failure of the client to submit evidence regarding repatriation of sale proceeds or re-import of unsold goods or, in case of non-participation, repatriation of foreign exchange remitted for space rent/duty etc., the Authorized Dealers will report the matter to the respective area office of the Foreign Exchange Operations Department of the SBP-Banking Services Corporation. The Authorized Dealers will also report the outstanding sale proceeds and other amounts released on account of space rent/duty etc. in their monthly overdue statement prescribed in Appendix V-20 of the Manual with specific remarks "Exhibition case".

4. Provision of Foreign Exchange for Medical Treatment abroad.

(i) Authorized Dealers may remit foreign exchange up to US$ 50,000/- or equivalent in other foreign currencies on account of medical treatment of resident Pakistanis only after satisfying themselves about bona fides of the transaction. Remittances should be sent directly to the account of concerned reputable foreign Hospital via SWIFT, telegraphic transfer or demand draft after obtaining the following documents:

a. Appendix V-72 duly filled in by the patient/next of kin/sponsor.
b. Invoice/estimate of the foreign hospital.
c. A ‘self-declaration’ from the patient, his/her next of kin or from sponsor declaring amount of foreign exchange essentially required for treatment abroad.

(ii) In addition, Authorized Dealers may also release cash foreign exchange equivalent to US$ 5,000/- each to the patient and one attendant which should be duly endorsed on his/her/their passport(s).

Authorized Dealers will retain all related record including the documents submitted by the applicant as mentioned in this paragraph for on-site inspection by the State Bank’s Inspection Team.

5. Provision of Foreign Exchange for Education abroad.

Authorized Dealers may remit foreign exchange to educational institutions abroad on behalf of students desirous of studying in accredited and recognized foreign institutions/ universities upto US$ 70,000/- or equivalent in other foreign currencies per student per calendar year on account of application/processing charges, tuition fee, living expenses etc. in accordance with the procedure set out below:

i) Remittances related to application/processing charges for admission.

In cases where students are required to remit application/processing charges for admission in the foreign educational institutions, Authorized Dealers may make such remittances to the concerned foreign educational institution on production of documentary evidence to the satisfaction of the bank showing the amount of application/processing charges. There is no restriction on the number of institutions to which a student can apply for admission.

ii) Remittance of tuition fee, living expenses etc.

The Authorized Dealers may make remittances for tuition fee, living expenses and other dues (health, insurance, union, sports, library fees etc.) on behalf of students desirous of studying abroad who have got admission in a foreign educational institution on the basis of the following documents:

a) Application Form (Appendix V-82) duly filled in by the student/parent/ guardian.
b) Copies of CNIC/Form 'B' of the student and CNIC of the parent/guardian.
c) Copy of passport of the student.
d) Letter of admission from foreign educational institution.
e) Letter/Cost Sheet from foreign educational institution showing break-up of expenses.

iii) Remittances to the foreign educational institution or the student.

Dues, including Tuition Fee, which are payable to the foreign educational institution should be remitted directly to the account of the educational institution via SWIFT, telegraphic transfer or demand draft and not remitted/released to the student. Living or miscellaneous expenses as indicated by the respective foreign institution/university, if not being remitted to the institution, can, however, be sent to the student himself via SWIFT, telegraphic transfer or demand draft.

iv) Initial cash foreign exchange requirements.

In order to meet the initial expenses related to boarding/lodging and/or other requirements of the student, Authorized Dealers can release cash foreign exchange equivalent to US$ 5,000/- to the student which should be endorsed on his/her passport.

Authorized Dealers will retain all related record including the documents submitted by the applicant as mentioned above for on-site inspection by the State Bank's Inspection Team.

6. Release of Foreign Exchange for Medical Treatment and Education abroad in excess of prescribed limits.

In case of foreign exchange requirements for medical or studies abroad in excess of the prescribed limits, the concerned Authorized Dealer will forward the case to the Director, Foreign Exchange Operations Department, SBP-Banking Services Corporation, Head Office, Karachi along with justification and documentary evidence for consideration.

7. Release of Foreign Exchange for Government Hajj Scheme.

The Government of Pakistan may prescribe foreign exchange quota to be released to intending pilgrims proceeding for Hajj to Saudi Arabia. Foreign exchange may be released by the designated Authorized Dealers to intending pilgrims in accordance with the special instructions and conditions laid down by the Government of Pakistan for different categories of pilgrims.

8. Remittances by Authorized Dealers on behalf of Hajj Group Organizers for Hajj (Private Hajj Scheme).

(i) Authorized Dealers may remit foreign exchange on behalf of the Hajj Group Organizers (HGOs) having been allocated quota by the Ministry of Religious Affairs & Interfaith Harmony (MoRA) under the Private Hajj Scheme for respective Hajj season subject to terms and conditions mentioned below. Authorized Dealers may obtain list of enlisted HGOs along with allocated quota in respect of each HGO from MoRA.

Authorized Dealers, on being approached, shall either open a PKR Account in the name of concerned HGO with suffix “Hajj” or use the previously opened similar account specifically for the purpose of Hajj related remittances to Saudi Arabia subject to the following:

a) While opening/activating and operating these accounts, Authorized Dealers shall strictly follow SBP’s AML/KYC guidelines and ensure compliance of all related rules and regulations issued from time to time. They shall obtain all necessary documents from the concerned HGO.

b) For the purpose of effecting Hajj related remittances to Saudi Arabia, each HGO is permitted to maintain only one account with the Authorized Dealer of its choice. In this respect, Authorized Dealer shall obtain an undertaking from the HGO that it is not maintaining such account with any of the other Authorized Dealers or any other branch of the same Authorized Dealer for this purpose.

(ii) With respect to the operations of the designated accounts of HGOs in Pakistan, the Authorized Dealers will ensure that permissible deposits shall only be the PKR funds received from intending pilgrims by the HGOs. The Authorized Dealers shall obtain the list of intending pilgrims from concerned HGOs containing at least the below-mentioned details:

a) Name, address and contact details.
b) Passport No. &
c) HGO Hajj Package opted (Amount of Hajj Packages).

(iii) Authorized Dealers shall allow remittances into HGO’s account maintained with a specified Saudi bank against the PKR funds collected by HGOs in terms of sub-para (ii) above. However, in case where an HGO has not been able to open/operate account in Saudi Riyal with a Saudi bank, the remittances may be allowed directly to vendors/service providers in Saudi Arabia through FDD/TT/SWIFT. In this context, Authorized Dealers must ensure the following:

a) The remittances shall only be made for meeting expenses related to housing, Maktab, catering, transportation, guides, subsistence requirements and charges of the Ministry of Hajj in respect of intending pilgrims performing Hajj from the quota allocated to the concerned HGO against authenticated underlying contracts with service providers in Saudi Arabia and submission of following information/documents by the respective HGOs:.

(aa) Detail of Hajj Package bifurcating local and foreign expenses per pilgrim.

(bb) Quota Allocation letter by MoRA for respective Hajj season.

(cc) Invoice(s) issued by Saudi vendors in favor of which remittance is being made or FDD is being issued. However, in case final invoices are not available with the HGOs, the Authorized Dealers will ensure submission of related invoices etc. after finalization of the contracts and will allow remittances after due diligence of contracts.

b) The HGOs shall provide per pilgrim per service foreign exchange requirements to Authorized Dealers for the services mentioned at (a) above in terms of related package. Authorized Dealers shall make remittances for such services after due verification keeping in view the total quota allocated to the concerned HGO under the Private Hajj Scheme for the concerned Hajj season. However, in any case, total remittances per pilgrim into account of HGO/direct payments to vendors in Saudi Arabia should not exceed 80% of the Hajj Package being offered to the individual pilgrim.

c) In case aggregate remittance against all services by an HGO on any given day exceeds US$ 100,000/-, the concerned HGO will approach Exchange Policy Department, State Bank of Pakistan, Karachi along with related details and Form 'M' through the concerned Authorized Dealer for prior approval.

d) Head/Principal Offices of Authorized Dealers shall submit consolidated report in respect of remittance transactions to the State Bank executed on behalf of HGOs on or before the 5th day of the following month as per the prescribed format (Appendix V-140) at the email ID: hajj.epd@sbp.org.pk. Further, Authorized Dealers shall maintain complete record of these transactions for SBP's inspection.

e) It is mandatory for HGOs to repatriate the un-utilized amount to their designated bank accounts in Pakistan after completion of Hajj season. The respective Authorized Dealer shall ensure compliance of the same. Further, HGOs shall have the option to withdraw or transfer remaining PKR funds from these accounts to any other PKR account in Pakistan.

(iv) Further, in order to facilitate the HGOs to make arrangements of Maktab, housing, catering, transportation, guides, etc. in Saudi Arabia, Authorized Dealers may make advance remittances on behalf of HGOs upto 30% of the Hajj Package being offered by them to the individual pilgrims. The remittances will be made on submission of the following information/documents by the respective HGOs:

(a) Authenticated underlying contract with Saudi vendor/service provider.

(b) Details of Hajj Package bifurcating projected local and foreign expenses per pilgrim.

(c) Quota Allocation letter by the Ministry of Religious Affairs & Interfaith Harmony for previous Hajj season.

(d) Undertaking from concerned HGO for repatriation of funds in case of non-performance.

(e) Invoice(s) issued by Saudi vendors/service providers in favor of which advance remittance is being made. However, in case final invoices are not available with the HGOs at the time of remittance, the Authorized Dealers will ensure receipt of related invoices subsequently.

v) In addition to the above, Authorized Dealers may also effect Hajj related remittances into United Agents Office, Saudi Arabia's IBAN maintained on behalf of each HGO with the External Hajj e-Service Portal. The remittances will be made on submission of following information/ documents by the respective HGOs:

a) Details of Hajj Package bifurcating local and foreign expenses per pilgrim in terms of related Hajj Package(s).
b) Undertaking from concerned HGO for repatriation of funds in case of non-utilization.

vi) Authorized Dealers must ensure receipt of all related invoices/e-invoices/vouchers, etc. from concerned HGO after finalization of the contracts, reconcile each transaction subsequently and comply with all instructions including those mentioned at Para (iii) above.

vii) While processing advance remittance request, the Authorized Dealer will take all possible measures to verify the bonafides and genuineness of the transaction. In case of non performance of contract for any reason, the Authorized Dealer and HGO will ensure repatriation of advance payment before completion of respective Hajj season.

viii) In the case of repatriation of advance payment, exchange gain, if any, will not be passed on to the HGO, rather the same will be deposited in favor of State Bank of Pakistan. To this effect, the Authorized Dealer should get consent/agreement signed by the concerned HGO at the time of effecting remittance. The exchange gain should be deposited in favor of the State Bank through RTGS Clearing Account No. 427518. In this respect, a consolidated statement regarding all such cases will be submitted by Head/Principal Offices of the Authorized Dealers to the Director, Foreign Exchange Operations Department, SBP-Banking Services Corporation on monthly basis as per prescribed format (Appendix V-141).

9. Remittances by Authorized Dealers on behalf of Umrah Organizers

(i) Authorized Dealers may remit foreign exchange on behalf of the Umrah Organizers (Travel Agents) subject to following terms and conditions:

a) Authorized Dealers, on being approached, shall open a PKR Account in the name of concerned Umrah Organizer with suffix "Umrah" for the purpose of Umrah related remittances to Saudi Arabia.

b) While opening and operating these accounts, Authorized Dealers shall strictly follow SBP's AML/KYC & CDD guidelines and ensure compliance of all related rules and regulations issued from time to time.

c) For the purpose of effecting remittances to Saudi Arabia, each Umrah Organizer is permitted to maintain only one account with the Authorized Dealer of its choice. In this respect, Authorized Dealer shall obtain an undertaking from the Umrah Organizer that it is not maintaining such account with any other Authorized Dealer or any other branch of the same Authorized Dealer for this purpose.

d) Authorized Dealers shall ensure that permissible deposits will only be PKR funds received from intending pilgrims by the Umrah Organizers.

e) Authorized Dealers may also effect advance remittances on behalf of Umrah Organizers to Saudi Arabia on account of booking of hotels, transport and other associated purpose(s), if any. However, Authorized Dealers must ensure that the outstanding amount of such advance payment(s) at any time should not exceed USD 30,000 or equivalent.

f) Authorized Dealers shall make remittances directly to vendors/service providers in Saudi Arabia through SWIFT/ Telegraphic Transfer/ Foreign Demand Draft.

ii) The remittances shall only be made for meeting expenses related to accommodation, transportation, fee/charges of the concerned Ministry of Saudi Arabia, if any, in respect of intending pilgrims performing Umrah on submission of the following information/documents:

a) Copy of license from the respective Department of Tourism Services.

b) Copy of registration letter by International Air Transport Association.

c) Copy of agreement/contract between Umrah Organizer and Saudi vendor/service provider. However, the Authorized Dealer should ensure that the original agreement/contract bears the attestation of the Ministry of Religious Affairs & Interfaith Harmony.

d) Invoice(s) issued by Saudi vendors in whose favor remittance is being made.

e) Consolidated information as per the prescribed format (Appendix V-142) duly filled in by Umrah Organizers. However, in case of advance remittance, the Authorized Dealers shall ensure receipt of complete information/ documents after finalization of the contracts.

f) For advance remittances, an undertaking from concerned Umrah Organizer that he shall ensure repatriation of funds in case of non/ partial performance for any reason.

iii) The Umrah Organizers shall provide per pilgrim per service foreign exchange requirements to Authorized Dealers for the services mentioned at (ii) above in terms of related package. Authorized Dealers shall make remittances for such services after due verification of above documents/information. However, in any case, total remittances per pilgrim to vendors in Saudi Arabia should not exceed Umrah Package being offered to the individual pilgrim after deducting air ticket, commission and other local charges, if any.

iv) In case intended aggregate remittance(s) by an Umrah Organizer on any given day exceeds USD 30,000 or equivalent, the concerned Authorized Dealer will approach Exchange Policy Department, SBP, Karachi along with related documents for prior approval.

v) While processing the requests for above remittances, the Authorized Dealer will take all possible measures to verify the bonafides and genuineness of information/data provided by Umrah Organizers and reconcile the same with the information issued by relevant authorities of Saudi Arabia. In case of any discrepancy, the Authorized Dealer should pursue the matter with the concerned Umrah Organizer.

vi) Head/Principal Offices of Authorized Dealers are required to submit consolidated report in respect of remittances/advance remittances effected on behalf of Umrah Organizers on or before the 5th day of the following month as per the prescribed format (Appendix V-142) at umrah.epd@sbp.org.pk. Further, Authorized Dealers shall ensure proper reporting of such remittances in their monthly foreign exchange returns and maintain complete record of these transactions for SBP's inspection.

vii) It will be mandatory for Umrah Organizers and the concerned Authorized Dealer to reconcile the receivables/payables with Saudi vendors by the last day of month of Shawal and ensure settlement of transactions and repatriation of unutilized balances, if any, by 10th of the following month.

viii) In case of repatriation of advance payment(s), exchange gain, if any, will not be passed on to the Umrah Organizer, rather the same will be deposited in favor of State Bank of Pakistan. To this effect, the Authorized Dealer should get consent/ agreement signed by the concerned Umrah Organizer. The exchange gain should be deposited in favor of the State Bank through RTGS Clearing Account No. 427518. In this respect, a consolidated statement regarding all such cases will be submitted by Head/Principal Offices of the Authorized Dealers to the Director, Foreign Exchange Operations Department, SBP-Banking Services Corporation on monthly basis as per prescribed format (Appendix V-143).

10. Meeting of Foreign Exchange needs from Exchange Companies.

All other persons not covered in preceding paragraphs or those who require foreign exchange more than their entitlement may approach Exchange Companies duly licensed by the State Bank to meet their genuine foreign exchange needs. However, while carrying cash currencies out of Pakistan, the limits prescribed by the State Bank vide Notifications No. F.E.1/2015-SB dated 1st June, 2015 and No. F.E.1/2017-SB dated 30th August, 2017 (Appendix-III) must be observed.