

Foreign Exchange Investment Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEID Circular No. 01

Date: 20 November 2024

All Authorized Dealers in
Foreign Exchange in Bangladesh.

Dear Sirs,

**Registration of Agreements for remittances abroad against services received from
International Service Providers by local companies running Star-rated Hotel
Business in Bangladesh.**

Please refer to FE Circular Letter No. 07 dated April 11, 2021 and Bangladesh Investment Development Authority (BIDA) Circular No. 03.08.2680.224.165.1479.2017/59 of March 03, 2021 attached therewith regarding the guidelines for outward remittances on account of royalty, technical knowledge/technical know-how fee(s), technical assistance fee(s) and franchise fee(s).

02. The local companies, operating the star-rated hotel business in Bangladesh, approach Bangladesh Bank (BB) with applications seeking permission of remittances abroad favoring international service providers for the purposes which are not under the purview of above-mentioned guidelines of BIDA. In order to promote hotel and tourism business, BB has decided to simplify the procedure for remittances abroad against services essential for running hotel business.

03. Henceforth, Authorized Dealers (ADs) are advised to submit applications to BB for registering the contracts to be entered with international service providers instead of applying only for remittance permission. ADs are requested to follow the instructions in this regard given below:

- a) ADs shall not apply to BB for registration of agreements which encompass the purposes of remittances under the purview of BIDA's guidelines. However, star-rated hotels not registered with BIDA can apply to BB for the same purpose.
- b) Application for registration of agreements containing the purposes other than those stated in BIDA's guidelines shall accompany the following documents :
 - i. Draft copies of agreements to be signed or Memorandum of Understanding (MoU) between the local hotel management and international service providers;
 - ii. Documents as evidence of price competitiveness of the services;
 - iii. Documents or statement(s) justifying the unavoidable necessity of obtaining the services from abroad or that such services cannot be provided by local service providers;

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- iv. Declaration from Auditor to the effect that the intended services are outside the purview of BIDA's guidelines;
- v. Certificate from Auditor regarding the Tax Deducted at Source (TDS) and Value Added Tax (VAT), base of calculation of source tax applicable to such services and obligatory of Tax with reference to relevant provisions of tax laws, rules and regulations;
- vi. Reports on creditworthiness and performance of the service provider;
- vii. Memorandum and Articles of Association of the local company;
- viii. Certificate of incorporation of the local company;
- ix. Schedule X and Form-XII of the local company;
- x. Updated Trade License;
- xi. Updated TIN and BIN certificate;
- xii. Updated License/Permission letter from the office of Deputy Commissioner/ Ministry of Civil Aviation and Tourism;
- xiii. Latest Audited financial statements of the company with Document Verification Code (DVC) number;
- xiv. CIB report of local company;
- xv. Declaration of revenues and payments abroad as per Annexure A;
- xvi. Limited Money Changer License issued by BB, if any.

04. General Instructions:

- i. Copies of all documents must be attested by the responsible officials of the bank;
- ii. ADs shall, in no cases, execute remittances for which related draft agreements have not been registered with BB and/or any deviations are found from the registered agreements;
- iii. ADs shall meticulously examine the terms & conditions of the registration letter issued by BB and the accompanying approved draft agreements to be satisfied about the full compliance before execution of any transaction;
- iv. The instructions of this circular shall be applicable to all new agreements to be entered and/or renewals of and amendments to existing agreements after the date of issuance of this circular;
- v. The existing agreements shall be registered by 31 January 2025.

Please bring the contents of this circular to the notice of all concerned.

Enclosure: As stated

Yours faithfully,



(Abu Saleh Mohammed Shahab Uddin)
Director (FEID)
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DECLARATION OF REVENUES AND PAYMENTS ABROAD OF THE APPLIED HOTEL

a) Name of the hotel:

b) History of payments abroad by the hotel for the last three years:

(Amount in Crore Taka)

Sl. No.	Purposes	*X ₀	X ₋₁	X ₋₂	Remarks
1.	Remittances under BIDA's guidelines				
2.	Other remittances under the registered agreement of BB				
	Total:				

*Starts from current year

c) History of revenues of the hotel for three years with one year time difference:

(Amount in Crore Taka)

Sl. No.	Purposes	*X ₋₁	X ₋₂	X ₋₃	Remarks
1.	Revenues as per audited financials and declared in the tax returns				
2.	Remittance to Revenue ratio by one year time lag				

*Starts from previous year

d) Estimated ratio of remittance to previous year's revenue after inclusion of applied remittance.

Signature & Seal of Company