

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

FE Circular No. 26

Date: July 27, 2021

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Opening of bank accounts abroad by resident contracting
firms jointly with non-resident co-partners

Attention of Authorized Dealers (ADs) is invited to paragraph 4, chapter 13 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 (GFET) and its subsequent circulars in terms of which foreign currency accounts are allowed to be opened in the names of local and joint venture contracting firms to execute projects in Bangladesh.

02. To facilitate resident contracting firms to implement projects awarded by project implementing agencies abroad, it has been decided that they may open bank accounts in the respective countries jointly with non-resident co-partners to credit payments received against the works. Short term loans proceeds against the project works from external sources may be credited in the accounts. For availing such loans, collaterals from Bangladesh are not admissible. Balances held in these accounts are useable for settlement of project related bonafide payments abroad.

03. Resident contracting firms shall maintain bank accounts with ADs designated for the transactions with regards to accounts opened abroad in accordance with 2 above. Accordingly designated ADs shall have arrangements with resident contracting firms to the effect that:

(a) Resident contracting firms shall submit quarterly progress reports of the project works along with bank statements to designated ADs regarding transactions in the accounts within 10 days of the following month at the end of the quarter.

(b) Within one month of the completion of the project works, resident contracting firms shall repatriate their surplus earnings to Bangladesh through designated ADs. However, specified fund as per contractual agreements with the project agencies abroad may be retained in the accounts for the agreed period.

04. In case the joint venture bank accounts are not workable as per underlying contracts, resident contracting firms may arrange escrow accounts abroad, if warranted, to be operated by escrow agents subject to observance of the instructions stated above.

Continued to page no. 2

05. Out of the repatriated funds, ERQ accounts may be credited at the option of resident contracting firms up to the portion admissible for service exports. The remainder needs to be encashed and credited in Taka accounts of resident contracting firms. In all cases, ADs shall ensure deduction and payments of applicable taxes and follow routine reporting formalities to Bangladesh Bank.

06. Within one month from the date of opening bank accounts abroad, designated ADs shall intimate Bangladesh Bank with detailed information. Bangladesh Bank shall also be intimated on close of project works including closure of the accounts.

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

Yours faithfully,



(Kazi Rafiqul Hassan)
General Manager
Phone: 9530123