

FE Circular No. 42

Date: November 29, 2017

All Authorized Dealers of
Foreign Exchange in Bangladesh

**Application of Bangladesh Investment Development Authority Act, 2016 for
remittance on account of payment of royalty, fees for technical knowledge or
technical assistance and franchise fees**

Paragraph 25 and 26, chapter 10 of the Guidelines for Foreign Exchange Transactions-2009 (GFET), Vol-1 outlines operational modalities to remit payment of royalty, technical knowhow or technical assistance fees, operational services fees, marketing commission etc. It has been decided to bring foreign exchange regulations regarding outward remittances of such fees in conformity with Section 18 of Bangladesh Investment Development Authority (BIDA) Act, 2016 which requires approved industrial enterprises to make applications to the Authority for payment of royalty, fees for technical knowledge or technical assistance and franchise fees to foreign persons or institutes in accordance with the prescribed manner as defined by BIDA. Accordingly, private sector industrial enterprises as defined in Section 15(3) of the Act shall have approval from BIDA for such remittances. On receipt of applications together with approval from BIDA, following instructions shall be observed by authorized dealers (ADs) before execution of remittances:

- (a) ADs shall be ensured that they are nominated for the remittances as per approval letter issued by BIDA.
- (b) ADs shall be satisfied that applicable taxes payable on remittable amounts have duly been deducted and paid.
- (c) ADs shall satisfy themselves about the genuineness of the relevant documents. They will immediately contact with BIDA in case of any doubt.
- (d) As usual, ADs shall preserve customer-wise documents for eventual examination by Bangladesh Bank inspection team and shall report the transactions to Bangladesh Bank.

02. In accordance with the above decision, paragraph 25 & 26 of Chapter 10 and App-5/59 of GFET'2009, Vol-1 shall stand repealed.

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

Yours faithfully,



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