Exchange Control Brochure

RESERVE BANK OF FIJI

FOREWORD

This Brochure has been designed to provide information on Exchange Controls in Fiji. It simplifies the current regulations to create a greater awareness of the existing policies and requirements.

The Brochure should be read in conjunction with the Table of Foreign Currency Payments that is available from the RBF website. The Table outlines the current delegated limits to authorised dealers and documentary requirements. The limits are reviewed annually and changes are uploaded on the RBF website.

You may direct any further queries to the Exchange Control Unit of the Reserve Bank of Fiji.

Reserve Bank of Fiji
January 2021

Last revised: January 2015
Banking Hours: 9.00 am to 3.00 pm daily (Monday - Friday)

Telephone	:	(679) 3313-611
Facsimile	:	(679) 3307-210
E-mail	:	info@rbf.gov.fj
Website	:	www.rbf.gov.fj
Address	**:**	**Reserve Bank of Fiji** **Pratt Street** **Suva** **FIJI**
Postal Address	**:**	**Reserve Bank of Fiji** **Private Mail Bag** **Suva** **FIJI**

TABLE OF CONTENTS

		Page No.
[A]	**Introduction**	**1**
[B]	**Determination of Residency**	**4**
[C]	**Dual Citizenship**	**5**
[D]	**General Policy Outline**	**5**
1.	Investment in Fiji by Non-Residents	6
2.	Types of Bank Accounts	7
3.	Debit and Credit Cards	10
4.	Credit Facilities	10
5.	Export Receipts	13
6.	Repatriation of Capital and Income	15
7.	Offshore Investment	15
8.	Emigration Allowance	16
9.	Travel Facilities	16
10.	Advance Import Payments and Merchanted Goods	17

EXCHANGE CONTROL IN FIJI

(A) INTRODUCTION

Exchange Control encompasses Government's regulations with regard to the buying and selling of foreign currency and related transactions between Fiji and the rest of the world.

Statutory Requirement

The powers and functions relating to exchange control are exercised and administered under the Exchange Control Act Cap. 211 Rev. 1985, by the Reserve Bank. These powers, except the power to make orders or to apply for a search warrant, are delegated to the Reserve Bank by the Minister for Economy, formerly the Minister for Finance, under Section 48 of the Reserve Bank of Fiji Act Cap. 210 Rev. 1985.

Delegation of Authority

The powers delegated by the Minister, especially the authority to buy and sell foreign currencies are further delegated by the Reserve Bank to authorised foreign exchange dealers. These are referred to as delegated authority.

The delegated authority empowers authorised foreign exchange dealers to approve foreign exchange transactions by customers that are within specified delegated limits.

The limits of transactions that are delegated to authorised dealers are reviewed annually by the Reserve Bank and appropriate changes are made from time to time. These are available on the Reserve Bank website.

Applications for amounts exceeding the delegated limits must be referred to the Reserve Bank for approval.

Authorised Foreign Exchange Dealers

Any person or company that intends to establish a foreign exchange dealer business in Fiji will require to first apply to the Reserve Bank for a licence. The licence authorises

the person or company to buy and sell foreign currency. The operation of authorised foreign exchange dealers are supervised by the Reserve Bank.

The following authorised foreign exchange dealers are licenced by the Reserve Bank to deal in foreign exchange.

1. Authorised Banks

- Australia & New Zealand Banking Group Limited
- Bank of Baroda
- Bank of South Pacific Limited
- Bred Bank (Fiji) Limited
- Home Finance Company Limited (HFC Bank)
- Westpac Banking Corporation

2. Authorised Restricted Foreign Exchange Dealers

- City Forex (Fiji) Pty Limited
- Singapore Exchange
- Exchange World (Fiji) Limited
- FEXCO (Fiji) Limited
- MH Money Express Limited
- Lotus Foreign Exchange Limited
- Real Forex Proprietory (Fiji) Limited
- Unimoni Pte Limited
- GCC Exchange (Fiji) Private Limited

3. Authorised Money Changers

- Argo Foreign Exchange Limited

The operations of authorised restricted foreign exchange dealers and money changers are limited in the amounts and types of transactions that could be carried out.

Lodgement of Exchange Control Applications

An Exchange Control approval by the Reserve Bank is required when an application falls outside the delegated authority. In such instances, customers may apply for approval directly to the Reserve Bank or through an authorised foreign exchange dealer.

Online application forms are accessible on the RBF eService portal via https://eservice.rbf.gov.fj. The on-line system allows customers to lodge their applications and view the status of processing on-line.

Customers do not need a login to create or view applications, however, they are required to have a valid TIN to create an application. Those that do not possess a valid TIN would need to visit an authorised foreign exchange dealer or the Reserve Bank.

Processing of Exchange Control Applications

Once a customer has successfully lodged the application on-line, an email confirmation of the receipt and the application number will be sent to the address provided on the e-form. The customer will be notified of any changes to the status of the application via email. The status of the application can also be tracked on the RBF eService portal using the application number and TIN of the customer.

Applications submitted with the required documents generally take up to 3 days to process.

Exchange Control Approval

Customers will be notified once their application has been approved and an approval number will be issued to the customer via email. The customer can then forward the approval number to their preferred authorised exchange dealer for the remittance of funds offshore.

Exchange Control Forms

Form C Export of Currency*
Form TF Travel funds for foreign passport holders**
Form 1 Offshore Borrowing*
Form R Foreign Currency Accounts**
Form I.1 Application to issue securities to non-resident individuals or entities*
Form I.2 Application to transfer securities involving non-residents*
Form I.3 Bank Confirmation of Receipt of Funds from Offshore*

* available at authorised foreign exchange dealer locations or from the Reserve Bank of Fiji Website
** available at the Reserve Bank

(B) DETERMINATION OF RESIDENCY

For the purpose of Exchange Control,

i] A Fiji Resident is:

- A Fiji citizen who is permanently residing in Fiji and has not obtained any approval from the relevant authorities to reside overseas or obtained an approval from the Reserve Bank to transfer funds offshore under Emigration

- A Fiji citizen who is temporarily domiciled overseas and has no intention of obtaining permanent residence in another country other than Fiji

- A non-Fiji citizen who has resided continually in Fiji for more than three years and has designated his/her bank accounts to Fiji resident status

- A non-Fiji citizen who has obtained an approval from the Reserve Bank of Fiji to be classified a Fiji resident for Exchange Control purposes

- A non-Fiji citizen who has been granted a permit by the Immigration Department to reside in Fiji on assured income

- A married couple of whom one of the spouses is a resident of Fiji, who has decided to designate their joint accounts to Fiji resident status

- A business entity – partnership, company, branch operation or sole trader, that is incorporated or registered and operating under the laws of Fiji

ii] A Non-resident is:
- A person or business entity that does not qualify under the above definition

C] DUAL CITIZENSHIP

Former Fiji citizens and foreign nationals who have been issued dual citizenship in Fiji are considered Fiji residents for Exchange Control purposes.

Authorised banks may open resident bank accounts in their names after sighting the original dual citizenship issued by the Immigration Department or the dual passports. In addition, authorised banks may allow the continuation of their external and/or foreign currency accounts.

The current rules on repatriation of funds offshore will apply in the operation of personal resident, external and foreign accounts.

Since dual citizenship holders are deemed Fiji residents for the purpose of exchange control, they have access to local borrowing facilities without restrictions.

D] GENERAL POLICY OUTLINE

Exchange Control is one of the tools used by the Reserve Bank for the implementation of monetary policy and management of foreign reserves. The primary objective is to ensure that Fiji has a comfortable level of foreign reserves to enhance economic growth and promote socio-economic development.

The Reserve Bank regularly reviews its exchange control policy guidelines and have progressively relaxed these over the years.

The following chapters highlight the specific exchange control policy guidelines relating to:-

1. Investment in Fiji by Non-Residents
2. Types of Bank Accounts
3. Debit and Credit Cards
4. Credit Facilities
5. Export Receipts
6. Repatriation of Capital and Income
7. Offshore Investment
8. Emigration Allowance
9. Travel Facilities
10. Advance Import Payments & Merchanted Goods

1. INVESTMENT IN FIJI BY NON-RESIDENTS

All foreign investment in Fiji, whether new, additional and/or joint–venture arrangements, must first be registered with Investment Fiji.

Once the project has been registered with Investment Fiji, applications for the issue of new or additional securities should be made to the Reserve Bank on Form I.1. Investors are required to provide documentary evidence of their equity contribution within six months from the date of the approval by the Reserve Bank for the issue of shares in the company. When shares are later sold or transferred, applications are to be made on Form I.2, and submitted to the Reserve Bank for processing.

Evidence of Equity Contribution

Documentary evidence of the non-residents' equity contribution from external sources may be provided to the Reserve Bank as follows:

- Bank confirmation on Form I.3 to be completed by the authorised bank in Fiji
- Original customs import entries for the receipt of capital goods
- Verification by a locally registered and practising Chartered Accountant of the expenditure settled by the shareholders for the initial setup and related costs.

Opening of a Company Bank Account

Authorised banks may open a resident Fiji dollar bank account for a newly established business entity in Fiji. Banks may authorise this upon sighting the Foreign Investment Registration Certificate (FIRC) by Investment Fiji and the letter of approval by the Reserve Bank for the issue of shares to the non-resident shareholder(s). For branch operations and sole proprietorship, the FIRC issued by Investment Fiji is sufficient to enable the bank to open a bank account.

Authorised banks are also authorised to open foreign currency accounts for businesses upon sighting the FIRC up to the delegated limit.

Guarantee of Repatriation of Investment Funds

A foreign investor that has invested funds or capital goods from overseas and has fulfilled all regulatory requirements is guaranteed the repatriation of his total investment, including any income earned from his investment.

Foreign Investment in Listed Companies and Fixed Deposits

The SPX and authorised banks in Fiji are allowed to approve investments by non-resident individuals and businesses in publicly listed companies. Non-resident investors are also allowed to open Fiji dollar fixed deposit accounts with authorised banks.

Access to Credit Facilities

Non-resident individuals and non-resident owned businesses are allowed to borrow funds from authorised banks and other lending institutions without the approval of the Reserve Bank, provided the debt to equity ratio guideline of 3:1 is satisfied. Authorised banks must ensure that funds extended under the credit facilities are not remitted offshore, except in instances that require payments for services and import of goods.

2. TYPES OF BANK ACCOUNTS

External Accounts

External accounts are accounts in Fiji currency that are held by non-residents with authorised banks. The specific payments are referred to in the Table of Exchange

Control Policy Guidelines under Deposits into external accounts.

External accounts maybe credited with funds sourced as follows:

- Proceeds from the sale (by the account holder) of foreign currency sourced externally or remaining from travel funds
- Salaries and wages from employment in Fiji
- FNPF proceeds
- Tax refunds
- Proceeds from the sale of personal assets
- Payments from other external accounts
- Interest payable on the account
- Reimbursement of living allowances/fees/bonds
- Approved payments by the Reserve Bank or under the delegated authority to authorised banks
- Account holders' personal funds from local sources (up to monthly limit)

Exception

Office bank accounts of the diplomatic corps e.g. Embassies, Legation, Consulates and Offices of United Nations Agencies may be credited with Fiji dollars without restriction.

Foreign Currency Accounts

These are accounts maintained in foreign currencies e.g. US dollars or Australian dollars, with authorised banks. Foreign currency accounts for exporters are covered in Section 4.

Foreign currency accounts maybe credited with funds sourced as follows:

- Local payments in foreign currency under the delegated authority given to authorised banks or under an approval granted by the Reserve Bank
- Payments in foreign currency by non-residents
- Funds received from external sources
- Unutilised balance of travel funds purchased
- Interest payable on the account

Non-resident individuals and business entities may open Fiji dollar external accounts and/or foreign currency accounts in Fiji without the approval of the Reserve Bank. Such accounts may also be maintained in joint names if the account holders are non-residents. If a non-resident wishes to continue holding these accounts after residing in Fiji for more than three years, banks may authorise the extension of the operation of the accounts.

Resident Accounts

These are Fiji dollar accounts maintained by individuals who are Fiji residents and all businesses registered and operating in Fiji.

Authorised banks may without reference to the Reserve Bank, open resident accounts for non-residents that have been issued permits by the Immigration Department on the basis of Assured Income.

Non-resident individuals can only hold external and foreign currency accounts with authorised banks. Non-residents who have resided in Fiji for less than three years and wish to operate resident accounts will need the prior approval of the Reserve Bank. Applications may be made to the Reserve Bank in writing, directly by the account holder or by his/her bank and must state the reason for the need to open a Fiji dollar resident bank account.

Change of Residence

In the case of a married couple of whom one of the spouses is a Fiji resident, the couple has the choice of either maintaining a resident bank account or an external and/or foreign currency bank account. Authorised banks may open the account without the prior approval of the Reserve Bank.

At the end of three years, non-resident individuals may choose to either maintain their non-residential status (thus continuing the operation of their external/foreign currency accounts) or be designated Fiji residents for exchange control purposes, in which case they will no longer be entitled to operate external and/or foreign currency accounts.

Authorised banks may designate their customer's account from external to resident on advice to the Reserve Bank, after which time, the customer is deemed resident for all purposes of exchange control. If the customer wishes to retain his/her external account, then the authorised bank may also approve this upon advice to the Reserve Bank.

However, once the account of the customer is designated resident, the prior approval of the Reserve Bank will be required should the customer wish to reverse the status of his/her resident account to external or foreign currency.

3. DEBIT AND CREDIT CARDS

Authorised banks may issue personal debit cards to residents and non-residents. The usage of debit cards offshore or for overseas transactions are subject to a monthly limit that is set from time to time by the Reserve Bank.

Debit cards that are funded from external or foreign currency accounts are not subject to the monthly limit.

Overseas usage of debit cards are diligently monitored and recurring breaches of the monthly limit will result in the cancellation of the card.

Similarly, credit card repayment of overseas transactions is delegated up to a certain limit over which, the approval of the Reserve Bank is required.

Repayments that are made from external or foreign currency accounts are not subject to the delegated monthly repayment limit.

4. CREDIT FACILITIES

The Exchange Control Act defines business entities that are established and operating in Fiji as residents in Fiji. An entity is considered non-resident controlled if the non-resident interest(s) is more than 50%. Similarly, if the resident shareholders hold more than 50% interest, the business is deemed resident controlled.

In a 50/50 non-resident and resident ownership, the Reserve Bank considers the board room and management composition of the business to determine its "control". The "control" of the business is considered when assessing its eligibility for local borrowing facilities.

Local Borrowing

Lending institutions in Fiji have been delegated authority to lend to non-resident controlled businesses up to specified limits and guidelines without the prior approval of the Reserve Bank. (This authority relates to the total borrowing of the business from local and offshore sources).

The delegated limits on borrowing by non-resident individuals and businesses are available on the Reserve Bank website.

Local borrowing applications that fall outside the specified limits and require Reserve Bank approval will be assessed on the provision of the following information:

i) The company's Foreign Investment Registration Certificate by Investment Fiji
ii) Approval of the Reserve Bank for the issue of securities to the non-residents shareholders in the company
iii) Evidence of equity contribution to meet the 3:1 debt to equity ratio

Offshore Borrowing

Authorised banks may approve offshore loans by resident individuals and business entities up to certain limits without the approval of the Reserve Bank.

For amounts above the delegated limit, permission is readily given for offshore loans raised on reasonable terms to finance productive investment projects that will generate sufficient foreign exchange to service the loan.

In the case of non-resident controlled businesses, the total borrowing must fall within the debt to equity ratio criteria.
The following considerations need to be satisfied for major offshore borrowing:

- the lender possesses a proven credible record and international financial standing
- funds must be invested in approved projects that will benefit the country, especially as a source of foreign exchange earnings and an avenue of employment creation
- the borrower's ability to repay the loan
- the project to be financed has been approved by the relevant authorities
- the terms of the borrowing are reasonable to the Reserve Bank

Applications should be made on Form 1, which is available from authorised banks and the Exchange Control Unit of the Reserve Bank. It is also accessible from the Reserve Bank's website.

Repayment of Offshore Loans

For repayment of the principal sum and interest due, authorised dealers may approve scheduled payments up to certain limits. For scheduled amounts that exceed the delegated limit, applications must be made on the e-forms to the Reserve Bank together with a tax clearance certificate from the Fiji Revenue and Customs Service. Interest re-payments are fully delegated to authorised banks but are subject to the provision of tax clearance certificate from the Fiji Revenue and Customs Service.

Foreign Currency Loans

Authorised banks may offer foreign currency loans to resident businesses up to certain amounts. Such loans must be serviced in foreign currency, therefore, the borrower must have sufficient foreign exchange earnings in order to qualify for the facility.

Sub-ordinated Loans and Advances

Shareholders loans or advances to a company require the approval of the Reserve Bank. The application is to be submitted in writing with details of the amount to be advanced and the terms and conditions of the loan.

The Reserve Bank should also be advised in writing of any non-interest bearing loans and advances that are provided by the shareholders. This information will facilitate the processing of future loan repayment applications.

Similarly, applications for repayment of shareholders' advances are to be made on the e-forms and submitted to the Reserve Bank with a tax clearance certificate.

Forward Foreign Exchange Contract

The contract allows the exporter or importer to fix his costs and incorporate this into the pricing of his goods. This eliminates the currency risks as the foreign currency costs are determined up front, hence, protects the exporter or importer from the possibility that the foreign currency would become cheaper or expensive in future.

Currently, authorised banks are allowed to write net forward sales contracts up to a certain limit. Authorised banks are expected to fund these contracts from their own foreign exchange holdings. The purchase of foreign currency from the Reserve Bank for foreign currency loans or to fund sales contracts is not permitted.

5. EXPORT RECEIPTS

An exporter is required to bring back to Fiji within 6 months from the date of export, all foreign exchange earnings from the sale of goods, unless approval has been granted by the Reserve Bank for an extension of this period, or for the retention of funds in a foreign currency account.

Exporters are responsible for providing the Reserve Bank with certification that foreign exchange earnings have been received in Fiji and deposited into the company's Fiji dollar resident account.

Confirmation of Receipt

The following are acceptable forms of confirmation of receipt of export proceeds for reconciliation purposes by the Reserve Bank:

a) Bank confirmation

- a completed Form I.3 to be endorsed by the receiving bank in Fiji confirming the amount received, date of receipt, export warrant number and name of the company's resident account

b) Bank statements

- original bank statements and credit advice slips may be presented to the Reserve Bank together with the corresponding export warrant numbers

c) Verification by Chartered Accountant

- receipt of export proceeds may be verified and confirmed by a registered chartered accountant in public practice in Fiji

Retained Foreign Currency Accounts for Exporters

The Reserve Bank allows exporters to retain up to 40% of their annual export proceeds in a foreign currency account of their choice, to meet import payments and other offshore liabilities.

Although there are no limits to the actual credits to the account, the ceiling placed is to ensure adherence to the 40% retention limit. Any excess on the ceiling should be cleared within 72 hours (3 days). Authorised banks are allowed to make payments from the accounts within the delegated limits for raw materials and other liabilities. Banks are also allowed to transfer surplus funds from the foreign currency accounts to the company's resident Fiji dollar account upon the expiry of the 72 hours if the account is still holding funds in excess of the approved ceiling.

The approval to operate a retained foreign currency account must first be obtained from the Reserve Bank of Fiji if the limit sought is above the delegated limit. The approval once granted is valid for two years and renewable upon request, provided the company complies with the conditions of approval. One of which is that the account will be funded solely by receipts from the export of goods and services.

Applications to open and operate a foreign currency account, above the delegated limit are to be made on Form R and must be supported by a six-month cash flow projection.

Offset of Expenses against Foreign Exchange Earnings

Authorised banks may approve the offset of expenses incurred offshore against foreign exchange earnings due to be received in Fiji, up to a certain limit

The exporter is required to submit to the bank, original customs SAD (Single Administrative Document) as evidence of the receipt of goods in Fiji. Applications above the delegated limit should be referred to the Reserve Bank.

6. REPATRIATION OF CAPITAL AND INCOME

Approval is readily given to foreign investors to repatriate funds invested in Fiji and recorded with the Reserve Bank plus any income earned from their investment. Authorised dealers may approve the repatriation by companies of operating and capital profits and withdrawal of investments up to the delegated limits per annum.

Applications that fall outside the delegated limits are to be made on e-forms and submitted to the Reserve Bank with the following documents:

a) the latest audited accounts of the business entity
b) tax clearance certificate
c) copy of the company Directors' resolution approving the dividend payment
d) valuation by a locally registered chartered accountant/valuer for share transfers or sale of Fiji assets, where applicable

7. OFFSHORE INVESTMENT

Business Entities

Locally incorporated business entities are allowed to establish subsidiary offices offshore and participate in equity purchases in businesses that would assist in the growth potential of the Fiji operations.

Written applications to the Reserve Bank must include the following information:

a) Details of the offshore investment, including the investment prospectus where applicable
b) Background details and nature of the Fiji operation
c) The names of the principals of the Fiji operation and the ownership structure
d) Confirmation of all outstanding export receipts in the case of exporting companies

Non-Bank Financial Institutions
Non-Bank Financial Institutions including the Fiji National Provident Fund must submit applications in writing to the Reserve Bank to indicate their interest in utilising this facility.

All applications are to be accompanied by details of the proposed investment offshore.

Individuals
Authorised dealers may approve applications for offshore investment up to certain amounts, per family/applicant per annum.
Authorised banks may also open foreign currency investment accounts for residents under this facility up to the delegated ceiling.

8. EMIGRATION ALLOWANCE

Authorised dealers may approve applications for emigration funds up to a certain limit per family/ applicant per annum. Applications that fall outside the delegated limit must be referred to the Reserve Bank for approval.

Funds derived from inheritance is also permitted up to the delegated limit, provided the applicant submits copies of the Probate, beneficiaries' passports and permanent residence visas.

9. TRAVEL FACILITIES

Travel Allowance
Authorised dealers may issue to travellers, foreign exchange facilities up to a certain limit for travel overseas. Requests for additional travel allowance must be made to the Reserve Bank on the e-form.

Authorised dealers may not issue foreign exchange facilities to travellers more than one month prior to their departure.

There is no limit on travel funds sourced from an individual's external or foreign currency account.

Pilots and flight attendants are not entitled to any travel funds. Any funds they wish to carry with them require Reserve Bank approval.

Export of Cash
All travellers abroad including emigrants are only allowed to carry Fiji currency notes up to $500 and foreign currency notes up to the equivalent of F$10,000 (inclusive of F$500).

10. ADVANCE IMPORT PAYMENTS AND MERCHANTED GOODS

Advance payments
Authorised dealers may allow advance payments for imports for amounts up to a certain limit per invoice. Advance payment must be conditional on goods arriving in Fiji within 90 days from the date of payment. Payments for amounts over the delegated limit must be referred to the Reserve for approval and must be accompanied by a pro-forma invoice from the supplier.

Merchanted Goods
Authorised dealers are allowed to make payments up to a certain amount per invoice upon sighting the supplier's invoice and the company's invoice to its overseas customer. Bank confirmation for the receipt of funds from the overseas customer must be provided within the 30 day period.

Applications for amounts over the delegated limit are to be referred to the Reserve Bank for approval. Requests are to be made on the e-forms and submitted together with the supplier's invoice and the company's invoice to its overseas customer.

RESERVE BANK OF FIJI