

and the Central Bank shall, after giving such person and the dealer a reasonable opportunity of being heard, affirm, vary or revoke such decision.

7. (1) The Minister shall in consultation with the Monetary Board and with the approval of the Cabinet of Ministers, authorize by regulations, the class or classes of capital transactions in foreign exchange for the purpose of this section. Capital transaction.

(2) In making regulations under subsection (1), the Minister shall have regard to –

- (a) transactions required to be regulated in conformity with any treaty or agreement relating to international financial transactions to which the Government of Sri Lanka is a signatory;
- (b) the impact of such authorization on the monetary policy of Sri Lanka and its stabilization.

(3) The regulations published under subsection (1) may specify the limit up to which capital transactions may be authorized and the terms and conditions subject to which foreign exchange may be dealt with for the class or classes of capital transactions, so authorized.

(4) Without prejudice to the provisions of section 5, a person shall be entitled to deal in foreign exchange in respect of a capital transaction of such person, through an authorized dealer or to the extent specified in the permit, through a restricted dealer, being capital transactions of a class or classes, which is or are authorized by regulations made under subsection (1).

(5) An authorized dealer or a restricted dealer may deal in foreign exchange for a capital transaction as a principle or an intermediary, being a transaction authorized by regulations made under subsection (1).

(6) Prior to dealing in foreign exchange in respect of a capital transaction under this section, the authorized dealer or the restricted dealer shall request the person requiring foreign exchange for such transaction, to provide such information or produce such documents or make such declaration as is reasonably necessary in order to satisfy himself that the requirement is in relation to a capital transaction authorized under subsection (1) and is in conformity with any other laws regulating such transactions.

(7) An authorized dealer or a restricted dealer shall refuse to deal in foreign exchange for a capital transaction under this section where a request for information, documents or a declaration is not complied with or where the dealer is satisfied that the requirement is not for a capital transaction authorized under subsection (1) or is not in conformity with other laws regulating such transaction.

(8) An authorized dealer or a restricted dealer refusing to deal in foreign exchange in respect of a capital transaction under this section shall communicate his decision in writing together with the reasons therefor, if requested by the person requiring the foreign exchange subject to the provisions of section 9 of the Financial Transactions Reporting Act, No. 6 of 2006.

(9) Any person aggrieved by the decision of an authorized dealer or a restricted dealer under subsection (7), may within fourteen days after such decision is communicated to such person, appeal against such decision to the Central Bank, and the Central Bank shall, after giving such person and the dealer a reasonable opportunity of being heard, affirm, vary or revoke such decision.

(10) An authorized dealer or a restricted dealer shall not deal in foreign exchange for a capital transaction that is not authorized by regulations made under subsection (1) unless the Monetary Board taking into consideration the existence of any exceptional circumstances has granted approval for

such capital transaction in accordance with such directions as may be issued by the Minister in conformity with the approvals made under subsection (1).

8. (1) A person in, or resident in, Sri Lanka shall—

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certain
transactions.

(a) export from Sri Lanka or import into Sri Lanka, any foreign currency or Sri Lanka currency;

(b) hold foreign exchange in his possession or in a bank account in Sri Lanka,

only for such purpose, up to such limits and subject to such terms and conditions, as may be prescribed by the Minister by an Order published in the *Gazette*.

(2) A person in, or resident in, Sri Lanka shall acquire a foreign asset from foreign exchange derived from the conversion of Sri Lanka currency or the disposal or conversion of an asset within Sri Lanka or provision of any service in or from Sri Lanka only for such purposes, up to such limits and subject to such terms and conditions as may be prescribed by the Minister by regulations made in that behalf.

(3) Notwithstanding anything to the contrary in the provisions of any other written law, any Sri Lankan citizen resident in Sri Lanka who remits to Sri Lanka any foreign exchange which have not been declared to the Commissioner General of Inland Revenue or the Head of the Department of Foreign Exchange before the appointed date and which are not the property in respect of which proceedings are pending in a court of law or an order has been made by a court of law under the Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 or the Bribery Act (Chapter 26) shall be liable to pay only a remittance fee of one *per centum* to the Commissioner General of Inland Revenue and shall not be subject to the payment of any other fee, tax, surcharge, levy or penalty:

Provided that any such person who remits to Sri Lanka foreign exchange not exceeding the value of one million United States dollars held outside Sri Lanka shall not be liable to pay the remittance fee or any other tax, surcharge, levy or penalty and any amount remitted exceeding such value shall be liable to pay the remittance fee specified in subsection (3):

Provided further that any such person who remits to Sri Lanka an amount of foreign exchange exceeding the value of one million United States dollars held outside Sri Lanka and invests in a development bond issued by the Government of Sri Lanka shall not be liable to pay the remittance fee or any other tax, surcharge, levy or penalty.

(4) Foreign Exchange held outside Sri Lanka and remitted to Sri Lanka after the appointed date under subsection (3) may be held in a foreign currency account or may be converted into Sri Lanka rupees.

(5) The property referred to in subsection (3) shall not be deemed to be the property obtained by the commission of an offence under the Prevention of Money Laundering Act, No. 5 of 2006 even if such foreign exchange had been held outside Sri Lanka without the permission of the Central Bank.

(6) There shall be no restriction on the repatriation of funds out of Sri Lanka remitted to Sri Lanka by any person in terms of subsection (3) of section 8.

Guidelines and directions.

9. (1) The Central Bank may from time to time, subject to informing the Minister issue guidelines and directions to authorized dealers and restricted dealers engaging in current transactions.

(2) The Central Bank may from time to time subject to the approval of the Minister issue guidelines and directions to authorized dealers and restricted dealers engaging in capital transactions.