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National Reserve Bank of Tonga Announces Changes to Exchange Control Policy Guidelines

The Reserve Bank has revised its Exchange Control Policy Guidelines with effect from 1st May 2015. The Exchange Control Policy Guidelines outlines the supporting documentary evidence that must be sighted by the commercial banks, authorized foreign exchange dealers and the Reserve Bank prior to allowing any overseas payments to be made.

The Governor Dr Sione Ngongo Kioa announced that the Reserve Bank has completed its review of the Exchange Control Policy Guidelines which was approved by the Reserve Bank's Board of Directors on 1st April 2015. The revisions are based on consultations with the Ministry of Revenue and Customs, banks and authorised foreign exchange dealers and other members of the public.

The changes to the Exchange Control Policy Guidelines are to reflect the current practice, update the tax clearance requirements from the Ministry of Revenue and Customs, update the Overseas Exchange Transaction (OET) codes for ease of reference, ensure compliance with the anti-money laundering and terrorist financing requirements, and improve the clarity of the requirements as a result of the consultation with banks and foreign exchange dealers.

The delegation limit authorized for Banks and authorized foreign exchange dealers remain unchanged. However slight changes were made towards the documentary requirements of some of the payments in light of recent applications received such as submission of Tax clearance and evidence of source of funds to verify genuineness of transactions. The Reserve Bank will continue to review the Exchange Control Policy Guideline to reflect new developments in the financial system to ensure funds that are remitted overseas for its intended purpose.

Copies of the Exchange Control Policy Guidelines are available on the Reserve Bank's website "<http://www.reservebank.to>" and the reception desk of the Reserve Bank.

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