

## **1.0 GUIDELINES ON CURRENT ACCOUNT TRANSACTIONS**

### **1.1 DEFINITIONS:-**

In this guidelines:

(a) “Current Account Transaction”: means allowing convertibility of foreign-held balances acquired as a result of or need for making payments and transfers for current international transactions which are not for the purpose of transferring capital, and includes without limitation:-

- All payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities of a permitted business or transaction in Sierra Leone;
- Payment due as interest on loans and for amortisation of loans of a permitted business or transaction in Sierra Leone;
- Payment due as interest on net income from other investments or for depreciation of a permitted direct investments in Sierra Leone; and
- Remittances for family living expenses

(b) “Profits” means divided income or net ordinary income and other investment income (Royalty, Rents, etc.) earned by non-residents from permitted business/or transaction in Sierra Leone.

© “Sierra Leonean”: - means a citizen of Sierra Leone either by birth or by naturalisation.

“Resident”: -means (i) individuals who have resided continuously in Sierra Leone for six months or who have declared their intension to reside in Sierra Leone for six or more months to the (immigration) authorities of Sierra Leone,

(ii) the Government of Sierra Leone, and its diplomatic( and consular) representations located outside of Sierra Leone,

(iii) enterprises whose (principal place of business) is located in Sierra Leone, and representative offices of such enterprises located outside of Sierra Leone,

(iv) branches located within Sierra Leone of enterprises whose (principal place of business) is located outside of Sierra Leone.

Provided, however, that “resident” shall not include foreign diplomatic (and consular) representations or accredited officials of such representations located within Sierra Leone, offices of organisations established by international treaty located within Sierra Leone, or branches located outside of Sierra Leone of enterprises whose (principal place of business) is located in Sierra Leone.”

“Non-resident”:- means any other

## **1.2 GENERAL**

(a) Commercial banks (Authorised Dealers) can process and approve requests for **CURRENT INTERNATIONAL TRANSACTIONS** in foreign currency for transfers and remittances abroad without reference to Central Bank. Transfers abroad must be in accordance with the guidelines governing payments for goods and services.

(b) Foreign Exchange could be provided for payments or transfer relating to all current international transactions permitted in Sierra Leone that have not been explicitly described in the guidelines without limitation on proof of the bonafide nature at the of the transaction.

### **1.3 EXPORTS**

Exporters are no longer required to surrender foreign exchange earned to the Bank of Sierra Leone. Exporters of **COMMERICAL GOODS** are however required to repatriate proceeds of their exports to Sierra Leone.

All exporters of **COMMERCIAL GOODS** are required to complete an Export Form. The Export Forms should be endorsed by a commercial bank and should be supported by the following documents:

- Original Invoice
- Pre-shipment Inspection Certificate

Proceeds should be repatriated within 90 days of the date of the export. Prior permission will be required from the Bank of Sierra Leone for an extension beyond the 90 days period.

Where a commercial bank (Authorised Dealer) does not receive proceeds from an exporter within the 90 days, no further Export Form should be endorsed by the commercial bank (Authorised Dealer) for that exporter.

### **1.4 PAYMENTS FOR IMPORTS**

Payments for importers under Letter of Credit made in the name of the supplier must be supported with the following documents:

- Completed Exchange Control Form A1
- Original Proforma Invoice

Following the shipment of goods by the supplier and payment of the invoice value by the negotiating bank, commercial banks (Authorised Dealers) must collect the following documents from importers within 90 days:-

- Original suppliers final invoice
- Original bill of lading/airway bill
- Pre-shipment inspection certificate

## 1.5 **INVISIBLE PAYMENTS**

### (i) **Travel**

Residents and non-residents can purchase from Authorised Dealers cash, traveller's cheques/draft up to US\$10,000. Travelling documents such as ticket/passport must support requests for purchase above \$10,000.

### (ii) **Educational Expenses**

Amounts in respect of educational expenses must be remitted directly to the institution. Request for payment must be supported:

- evidence of acceptance by the institution
- details of the estimated yearly cost

### (iii) **Maintenance**

Commercial banks are free to remit maintenance expenses to bonafide students and dependents up to US\$10,000 (indicative limit) Authorised Dealers are however free to remit expenses to bonafide students and dependants above the indicative limit without restrictions.

### (iv) **Medical Treatment Abroad**

Amounts in respect of medical treatment abroad must be remitted directly to the medical doctor/medical institution. Request for payment must be supported by:

- Medical recommendation for treatment abroad
- Medical bill from the institution abroad

### (v) **Profits**

- (i) Profit such as dividend income or net ordinary income and other investments income (Royalty, Rents, etc) earned by non-residents from a permitted business/or transaction in Sierra Leone constitute current international transactions in

respect of which payments and transfer abroad are allowed without restrictions and reference to Bank of Sierra Leone.

(ii) Commercial Banks (Authorised Dealers) can make payments and transfers abroad for profits earned by non-residents. The request must be supported by the following:-

- Document/statement evidencing profit payment

(vi) (a) **Loan Interest Repayment**

Commercial Banks (Authorised Dealers) can make payments and transfers abroad up to the loan agreement in respect of loan interest repayments contracted for a permitted business/or transaction in Sierra Leone without restriction, as they constitute current international transactions. The payment request should be supported by the following:

- Documented evidence of receipts of inward remittance of loan funds through a commercial bank or import documents and customs valuation certificate of capital goods to the effect.
  - Loan interest payment demand indicating interest due.
  - Loan Agreement.

(b) **Loan Amortisation Repayments**

Commercial Banks (Authorised Dealers) can make payments and transfers abroad in accordance with the loan agreement in respect of amortisation of loan contracted for a permitted business/or transaction in Sierra Leone without restrictions, as they constitute current international transactions. The following should support the payment request:

- Documented evidence of receipt of inward remittance of loan funds through a commercial bank or import documents and customs valuation certificate of capital goods to the effect.
- Loan interest payment demand indicating interest due.
- Loan Agreement

(vii) **Subscription Payments**

- a. Subscription payments to professional organisations, professional charges and fees, magazines, periodicals, etc. to non-residents constitute current international transactions for which payments and transfers abroad are permitted without restrictions and reference to Bank of Sierra Leone.
- b. Commercial Banks (Authorised Dealers) must make transfers directly to beneficiary's organisation in respect of professional charges and fees.
- c. Commercial Banks (Authorised Dealers) must make transfers directly to the beneficiary instructions for all other subscriptions such as for magazines, periodicals, etc.

Request for payment must be supported by the following document:

- Payment demand of amount to be remitted

(viii) **Insurance**

- (a) Insurance with overseas company is permitted provided a Local Insurance Company licenced for that class of Insurance acts as the advising company.
  - (i) Commercial Banks (Authorised Dealers) can make payment for overseas insurance premium for individuals and companies. Request for payment must be endorsed

by a local insurance company licensed for that class of business supported by the following:-

- Insurance Premium payment request from the overseas insurers/institutions.

(ii) Remittances in respect of individuals and companies insurance premiums must be made directly to the overseas insurers/institutions.

(b) **Re-Insurance Premium**

Commercial Banks can make payments directly to the reinsurance institution. Request for such payment must be supported by the following:-

- Re-insurance premium payment request from the overseas re-insurers.

(ix) **Remuneration**

(a) Non-residents employees of international institutions/agencies/foreign non-governmental organisations:-

Commercial banks can make remittances in favour of the above only up to the remuneration package.

(b) Other non-residents:-

Commercial banks can make payments in favour of the above. The following must support request for such payment:

- Valid work permit
- Remuneration Package Agreement

(x) **Head Office Expenses**

Commercial Banks (Authorised Dealers) can make payments and transfers abroad without restrictions for Management,

Consultancy, Technical Services and Administrative fees, Advisory Fees and all other Head office expenses/services fees in respect of a permitted business/or transaction in Sierra Leone without restrictions as they constitute current international transactions. The following should support the payment request:

- Copy of the relevant agreement relating to the fees
- A break-down of services so rendered together with their respective charges.
- Payment demand note from the suppliers of the services

## **1.6 FOREIGN CURRENCY ACCOUNT**

Holders of foreign currency accounts can make remittances abroad through commercial banks (Authorised Dealers) subject to the fulfilment of the general guidelines above on payment abroad for goods and services.

All documented inward remittances by non-residents can be externalised without restriction.

All documented export inward remittances endorsed by a commercial bank (Authorised Dealers) can be externalised subject to the general guidelines on payment abroad for goods and services.

Bureaux Foreign Currency Accounts are to be used solely for their day to day operations.

Bureaux Foreign Currency Accounts can be used to undertake spot transactions done through commercial banks (Authorised Dealers) subject to the guidelines governing payments abroad for goods and services.

Bureaux can maintain more than one foreign currency account.



## **1.7 BUREAUX**

Foreign Exchange Bureaux are licensed to purchase and sell foreign exchange in cash and shall issue a receipt for each transaction.

A Foreign Exchange bureau can purchase but not sell Travellers' Cheques. A Foreign Exchange Bureau is authorised to engage in spot transactions only i.e. currencies bought or sold must be delivered immediately.

A Foreign Exchange Bureau shall not:

- (a) Open Foreign Currency Account for itself outside Sierra Leone.
- (b) Sell Travellers Cheque.
- (c) Accept Leones with the intent of supplying foreign currency equivalent thereof either wholly or in part at a future date.
- (d) Refuse to sell foreign currency to any customer if such foreign currency is available at the Foreign Exchange Bureau.
- (e) Fail to issue accurate official receipt to cover the purchase and sale of foreign exchange.
- (f) Open account for any customer.
- (g) Establish Letter of Credit.
- (h) Any other banking business.

All transactions conducted by a Foreign Exchange Bureau shall be done and maintained in the strictest confidence.

**Financial Markets Department**

**Bank of Sierra Leone**

**May 2003**

## **2.0 GUIDELINES ON CAPITAL ACCOUNT TRANSACTIONS**

### **2.1 REAL ESTATE TRANSACTIONS**

#### **Sierra Leoneans**

Capital transfers for real estate transaction are not permitted.

#### **Non-Sierra Leoneans**

Non-Sierra Leoneans can purchase real estate from funds brought in by documented remittances through an authorised Dealer.

### **2.2 HOLDINGS OF ASSETS ABROAD**

Transactions under this category should be processed within the guidelines governing foreign currency account.

### **2.3 BORROWING**

#### **Internal Borrowing (in Leones)**

It is permitted for an Authorised dealer acting within the existing guidelines to grant commercial and financial credits to a legal entity registered in Sierra Leone.

#### **External Borrowing**

It is permitted to contract external loans fully covered by an external collateral acceptable to the lending institution. Proof of full documentation to assess the quality of the collateral should be available for inspection by Bank of Sierra Leone.

### **2.4 GUARANTEES:-**

1. The prior approval of the Bank of Sierra Leone should be obtained for the giving and renewal of:
  - a) Any guarantee or any other undertaking, the implementation of which would involve payments to a non-resident or payment in any foreign currency.
  - b) Any guarantee to a resident in Sierra Leone on behalf of or for the account of a resident outside Sierra Leone.

Commercial banks, may, without the prior permission of the Bank of Sierra Leone, give the following types of guarantee on behalf of their customers:-

- Guarantees in respect of missing documents
- The authenticity of signatures
- The release of goods under Trust Receipts and the like.

## **2.5 INVESTMENTS**

All capital inflows for investment whether public or private are allowed by non-Sierra Leoneans. The repatriation of such capital inflows for investment is also permitted through an Authorised Dealer.

**Financial Markets Department**

**Bank of Sierra Leone**

**7<sup>th</sup> November, 2002**

### **3.0 REVISED ADDENDUM TO THE FOREIGN EXCHANGE GUIDELINES**

#### **3.1 Importation of Foreign Currency Bank Notes For Operational Use By Commercial Banks**

- i) Commercial banks are allowed to import foreign currency (Notes) to meet their operational requirements (buy/sell) without restriction.
- ii) For the purpose of travelling, commercial banks could sell foreign currency notes up to a limit of **US\$10, 000.00** per person.

#### **3.2 Foreign Currency Account**

Commercial banks are allowed to externalise residual Leone Deposits of Non-Sierra Leoneans funded from all documented inward remittances without reference to Bank of Sierra Leone.

Foreign Exchange Bureau can buy foreign currency from the commercial banks up to the extent of their foreign currency balance.

#### **3.3 Domestic Transfer between Customers Foreign Currency Memorandum 5, Accounts (CFC)**

Transfers between foreign currency accounts are permitted within the banking system.

#### **3.4 Forward Dealings**

Forward transactions with respect to import and export (of raw materials and trading goods) may be undertaken by and/or through commercial banks by an institution dealing in the underlying import/export goods. Import cover provided should not exceed US\$100,000 per importer per month.

All applications for such transactions must be forwarded to commercial banks with the following details:

- Name and address of the applicant
- Details of the normal business of the applicant
- Details of the forward transaction including the amount involved, the forward rate charged, beneficiary (in the case of imports)
- Details of the settlement arrangements.

### **3.5. Authorised Dealers in Foreign Currency**

Commercial banks (authorised dealers) are the only financial institutions licensed by the Bank of Sierra Leone to buy and sell foreign currency in Sierra Leone.

Hotels and other Tourist Resorts can apply for permission to Bank of Sierra Leone as Authorised buyers for the purposes of facilitating payments for their Services.

### **3.6. Payment for Goods and Services in Sierra Leone**

The legal tender in Sierra Leone is the Leone and payment for all transactions in Sierra Leone must be in Leone.

### **3.7 Official Development Support**

- All official development aid flows should be channelled through commercial banks (authorised dealers).
- Sale of all official development aid flows should be done through commercial banks (authorised dealers).
- Payments for all goods and services abroad should be done in line with the regulation governing current international account transactions.

## **Financial Markets Department**

**Bank of Sierra Leone**

**November 2003**