

Central Bank Grants Foreign Currency Accounts For International Services Providers And Their Employees

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It has been decided to grant permission for international services providers and their employees to open and maintain foreign currency accounts in licensed commercial banks in Sri Lanka with effect from May 2010.

Any resident company or partnership registered in Sri Lanka or any individual resident in Sri Lanka who is providing international services along with their employees are eligible to open and maintain these foreign currency accounts.

These accounts may be opened in the form of current, savings or term deposits and credits to the accounts are confined to proceeds on international services received from abroad through banking channels, employment income paid out of foreign currency received by an employer and interest accruing on the funds held in the account. Employers can make the payments in foreign currency in the form of bank transfers to their employees who are directly involved in the projects carried out by the employer by debiting the said account. Further, debits to these accounts can also be made to make payments in foreign currency outside Sri Lanka on account of permitted transactions for residents in Sri Lanka. Any other withdrawals from these accounts should be in Sri Lanka rupees.

These new measures will allow international services providers and their employees to avail themselves with income tax exemptions granted by the Inland Revenue (Amendment) Act No. 19 of 2009.