

### Terms and Conditions for Incentives on Inward Remittance 2023

The Royal Monetary Authority of Bhutan hereby introduces the following incentives on remittance received from non-resident Bhutanese as approved during the 198<sup>th</sup> RMA board meeting held on February 8<sup>th</sup>, 2023 to promote and direct inward remittance inflow through the formal channel:

#### *Part A - 2% Cash Incentive on Inward Remittance to Non-Resident Bhutanese.*

The above incentives shall be eligible for **inward remittances received from January 1, 2023, and be in effect up to December 31, 2023** as per the Terms and Conditions specified in this document. The RMA may from time-to-time review and amend these terms and conditions as and when deemed necessary. The revised terms and conditions will come into immediate effect and shall supersede all earlier terms and conditions.

#### **Definition.**

- i. **Authorized Banks:** Commercial banks licensed by the RMA to carry out remittance activities.
- ii. **Convertible Currency:** means foreign currency denominated in Australian Dollar, Canadian Dollar, Danish Kroner, Euros, Hong Kong Dollar, Japanese Yen, Norwegian Krone, Singapore Dollar, Swedish Krona, Swiss Franc, United Kingdom Pound Sterling and US Dollar.
- iii. **Foreign Currency Account:** Bank account denominated in foreign currency maintained with an authorized bank in Bhutan.
- iv. **Incentive:** It shall refer to the 2% cash incentive in Ngultrum on the remitted amount upon conversion to Ngultrum at prevailing/applicable exchange rate applied by the authorized Banks or MTOs, respectively.
- v. **Money Transfer Operator (MTO):** Any legal entity other than an authorized bank licensed by the RMA to carry out remittance activities.
- vi. **Non-Resident Bhutanese (NRB):** Bhutanese citizens currently residing overseas for employment, studies, for carrying out business or vocation outside Bhutan.
- vii. **Remittances:** Personal transfers of convertible currency by non-resident Bhutanese to Bhutanese residents (i.e., families/relatives and/or to their own individual accounts) through formal channels.
- viii. **Remitter:** Non-resident Bhutanese individual remitting fund from overseas.
- ix. **Saving Account:** Personal bank account maintained with an authorized bank in Ngultrum.

## PART A: 2% Cash Incentive on Inward Remittance to Non-Resident Bhutanese

Non-resident Bhutanese shall be provided 2% incentive on convertible currency remittances transferred to Bhutan through formal channels. The formal channels shall be authorized banks and money transfer operators (MTO). The cash incentive shall be provided through the authorized banks and MTOs.

### 1. General Provisions

- a) Non-Resident Bhutanese (NRB) remitting convertible currency through formal channels to resident Bhutanese shall be provided 2% cash incentive to the beneficiary (NRB or resident Bhutanese) in Ngultrum on the Ngultrum equivalent cash payout or deposited into savings account.
- b) Non-Resident Bhutanese remitting convertible currency into Foreign Currency Account shall be eligible for the incentive only upon conversion of remittance into Ngultrum.
- c) The authorized banks/MTOs in Bhutan shall ask the beneficiary (NRB or resident Bhutanese) to submit the following documents at the time of payment of the incentive amount:
  - i. Proof of Bhutanese citizenship of beneficiary claiming the incentive (NRB/resident Bhutanese): Passport or CID copy or other identification document issued by MoHCA; and
  - ii. Proof of residency overseas of the NRB/ Proof of Non-Resident Bhutanese Status: Visa copy or phone bill or electricity bill or letter from Bhutanese foreign mission/embassy, etc.).
- d) If the remitter and the beneficiary is the same person and residing overseas then the beneficiary (NRB) can submit the above documents via email to his/her authorized bank/MTO in Bhutan to claim the incentive.
- e) If the remitter is remitting to a beneficiary other than the remitter, the beneficiary shall be a resident Bhutanese and shall submit the above documents either in person or via email to claim the incentive from his/her authorized bank/ MTO in Bhutan.
- f) Remittance received during the period up to December 31, 2023 shall be eligible to receive the incentive. However, inward remittances received by the beneficiaries (NRB or resident Bhutanese) on the last day, i.e. up to December 31, 2023, can submit the documents required under section 1 c) to their authorized banks/MTOs in Bhutan within 20 working days from that date.

- g) In case of remittances into NRB Foreign Currency Account, conversion into Ngultrum up to December 31, 2023 shall be eligible to receive the incentive amount and conversion on the last, i.e. up to December 31, 2023 will be similar as per section 1 f).
- h) The remitter shall ensure that his/her identification details (CID Number/Name) are reflected on the authorized banks' remittance instructions or MTOs remittance instructions/messages at the time of remittance.
- i) Documents required under Section 1 c) may be submitted only once to an authorized bank(s) and/or MTOs by the remitter/beneficiary, subject to validation by the commercial bank(s) and/or money transfer operator(s)
- j) The incentive shall not be applicable against the following fund transfer purposes:
  - i. Donation;
  - ii. Foreign Direct Investment;
  - iii. Trade and business activities; or
  - iv. NGO/CSO and international organization fund transfers.
- k) The incentive shall not be applicable if the beneficiary of the remittance is other than an individual (NRB or resident Bhutanese).
- l) Section 20 d) of the Inward Remittance Rules and Regulations 2016 shall not be applicable for beneficiaries who have availed the incentive under this scheme whereby they shall not be allowed to reconvert or repatriate the converted amount.

## **2. Disbursement of Incentive on Remittances by Authorized Banks/MTOs;**

- a) Verification prior to disbursement:
  - i. The authorized banks/MTOs shall establish that the remittance received is from NRB currently residing overseas if the remitter and beneficiary are the same based on the documents submitted by the beneficiary as per Section 1 c) d) & i).
  - ii. The authorized banks/MTOs shall establish that the remittance received is from NRB currently residing overseas and the beneficiary, if it is other than the remitter, is a resident Bhutanese based on the documents submitted by the beneficiary as per Section 1 c) e) & i).
  - iii. The documentary requirement stipulated in Section 1 c) shall be collected by the authorized banks/MTOs.
  - iv. The authorized banks/MTOs shall ensure that the remittance is for the purpose eligible as per this document and not in favor or for purposes specified under Section 1 j) and k).

b) Disbursement of Incentive:

- i. An authorized bank/MTO receiving the remittance shall credit the incentive amount to the specified beneficiary's saving account or the cash payout in Ngultrum at prevailing/applicable exchange rate applied by the authorized Bank or MTO, respectively.
- ii. If the remittance is credited into the beneficiary's saving account, irrespective of which authorized bank it is maintained with, the authorized bank/MTO receiving the remittance and converting it into Ngultrum shall credit the Ngultrum equivalent amount along with the incentive amount into the specified beneficiary's saving account maintained with them or with another authorized bank.
- iii. If the authorized banks/MTOs are facilitating cash over the counter (OTC)/Cash pick up service, the incentive shall be facilitated in cash or by crediting the beneficiary's savings account maintained with an authorized bank subject to the availability of such facility.
- iv. For the remittance credited into a foreign currency account, the incentive amount shall be credited only upon conversion of the convertible currency into Ngultrum. The incentive shall be credited along with the equivalent Ngultrum amount into the specified beneficiary's saving account.
- v. The authorized banks/MTOs shall reserve the right to reject the claim on incentive and seek further clarification from the NRB or beneficiary on the inward remittance if the transactions are not in compliance with the terms and conditions as stipulated in this document.

c) Reporting Requirements:

- i. The authorized banks/MTOs shall submit an **'Incentive Disbursed on Inward Remittance Report'** to RMA on a monthly basis (time lag of 7 working days) containing the details of incentive on remittances provided to eligible beneficiaries as per the format provided by RMA.
- ii. The authorized banks/MTOs shall submit the **'Incentive Disbursed on Inward Remittance Report'** signed, sealed and endorsed by the authorized banks/MTOs' Operations Manager/CEO.

**3. Refund and Cessation of Incentive on Remittance**

- a) A beneficiary (NRB or resident Bhutanese) shall be liable to refund/forgo the incentive on remittance if the inward remittance has been found to be received in

favor and for purposes specified in Section 1 clause j) and k) or for contravention of any terms and conditions stipulated in this document.

- b) A beneficiary shall be liable to forgo the incentive on remittance if they fail to provide the documents required under Section 1 c) to establish the NRB status and, if applicable, resident Bhutanese status, to the respective authorized banks/MTOs.

**4. Reimbursement of Incentives to Authorized banks/MTOs:**

- a) The RMA shall reimburse the incentive disbursed amount on a monthly basis subject to RMA's verification of compliance of such transactions with the terms and conditions stipulated in this document.
- b) An authorized bank/MTO shall be liable to refund the incentive on remittance reimbursed by the RMA/ /forgo the incentive disbursed in the event of findings contravening any of the terms and conditions stipulated herein.

**5. Compliance of AML/CFT**

- a) Authorized banks/MTOs shall ensure that the policies and procedures on AML/CFT are in place for effective implementation of AML/CFT measure at the bank's premise and sub-agent for conducting remittance activities, in line with the requirement stipulated under the AML/CFT and other relevant standard issued by the RMA on AML/CFT; and
- b) The authorized banks shall ensure that Customer Due Diligence (CDD) is carried out at the best of their knowledge prior to the disbursement of incentives, and shall not breach any provision under the "AML/CFT Rules and Regulations 2018" and amendments thereof.

\*\*\*\*\*END OF DOCUMENT\*\*\*\*\*