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Press Release

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The Government and the Central Bank of Sri Lanka Introduce Further Measures to Preserve the Foreign Currency Reserve Position of Sri Lanka

With the view of preserving the foreign currency reserve position of the country, minimizing the existing pressure on the exchange rate and considering the possible negative impact to the Sri Lankan economy due to the outbreak of Covid-19 pandemic, the Hon. Minister of Finance, Economic and Policy Developments with the recommendation of the Monetary Board of the Central Bank of Sri Lanka (CBSL) and the approval of the Cabinet of Ministers has issued an Order imposing the following measures on outward remittances on **Capital Transactions** for a period of **three (03) months**.

1. Suspend the general permission granted to make outward remittances for investments overseas through the Outward Investment Accounts by persons resident in Sri Lanka excluding the following;
 - a. investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the Foreign Exchange Act, or
 - b. investments to be made to fulfill the regulatory requirement in that country.
2. Suspend the outward remittances through Business Foreign Currency Accounts (BFCAs) or Personal Foreign Currency Accounts (PFCAs) held by persons in, or resident in, Sri Lanka, other than for the remittances on current transactions.

3. Suspend the repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts (CTRAs) by the emigrants who have already claimed migration allowance.
4. Limit the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time up to a maximum of USD 30,000.
5. Limit the authority of the Monetary Board of the Central Bank of Sri Lanka to grant special permission for investments on case by case basis, which exceeds the limits specified in the general permission, only to those satisfying the criteria mentioned in 1.a and 1.b above.

The above restrictions are only applicable to the identified capital transactions and do not impose any restrictions on already permitted current transactions.

The said Order published in the Extraordinary Gazette No. 2169/3 dated 02.04.2020 can be accessed through “Downloads” in the official website of the Department of Foreign Exchange (www.dfe.lk).