

Regulation 55 (Monitoring of Balance of Payments Regulation, 2013)

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Why the SI

- **Credible balance of payments data**
 - In the last ten years, Zambia has consistently posted positive macroeconomic developments. However these development have not been reflected in higher revenue collections nor enhanced foreign exchange inflows in the economy.
 - Post liberalisation there were no mechanisms allowing the Bank of Zambia to collect credible balance of payments statistics. The SI will enable the Bank of Zambia to collect quality and credible statistics that will better inform policy interventions by the Government of the Republic of Zambia.
 - There has been a perception of large scale capital flight from Zambia and therefore the Bank of Zambia will be able to monitor capital flows which will form a basis for Government policy formulation.
 - The Government has been concerned with Money Laundering and Financial Crime



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Benefits of the SI.

- **Economic Benefits**
 - Increased revenue
 - Increased FX liquidity
 - Enhanced FX reserves
 - Credible BoP statistics
 - Enhanced financial inclusion
- **Enhance Governance**
 - Transparency in operations of firms
 - Directors and managers of corporates compliance with the SI will promote good corporate governance
 - The requirement for audited accounts for the payment of Dividends Royalties and Management fees will enhance corporate governance
 - Improved tax compliance



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Benefits of the SI.

- **Financial system development**
 - The SI provides an opportunity for businesses that were operating outside the financial system to come on board enhancing financial inclusion
 - FSPs have an opportunity to develop innovative products to support their clients' cross border businesses
 - It is expected that compliance will result in increased forex liquidity in the financial system
 - Enhanced AML and CFT compliance
 - The SI will assist to combat money laundering and financing of illegal activities



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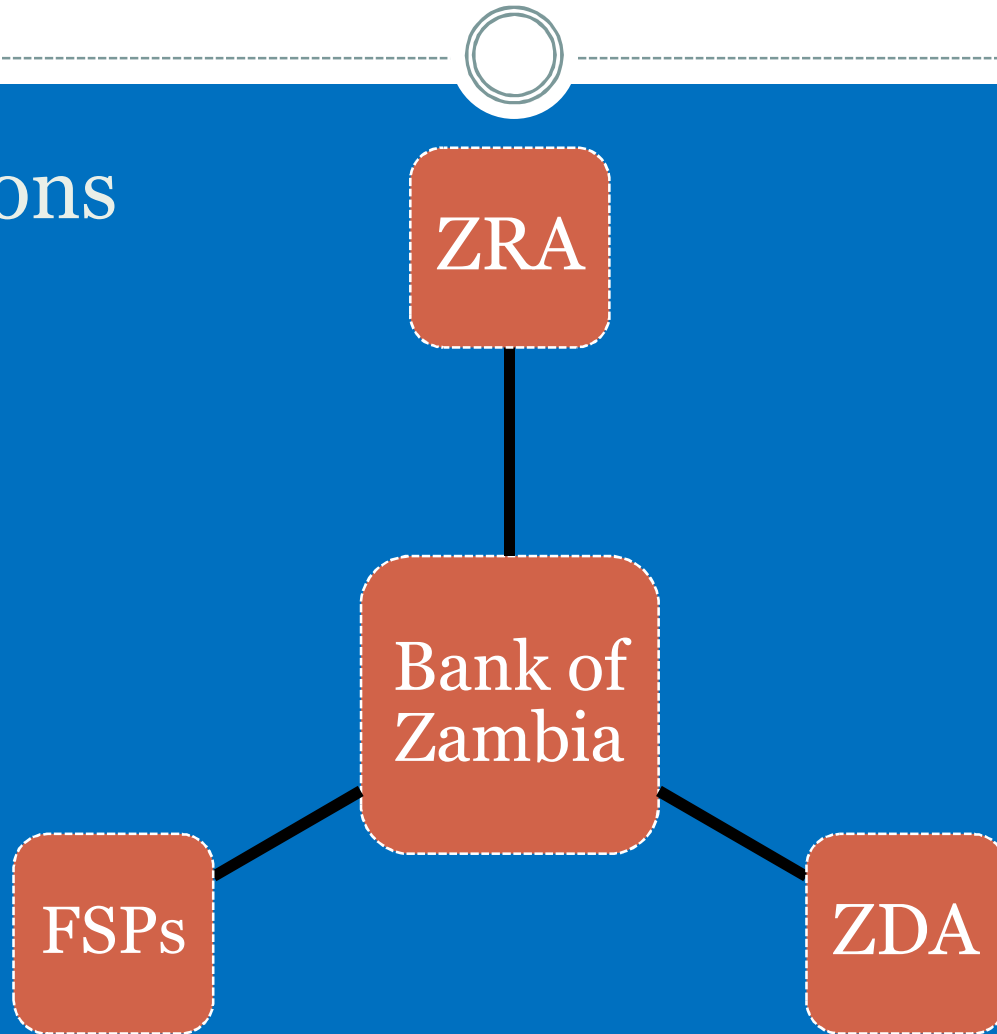
Stakeholders

- Financial Service Providers (FSPs)
- Foreign Investors
- Zambia Revenue Authority
- Zambia Development Agency
- Importers of goods and services for amounts of, or greater than, \$20,000 or equivalent in any other foreign currency
- Exporters of goods and services for amounts of, or greater than, \$20,000 or equivalent in any other foreign currency
- Financial service providers designated under the National payments systems Act
- Persons receiving or remitting funds into or out of the Republic.



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Institutions involved



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Transactions to be
monitored
(Outflows)

- The value of any imported goods or services
- Profits or dividends paid to non-residents in respect of investments made in the Republic
- Any amounts remitted out of Zambia whether gratuitous or not
- Any amounts deposited abroad but generated by a person in Zambia from the supply of goods/services in Zambia
- Loans granted to non-residents
- Payments of both principal and interest on private external debt
- Trade credits from non-residents
- Foreign equity or debt security investments made outside the Republic by Zambian residents



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Transactions to be
monitored (Inflows)

- The value of any exported goods or services
- Profits or dividends received in respect of investments abroad
- Borrowing from non-residents
- Trade credits to non-residents
- Equity or debt security investments from abroad
- Receipt of both principal and interest on loans to non-residents
- Any amounts deposited in the Republic from abroad but generated by a person outside Zambia from the supply of goods/services outside Zambia
- Any amounts received into Zambia from abroad whether gratuitous or not



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Transactions to be
monitored (Other
International Transactions)

- The value of imported or exported manufacturing services to or from non-residents
- The net cost effect of telecommunication services
- The value of international transport, courier and postal services
- The value of accommodation and other hospitality services to or from non-residents
- International money transfers into and out of Zambia.



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Transaction Thresholds and Modes of Payment

Less than \$5,000

- FSP to use the usual customer Due Diligence

\$5,000 and above

- Transaction amount to be remitted via Electronic Funds Transfer.

\$200,000 and above

- Payment to be made by way of Letter of Credit only for exports on credit terms.



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Forms/returns
to be used.

- Form I (Export/Receipt Monitoring Form)
- Form II (Import/Remittance Monitoring Form)
- Form III (Private External Borrowing/Lending Registration Form)

- Commercial Banks will submit returns to the Bank of Zambia in relation to:
 - All remittances of foreign exchange into and out of the Republic
 - All withdrawals by debit or credit card in foreign currency
 - Any transfers abroad from a foreign currency account in Zambia



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Documents required for special transactions (Dividends, Royalties and Management fees)

Dividends

- Board resolution of declaration of Dividends
- Tax clearance certificate
- Proof of payment of taxes
- Where tax is zero-rated – attach proof of appropriate dispensation
- Audited books of account

Royalties, management fees

- Tax clearance certificate
- An invoice in name of recipient
- Agreement covering the payment of royalties
- Where tax is zero-rated – attach proof of appropriate dispensation
- Payment details of bank outside Zambia
- Proof of payment of taxes
- Management or Audited accounts



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Documents for External Private Debt

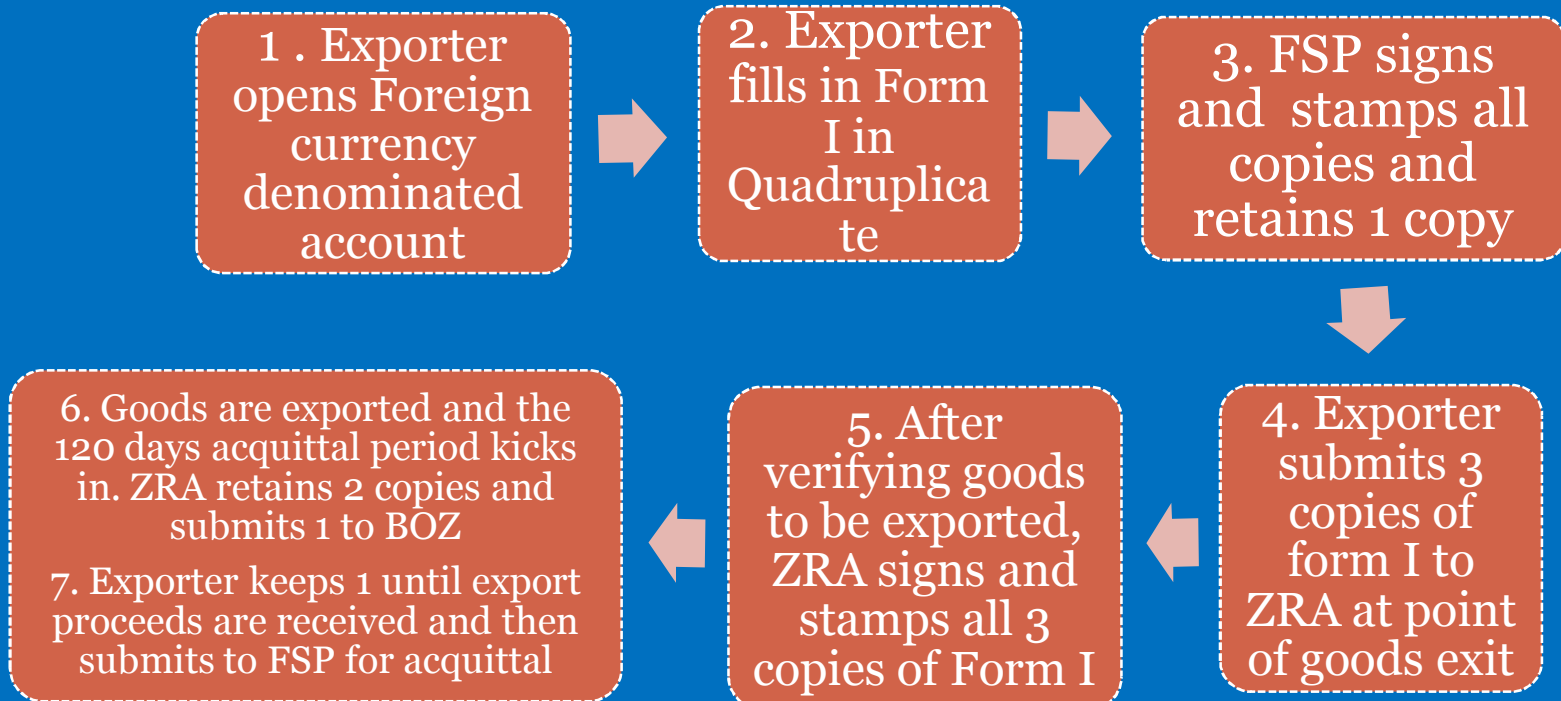
External Private
Debt

- Registration with FSP should include:
 - Repayment Schedule
 - Proof of signed facility or loan agreement
 - Rate of interest on loan
 - Tenor of loan



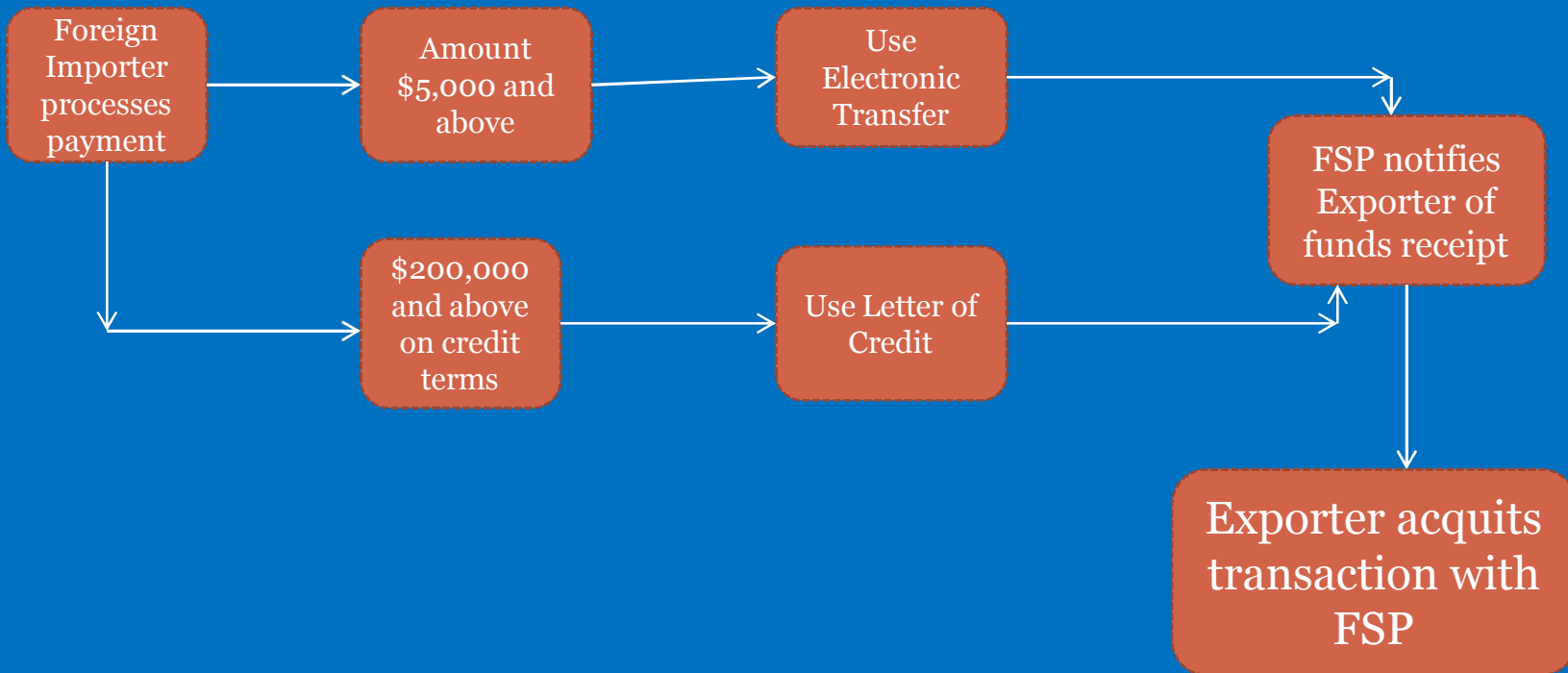
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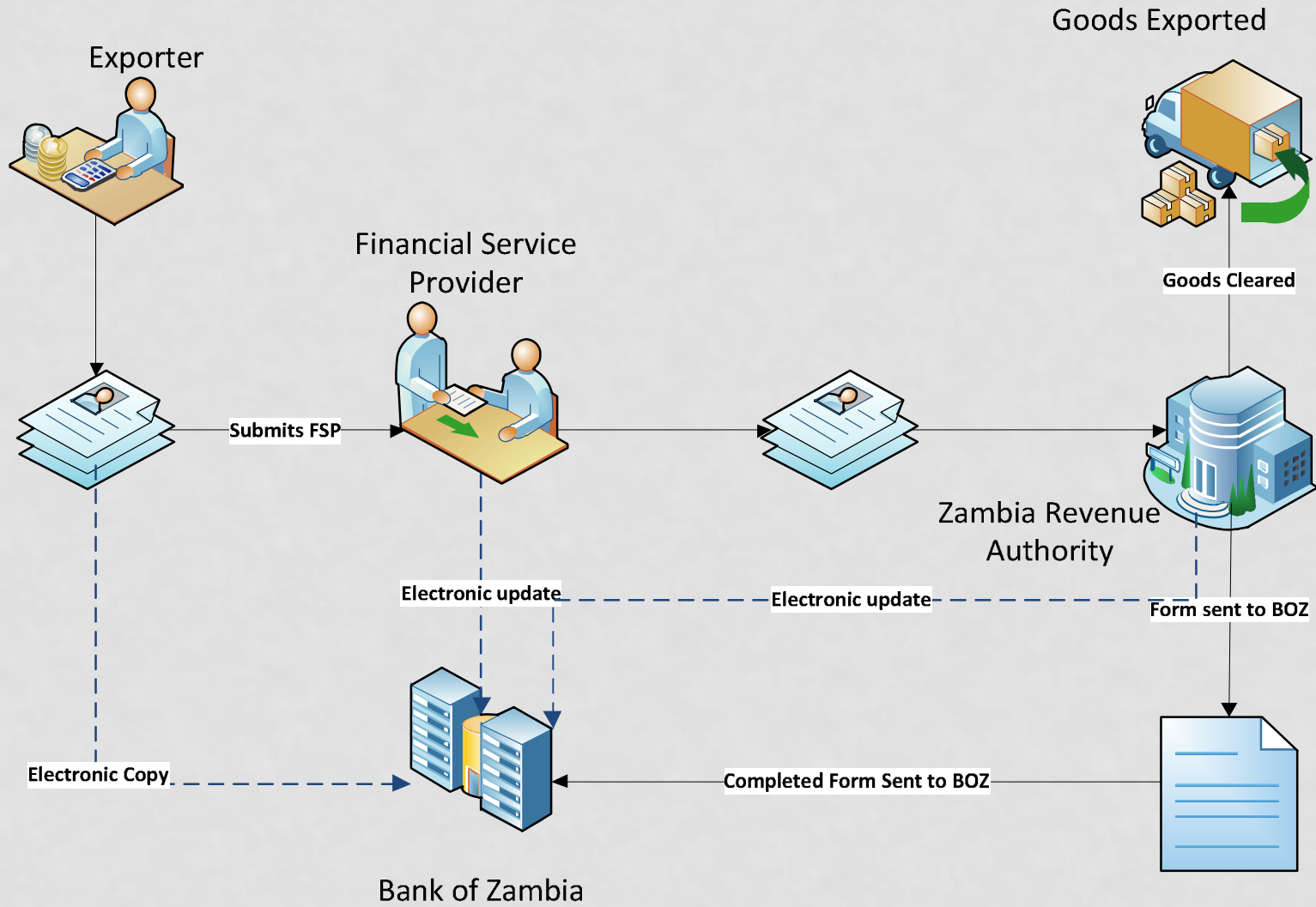
Procedures for Exports – Goods movement



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Procedures for Exports - Acquittal





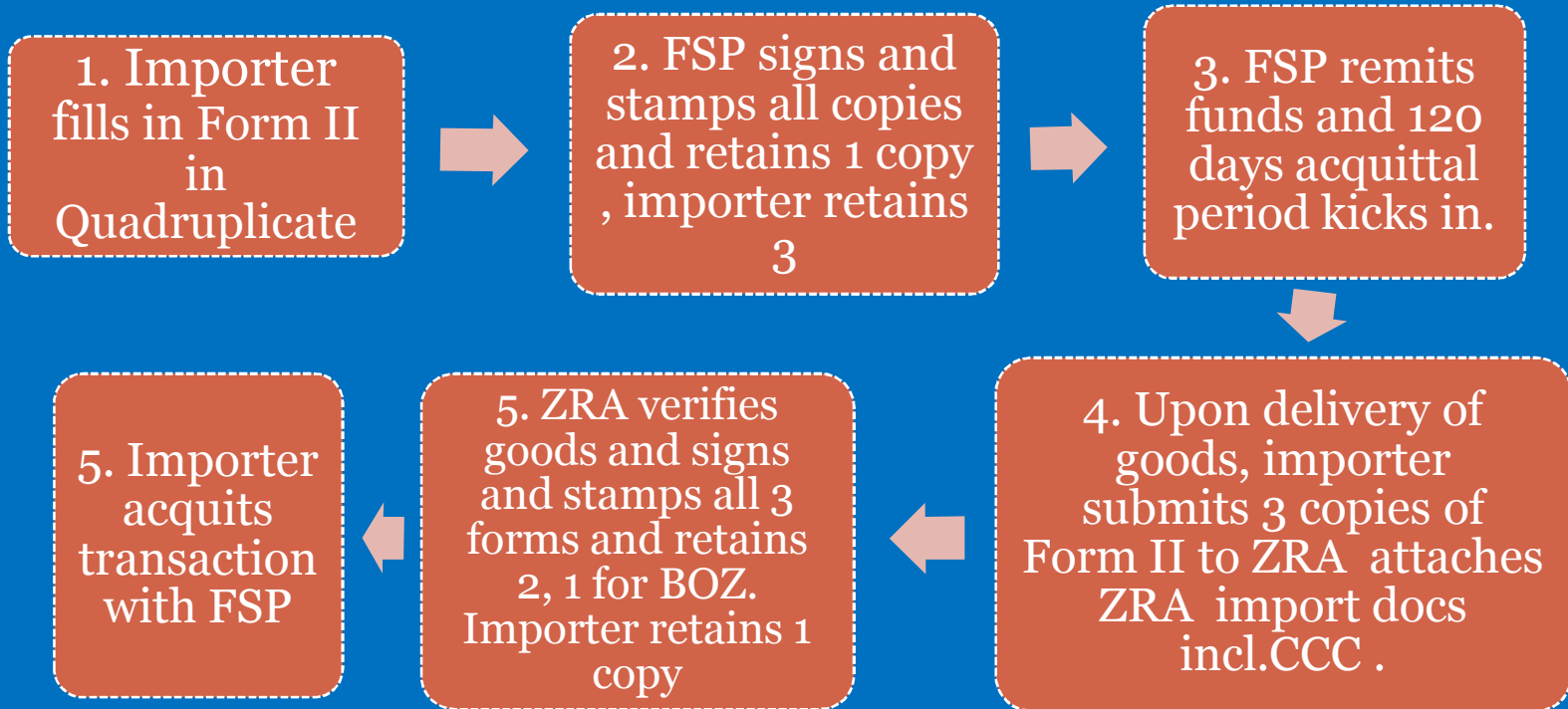
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Procedures for Exports – Pre Payment



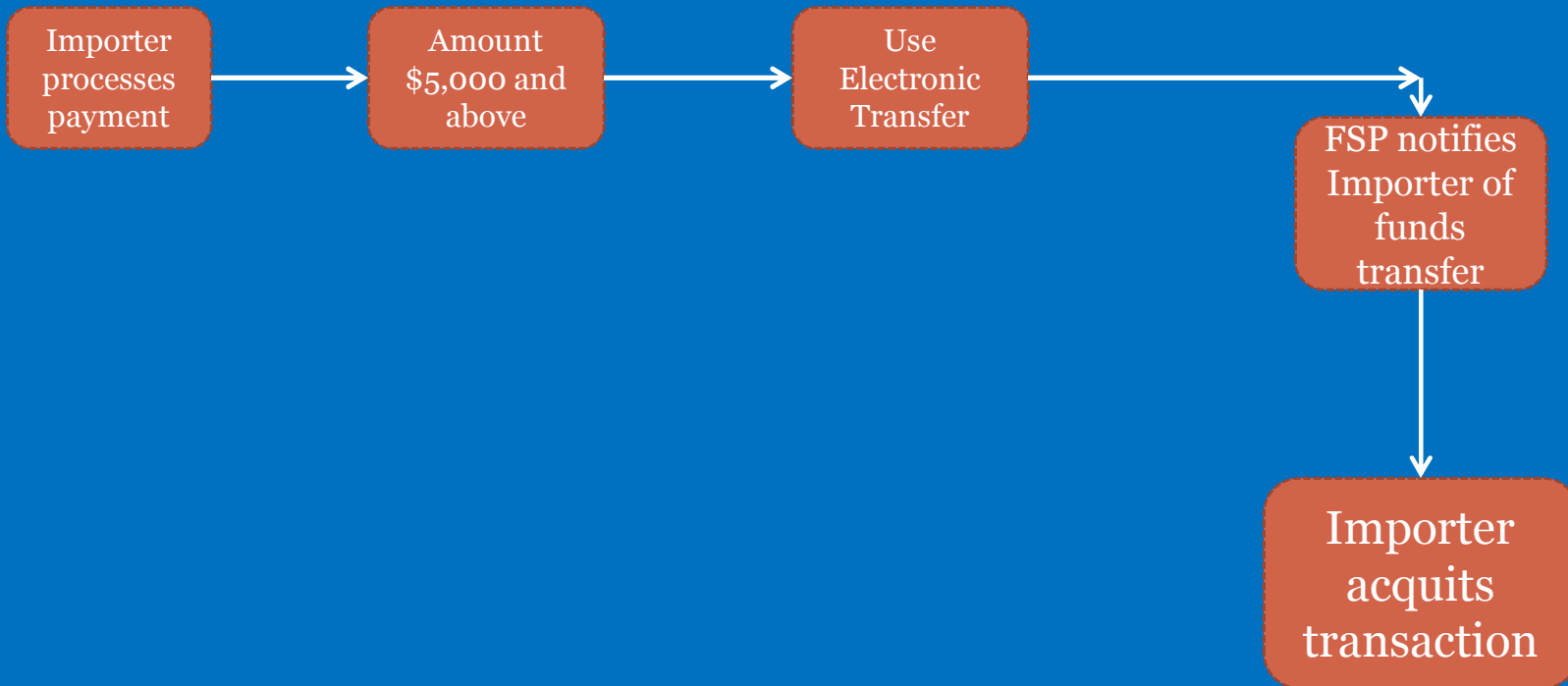
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Procedures for Imports – Goods movement

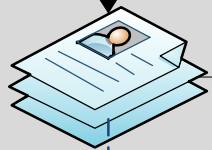


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Procedures for Imports - Acquittal

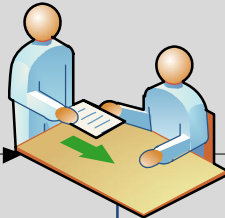


Importer/Remitter

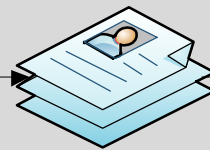


Submits FSP

Financial Service Provider

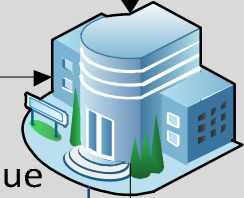
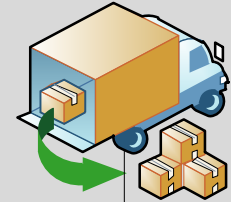


Funds Remitted by FSP



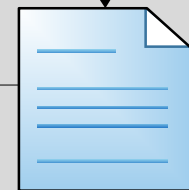
Submitted to ZRA

Goods Imported



Zambia Revenue Authority

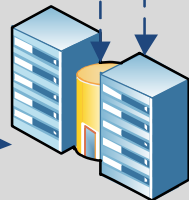
Form sent to BOZ



Electronic Update

Electronic update

Electronic Copy



Bank of Zambia

Completed Form Sent to BOZ

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Procedures for Imports – Pre shipment/delivery

1. Importer receives goods from foreign exporter on credit terms

2. Importer fills in Form II in Quadruplicate and proceeds to ZRA port of entry

3. ZRA verifies goods and signs and stamps all 4 forms and retains 2, 1 for BOZ. Importer retains 2 copies

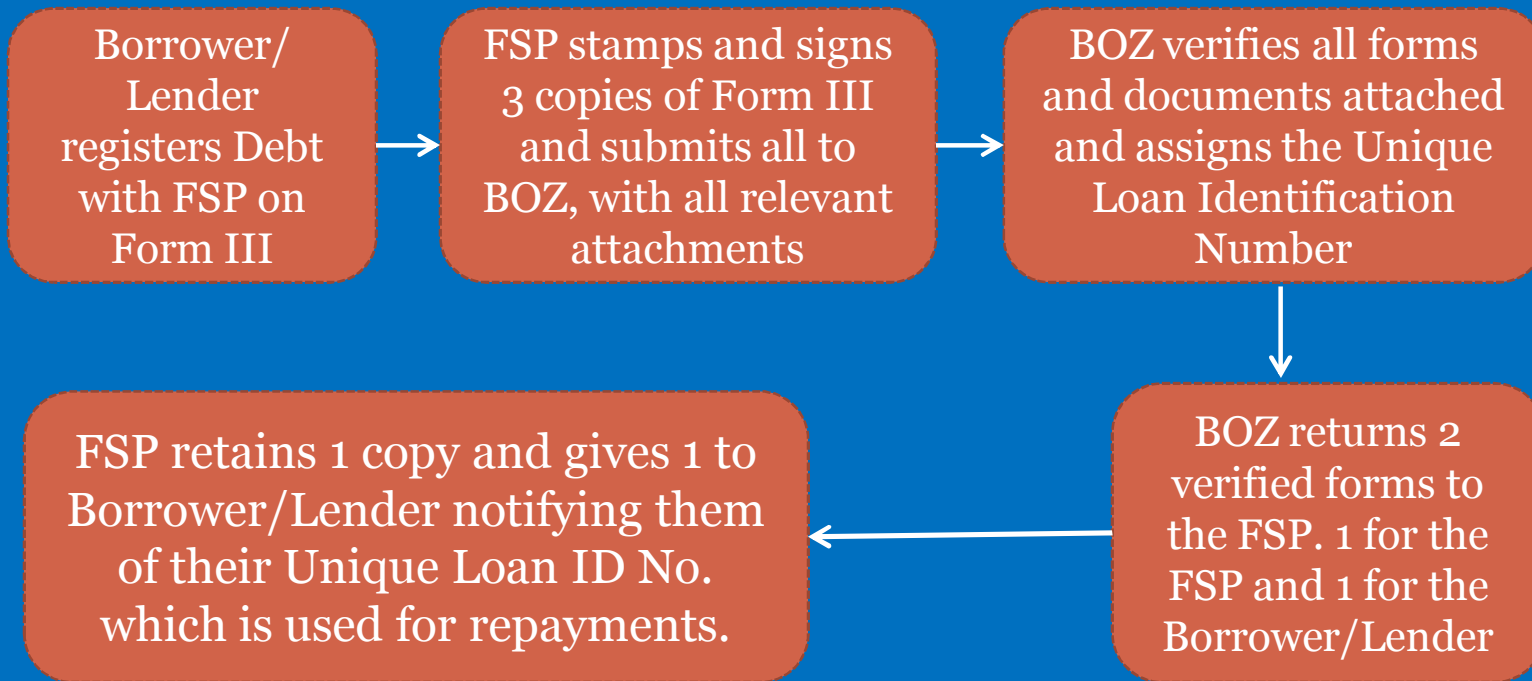
4. FSP remits funds and Importer acquits transaction with FSP and retains 1 acquitted copy of Form II and leaves 1 with FSP

3. Importer submits 2 copies of Form II to FSP attaching ZRA import documents, including CCC.



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Procedures for Loan Registration



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PENALTIES

General Offence and Penalty.

- A person who contravenes the regulation is liable upon conviction to :
 - Fine not exceeding 100,000 penalty units or
 - Imprisonment for a period not exceeding 10 years or both.



Instrument 55 (Monitoring of Balance of Payments Regulation, 2013)

BOZ Webpage (www.boz.zm)

[About Monitoring of Balance of Payments](#)

[Statutory Instrument and Other Regulations](#)

[Frequently Asked questions](#)

[Online Forms](#)

[Guidelines](#)

[Contact](#)



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How to Fill in
Forms/returns
?

- **FORMS**
 - [Form I \(Export Monitoring Form\)](#)
 - [Form II \(Import Monitoring Form\)](#)
 - [Form III \(Private External Borrowing/Lending Registration Form\)](#)
- **RETURNS:**
 - [All remittances of foreign exchange into and out of the Republic](#)



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THANK YOU FOR YOUR ATTENTION

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