



State Bank of Pakistan

DRAFT POLICY PAPER

Remittances to Global Digital Service Providers

1. **Background:**

Companies including venture capital firms, start-ups, tech-based companies etc., have approached SBP with the request to resolve issues being faced by them while remitting funds, on account of acquisition of different type of services from foreign global digital service provider companies. Since, most of such foreign companies demands immediate payments and operate on payment vs receipt mode and do not provide any invoice or contract up-front, therefore, these payments could not be remitted under existing framework covering acquisition of services from abroad.

2. **Objective:**

In order to facilitate such payments with an objective to enhance ease of doing business in Pakistan, it was decided to devise a mechanism for acquisition of services from global digital service provider companies. State Bank of Pakistan in consultation with stakeholders, has formulated following draft policy, which will be issued through a FE Circular and will become part of Foreign Exchange Manual, as Para 14 A of Chapter 14.

3. **Draft Policy for Remittances to Global Digital Service Providers:**

i. Notwithstanding anything contained in Para 14, Chapter 14 of FE Manual, Authorized Dealers have general permission to release foreign exchange up to a maximum of US\$ 200,000/-, or equivalent in other currencies, per year for each company / firm / sole proprietorship incorporated / established in Pakistan for commercial payments pertaining to digital services to any of the following globally recognized digital service provider companies (including their affiliates or associated entities):

- Adobe
- Alibaba
- Amazon
- Apple
- Calendly
- Coursera
- Dropbox
- Facebook
- GoDaddy
- Google
- IBM
- Instagram
- LinkedIn
- MailChimp
- Mendix
- Microsoft
- Oracle
- QuickBooks/Intuit
- Red Hat OpenShift
- Salesforce
- SAP/SAP SE
- Slack/Slack Technologies
- Squarespace

- Tencent
 - Twitter
 - WhatsApp
 - YouTube
 - Zoom/Video Communications
- ii. The ultimate beneficiary of remittances to be made on the account of digital services should be only the above listed companies including their affiliates or associated entities.
 - iii. The above remittances should only be made through an Authorized dealer designated by the remitter for the purpose under acknowledgement to Foreign Exchange Operation Department SBP - BSC. No Authorized Dealer will effect remittance under this authority unless it has been acknowledged as designated Authorized dealer by the FEOD SBP-BSC.
 - iv. Authorized dealer is advised to ensure that it has satisfied itself with the genuineness and bonafides of the applicant, through appropriate CDD and customer risk profiling, while submitting the applicant's requests regarding designation of Authorized dealer to the Director, FEOD, SBP - BSC for acknowledgment.
 - v. After obtaining acknowledgement from the FEOD, the designated Authorized Dealer may effect remittances while ensuring that payments made are within the prescribed limit.
 - vi. In case of change in the designated Authorized dealer by an entity, new designated Authorized dealer is required to approach FEOD for acknowledgment along with the NOC issued by the previous designated Authorized dealer, having details of the limits utilized by the entity during the year.
 - vii. The entity acquiring the services should be on FBRs active tax filer list.
 - viii. The entity is required to submit the payments receipts (digitally or otherwise) to the designated Authorized dealer within 3 working days.

4. Proposed Benefits:

Such arrangement will enhance ease of doing business in Pakistan, as these arrangements may enable the companies in Pakistan to acquire digital services from globally recognized digital service provider companies by making payments instantly via their designated Authorized Dealer, without much formalities. The authorized dealers may provide the option of digital payments to companies such as corporate debit cards.

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