



**BANK OF PAPUA NEW GUINEA**

**ENHANCED DUE DILIGENCE GUIDELINES MANUAL**

**FOR AUTHORISED DEALER USE**

**ISSUED: JULY 2022**

**CONTENTS**

**Page**

---

- 1. Guidelines..... 3
- 2. Purpose..... 3
- 3. Definitions and Terms..... 3
- 4. Due Diligence Requirements and Checks..... 5
  - 4.1 Compliance Check..... 5
  - 4.2 Physical Good..... 5
  - 4.3 Service Transaction ..... 6
  - 4.4 Capital Transaction ..... 6
  - 4.5 Dividend Payment ..... 6
  - 4.6 Insurance Payment ..... 6
  - 4.7 Holders of Foreign Currency Accounts..... 7
- 5. Tax Haven ..... 7
- 6. Presentation Slides ..... 7

## **1. Guidelines**

---

The guidelines for enhanced due diligence cover the types of Supporting Documents required and the due diligence checks that must be performed on a foreign exchange transaction. An Authorised Dealer must perform the required due diligence checks before clearing a foreign exchange transaction of its customer. The slides to assist perform the checks are provided below.

The guidelines for enhanced due diligence must be implemented in conjunction with the Foreign Exchange Manual, Summary Foreign Exchange Guidelines and Foreign Exchange Reporting Framework.

## **2. Purpose**

---

The guidelines are intended to assist Authorised Dealers enforce compliance.

## **3. Definitions and Terms**

---

### **Business**

An Authorized Dealer must have a process in place to collect and assess information and understand the activity conducted by a Person or Contracting Parties.

### **Category**

A grouping represented by an inflow or outflow of foreign exchange, for the purpose of the guidelines (refer Table 1).

### **Commercial Invoice**

An instrument of bill issued by the seller to the buyer showing the total value, unit price and quantity purchased of a good or service.

### **Contracting Parties**

Parties who are signatories, including other relevant parties, to a Sale and Purchase Agreement.

### **Duration**

The length of time a contract or a transaction is effective, which can be up to 12 months (Short-term) or more than 12 months (Long-term). Note that if the Contracting Parties execute a series of short-term Sale and Purchase Agreements such that over time, the Frequency of occurrence or the cumulative total of Duration of all contracts, exceeds 12 months, then a trading arrangement becomes a long-term arrangement. An Authorised Dealer must request for a copy of Long-term Sale and Purchase Agreement from its customer.

### **Frequency**

The regularity of occurrence of a transaction or a contract between the Contracting Parties over time.

## Purchase Order

An instrument of bill issued by the buyer to the seller showing the total value, unit price and quantity purchased of a good or service.

## Sale and Purchase Agreement

A signed and executed contract between Contracting Parties who are Residents and Non-Residents, which specifies the price at which a transaction will be conducted between themselves. A transaction may be a good or service. The contract must clearly state the following minimum requirements.

- (i) *Beneficiary* – The contract must clearly identify the ultimate beneficiary of the transaction.
- (ii) *Business of the Contracting Parties* – The purpose of the contract and the responsibility of each Contracting Party must be clearly specified.
- (iii) *Country* – The names of the economies or political jurisdictions where the Contracting Parties are domiciled.
- (iv) *Names of transacting parties* – The names of the Contracting Parties to a transaction for the stated purpose, must be clearly stated.
- (v) *Ownership and title* – The contract must clearly specify the ownership and title of the subject in a transaction between the Contracting Parties. It should also specify how or circumstance ownership and title will change over time and between the Parties.
- (vi) *Price* – the unit price or the rate by which the Contracting Parties will conduct the transaction.
- (vii) *Risk and ownership* – The contract must clearly specify risk ownership and allocation, and how it will be managed by the Contracting Parties. This must cover insurance arrangements, where it is required.
- (viii) *Terms of trading* – Buying and selling arrangements, invoicing, settlement, insurance, freight and other cost, and credit terms must be clearly specified.

## Supporting Documents

Any relevant document in support of an application to transact in foreign exchange between a Resident and Non-Resident. The slides below provide the types of documents required for an Authorised Dealer to conduct a due diligence check on an inflow or outflow of foreign exchange.

## Transaction Type

A foreign exchange transaction between Residents and Non-Residents, which may involve a good, service or capital. Table 1 provides the Transaction Type by Category, which may be covered by a Sale and Purchase Agreement, Commercial Invoice and Purchase Order, for the purpose of the guidelines.

Category	Transaction Type	Supporting Documents	Foreign Exchange Manual	Summary Foreign Exchange Guidelines	Foreign Exchange Reporting Framework
Inflow	Good	Refer to slides	FE Notices 6 & 17	Schedule 1 of 2.1 & 11	3
	Service	Refer to slides	FE Notice 20	Schedule 1 of 2.1, 2.2 & 2.7 & 2.9(a)	10 & 11
	Capital	Refer to slides	FE Notices 15 & 16	3	13, 14, 19, 20 & 25
Outflow	Good	Refer to slides	FE Notices 5 & 17	Schedule 1 of 2.1 & 11	4 & 5

	Service	Refer to slides	FE Notice 20	Schedule 1 of 2.1, 2.2, 2.5, 2.6, 2.8 & 2.9(b)	6 & 7
	Capital	Refer to slides	FE Notice 15 & FE Notice 16	3	15, 17, 18, 22 & 23

**4. Due Diligence Requirements and Checks**

---

**4.1 Compliance Check**

An Authorised Dealer must cross-check and ensure data and information consistency across all sources of Supporting Documents provided.

**4.2 Physical Good**

- (a) An Authorised Dealer must ensure that a copy of the Sale and Purchase Agreement, is provided together with a Commercial Invoice or Purchase Order, as well as other relevant Supporting Documents stated in the slides (FE Notice 5).
  - (i) An equivalent contract may be accepted, provided it meets the minimum requirements of the Sale and Purchase Agreement.
  - (ii) An equivalent invoice, such as a tax invoice, may be accepted provided it meets the requirements of a Commercial Invoice or Purchase Order.
  - (iii) A copy of a current insurance cover policy must be provided for trade in merchandise goods involving petroleum products such as crude oil, condensate, or refined petroleum products.
- (b) An Authorised Dealer must monitor the Frequency and Duration, and request for a copy of a current Sale and Purchase Agreement from its customer, where it is necessary.
- (c) Circumstances of Incomplete Supporting Documents
  - (i) Where, for a valid shipping reason such as lack of shipping space, the total value the good in other supporting documents will exceed the value in Form 15. An Authorised Dealer must make it a condition that the customer must present a second Form 15, to process the balance of the total value, within the time period specified in the Foreign Exchange Reporting Framework (refer to Form-X and Form-M). The Authorised Dealer must refuse to process any further import payment for failing to do so by the customer.
  - (ii) In the case of a prepayment, an Authorised Dealer must ensure that a Form 15 is provided within the time period specified in the Foreign Exchange Reporting Framework (refer Form-X and Form-M). The Authorised Dealer must refuse to process any further prepayment for imports for failing to do so by the customer.
- (d) A proforma invoice must not be accepted by an Authorised Dealer for processing a foreign exchange transaction.

#### **4.3 Service Transaction**

- (a) An Authorised Dealer must ensure that a copy of the Sale and Purchase Agreement, is provided together with a Commercial Invoice, as well as other relevant Supporting Documents stated in the slides, before a service payment can be processed.
  - (i) An equivalent contract may be accepted, provided it meets the minimum requirements of the Sale and Purchase Agreement.
  - (ii) An equivalent invoice, such as a tax invoice, may be accepted provided it meets the requirements of a Commercial Invoice or Purchase Order.
- (b) For service payments, an Authorised Dealer must monitor the Frequency and Duration, and request for a copy of the current Sale and Purchase Agreement from its customer, where it is necessary.
- (c) A proforma invoice must not be accepted by an Authorised Dealer for processing a service payment.
- (d) For inflows (service receipts), an Authorised Dealer can exercise its discretion and process them.

#### **4.4 Capital Transaction**

All relevant Supporting Documents must be provided by a Person before an Authorised Dealer can process a foreign exchange transaction. The slides below cover the types of Documents required for a capital transaction between a Resident and Non-Resident (refer FE Notice 15 and FE Notice 16).

#### **4.5 Dividend Payment**

- (a) In the case of a company with foreign equity shareholding, a copy of the audited financial statement must be produced before a dividend or profit remittance can be processed by an Authorised Dealer (refer FE Notice 16 and FE Notice 20).
- (b) An Authorised Dealer must ensure that there are profits or retained profits in the audited financial account before processing a dividend payment or profit remittance.
- (c) An Authorised Dealer must calculate and verify the dividend per share, as declared in a copy of the signed and dated board resolution provided.
- (d) In the case where a shareholder is a Resident and residing in PNG, dividend payments to that shareholder must be made in Kina.
- (e) A company publicly listed in PNG is not subject to the compliance requirements (a) and (b).

#### **4.6 Insurance Payment**

- (a) A copy of the current insurance cover policy must be provided to an Authorised Dealer.
- (b) A copy of current license issued to an insurance broker for the relevant trading period by the Central Bank or the General Insurance Commissioner (refer FE Notice 20).

#### **4.7 Holders of Foreign Currency Accounts**

For inflows and outflows of foreign exchange conducted through an Authorised Dealer, the following will apply (refer FE Notice 5.4, FE Notice 6.4 and FE Notice 11).

- (a) A mineral company will provide a copy of:
  - (i) the authorisation of the Bank of Papua New Guinea; or
  - (ii) the gold export license issued by the Bank of Papua New Guinea; or
  - (iii) gold export approval Form G.
- (b) A petroleum company will provide a copy of the:
  - (i) authorisation of the Bank of Papua New Guinea; or
  - (ii) national gazette exempting the company from exchange controls.
- (c) A gas company will provide a copy of the:
  - (i) authorisation of the Bank of Papua New Guinea; or
  - (ii) national gazette exempting the company from exchange controls.
- (d) For any other company or entity, the following will apply to an outward transfer to or inward transfer from an account held abroad.
  - (i) A copy of the authorisation of the Bank of Papua New Guinea is produced.
  - (ii) It complies with the conditions imposed on the operation of the account abroad.

#### **5. Tax Haven**

---

An Authorised Dealer must not process any foreign exchange remittance to a tax haven, unless a specific authority from the Internal Revenue Commission is produced (refer FE Notice 19).

#### **6. Presentation Slides**

---

The slides cover deposits into or payments made out of a kina or foreign currency account held with an Authorised Dealer.

They cover objectives, responsibility of Authorised Dealers, purpose, taxation clearance, Foreign Exchange Manuals, Central Bank approvals, and compliance checks.



BANK OF PAPUA NEW GUINEA

## **PRESENTATION TO AUTHORISED DEALERS**

### **ENHANCED DUE DILIGENCE ON MONITORING, COMPLIANCE AND REPORTING BY AUTHORISED DEALERS**

By

ECONOMICS DEPARTMENT  
BANK OF PAPUA NEW GUINEA

JULY 2022

1





BANK OF PAPUA NEW GUINEA

## **OUTLINE OF PRESENTATION**

- Part 1 – Objectives of Presentation**
- Part 2 – General Guidance on Performing Compliance Checks**
- Part 3 – Purpose of Compliance Checks**
- Part 4 – Taxation Clearance Requirements**
- Part 5 – Foreign Exchange Manuals**
- Part 6 – Central Bank Approvals**
- Part 7 – Compliance Checks for Inflows**
- Part 8 – Compliance Checks for Outflows**
- Part 9 – Summary and Way Forward**



BANK OF PAPUA NEW GUINEA

## **PART 1: OBJECTIVES**

<b>Objective 1</b>	<b>Remind Authorised Dealers of their Responsibility</b>
<b>Objective 2</b>	<b>Remind Authorised Dealers to Follow Guidance and Perform Compliance Checks</b>



BANK OF PAPUA NEW GUINEA

### **PART 1: RESPONSIBILITY OF AUTHORISED DEALERS**

<b>ROLE – Have Delegated Responsibility to Assess and Process Foreign Exchange Transactions</b>	
<b>Number</b>	<b>General Guidance on Performing Compliance Checks</b>
1	All Supporting Documents must be submitted and Assessed
2	Consistency Checks Across All Sources of Documents Must be Done
3	Lead Checks must be completed
4	Ownership and Title must be clearly Established
5	Ultimate Beneficiary must be clearly Established
6	Tax Haven Transactions Must Not be Processed
7	Compliance with BPNG Approvals & Conditions must be Checked
8	Compliance with Taxation Requirements must be Checked
9	IPA Requirements must Checked & Completed

4



BANK OF PAPUA NEW GUINEA

### **PART 3: PURPOSE OF COMPLIANCE CHECKS**

<b>Purpose 1</b>	<b>Ensure Reliability of Data is Not Compromised for Policy and Compliance Functions of the Central Bank</b>
<b>Purpose 2</b>	<b>Foreign Exchange Reserves are Managed in a Sustainable Manner and Used for the Development of Papua New Guinea</b>



BANK OF PAPUA NEW GUINEA

#### PART 4: TAXATION CLEARANCE REQUIREMENTS

IRC Approval	Approval Form	When Required?
Taxation Clearance Certificate (TCC)	TCC Form	Making a Remittance that is Subject to Production of a TCC
Remittance Requirements	TCC Required	When Required?
Any Amount	Yes	When the Annual Cumulative Limit of K500,000.00 has been Exceeded
Amount over K500,000.00	Yes	A Remittance Amount Exceeding K500,000.00
Amount below K500,000.00	No	<ul style="list-style-type: none"><li>▪ TCC is Not Required</li><li>▪ Annual Cumulative Limit of K500,000.00 has Not been Exceeded</li></ul>
Tax Haven Remittance	Yes	Any amount of Remittance for Any Purpose
Non-Tax Haven Remittance	Yes	When the K500,000.00 Annual Cumulative Limit has been Exceeded

6

Note: According the meeting between staff of Internal Revenue Commission and Central Bank dated 12<sup>th</sup> September 2022, a TCC is required for any amount of remittance and for any purpose to a tax-haven economy.



BANK OF PAPUA NEW GUINEA

## PART 5: FOREIGN EXCHANGE MANUALS

### COMPLIANCE WITH EXISTING FOREIGN EXCHANGE MANUALS

MANUAL, SUPPORTING DOCUMENT & REQUIREMENT AND CHECK		
Manual	Requirements & Supporting Document	Check
Foreign Exchange Manual	<ul style="list-style-type: none"> <li>➤ List FE Notices and Requirements</li> <li>➤ Reference for Central Bank Approvals</li> <li>➤ List of BOP Forms and When to Complete Them</li> <li>➤ Lists Supporting Documents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure Consistency Checks are Completed across All Sources of Data and Information for a Transaction</li> <li>▪ Ensure Compliance with All Requirements of a Transaction</li> <li>▪ Ensure All Requirements set out in All Three Manuals are Complied with</li> </ul>
Summary Foreign Exchange Guidelines	<ul style="list-style-type: none"> <li>➤ Summary of Reporting Requirements</li> <li>➤ Summary of Compliance Requirements</li> <li>➤ Reference for Central Bank Approvals</li> <li>➤ Summary of Reporting Forms</li> <li>➤ List Supporting Documents</li> </ul>	Same as for Foreign Exchange Manual
Foreign Exchange Reporting Framework	<ul style="list-style-type: none"> <li>➤ Has Detailed Guidance and Process</li> <li>➤ List All Supporting Documents Required</li> <li>➤ For Sourcing of Information and Completion of Relevant BOP Forms</li> </ul>	Same as for Foreign Exchange Manual



BANK OF PAPUA NEW GUINEA

## PART 6: CENTRAL BANK APPROVALS

Approval	Approval Form	When Required?
Gold Export Licence	Letter	Export of Gold and Silver (Precious Metals)
Approval to Export Precious Metals	Form-G	Prior to Shipment of Precious Metals
Approval of Non-Resident Guarantee	Form-G1	Issuance of Guarantees in Favour of a Non-Resident
Foreign Currency Account (FCA) Approval	Letter	Opening a FCA in PNG or Abroad
Approval for Domestic Contract	Letter	Two or more Residents enter into a Contract Denominated in Foreign Currency
Approval to Remove or Send Physical Currency	Form-C1	Removal of Physical Currency in Notes and Coins exceeding K20,000.00 (or Foreign Currency Equivalent)



BANK OF PAPUA NEW GUINEA

## PART 7: INFLOWS

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Export Receipt	<ul style="list-style-type: none"> <li>➤ Sale and Purchase Agreement</li> <li>➤ Commercial Invoice</li> <li>➤ Customs Form 15 &amp; FormG</li> <li>➤ BOP Form-X</li> <li>➤ Tax Registration</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ Exporter</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Importer</li> <li style="width: 33%;">▪ Volume</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Term (FOB)</li> <li style="width: 33%;">▪ Unit Price</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ Form 15 Number</li> <li style="width: 33%;">▪ Check Market</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Transfer from Offshore Account	<ul style="list-style-type: none"> <li>➤ BPNG Approval to be Produced</li> <li>➤ BOP Form-R2</li> <li>➤ Tax Registration &amp; FormG</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Exporter</li> </ul>	Request for Supporting Documents

9

Note 1: If the export receipt will be deposited into a domestic foreign currency account, an Authorised Dealer must establish if the domestic foreign currency account was approved by the Central Bank (BPNG Approval) and it complies with conditions of the approval. The same applies to other types of deposits made into a domestic foreign currency account.

Note 2: If the transfer receipt will be deposited into a domestic foreign currency account, an Authorised Dealer must establish if the bank account abroad was approved by the Central Bank (BPNG Approval).





BANK OF PAPUA NEW GUINEA

## PART 7: INFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Loan Drawdown	<ul style="list-style-type: none"> <li>➤ Loan Agreement</li> <li>➤ Credit Note or Drawdown Notice</li> <li>➤ BOP Form-LA &amp; Form-L1</li> <li>➤ Tax Registration</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Loan Interest Receipt	<ul style="list-style-type: none"> <li>➤ Loan Agreement</li> <li>➤ BOP Form-LB &amp; Form-L2(B)</li> <li>➤ Tax Registration</li> </ul>	Same as Loan Drawdown
Equity Investment	<ul style="list-style-type: none"> <li>➤ Equity Agreement</li> <li>➤ BOP Form-V1</li> <li>➤ Tax Registration</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Dividend Receipt	<ul style="list-style-type: none"> <li>➤ BOP Form –R2</li> <li>➤ Tax Registration</li> </ul>	Same as Equity Investment
Sale or Liquidation of Investment	<ul style="list-style-type: none"> <li>➤ BOP Form –V4</li> <li>➤ Tax Registration</li> </ul>	Same as Equity Investment

10

Note: For a deposit of loan drawdown into a domestic foreign currency account, an Authorised Dealer must establish if the account was approved by the Central Bank (BPNG Approval) and it complies with conditions of the approval. The same applies to other deposits made into a domestic foreign currency account.



BANK OF PAPUA NEW GUINEA

**PART 8: OUTFLOWS**

**COMPLIANCE CHECKS**

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Import Payments	<ul style="list-style-type: none"> <li>➤ Sale and Purchase Agreement</li> <li>➤ Commercial Invoice</li> <li>➤ Customs Form 15</li> <li>➤ BOP Form-M</li> <li>➤ Tax Registration</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ Exporter</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Importer</li> <li style="width: 33%;">▪ Volume</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Term (FOB)</li> <li style="width: 33%;">▪ Unit Price</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ Form 15 Number</li> <li style="width: 33%;">▪ Check Market</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Transfer to Offshore Account	<ul style="list-style-type: none"> <li>➤ BPNG Approval to be Produced</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Importer</li> </ul>	Request for Supporting Documents
Business Payment	<ul style="list-style-type: none"> <li>➤ Contract</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Lease Payment	<ul style="list-style-type: none"> <li>➤ Same as Business Payment</li> </ul>	Same checks as Business Payment
Insurance Payment	<ul style="list-style-type: none"> <li>➤ Cover Policy</li> <li>➤ Commercial Invoice &amp; Form R1</li> <li>➤ Broker Authorisation &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Names of Parties</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Name of Broker</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>

11

Note 1: If the import payment will be made from a domestic foreign currency account, an Authorised Dealer must establish if the domestic foreign currency account was approved by the Central Bank (BPNG Approval) and it complies with conditions of the approval. The same applies to others in this and the following Slides.

Note 2: If the transfer payment will be made to a foreign currency account held abroad, an Authorised Dealer must establish if the bank account abroad was approved by the Central Bank (BPNG Approval).



BANK OF PAPUA NEW GUINEA

## PART 8: OUTFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Transfer to JV Account	<ul style="list-style-type: none"> <li>➤ BPNG Approval to be Produced</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
	➤ Exporter	Request for Supporting Documents
Communication Payment	<ul style="list-style-type: none"> <li>➤ Contract</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Education Payment	<ul style="list-style-type: none"> <li>➤ Letter from School or Sponsor</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Medical Payment	<ul style="list-style-type: none"> <li>➤ Letter from Hospital or Sponsor</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Names of Patient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Patient Assistant</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>

12



BANK OF PAPUA NEW GUINEA

**PART 8: OUTFLOWS (CONT'D)**

**COMPLIANCE CHECKS**

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Family Maintenance	<ul style="list-style-type: none"> <li>➤ BOP Form-R1</li> <li>➤ Passport</li> <li>➤ Employment Contract &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ Frequency &amp; Value</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> </ul>
Gifts & Grants	Same as Family Maintenance	Same as Family Maintenance
Lease Payment	<ul style="list-style-type: none"> <li>➤ Contract (Lease Agreement)</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Transportation	Same as Lease Payment	Same as Lease Payment
Construction Services	Same Lease Payment	Same as Lease Payment
Computer & Information	Same as Lease Payment	Same as Lease Payment
Management Fee	Same as Lease Payment	Same as Lease Payment
Royalty Fee	Same as Lease Payment	Same as Lease Payment



BANK OF PAPUA NEW GUINEA

## PART 8: OUTFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
LicenceFee	<ul style="list-style-type: none"> <li>➤ Contract (Licence Agreement)</li> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Other Financial Service	Same as LicenceFee	Same as LicenceFee
Tax Payment	<ul style="list-style-type: none"> <li>➤ An Valid Order for Payment Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Superannuation Fund	<ul style="list-style-type: none"> <li>➤ Letter from Super Fund</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	Same as Tax Payment
Compensation of Employee	<ul style="list-style-type: none"> <li>➤ Letter from Employer</li> <li>➤ Employment Contract</li> <li>➤ BOP Form-R1</li> <li>➤ List of Names (More than one)</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	Same as Tax Payment

14



BANK OF PAPUA NEW GUINEA

## PART 8: OUTFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Travel Payment	<ul style="list-style-type: none"> <li>➤ Commercial Invoice</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ Tax Haven</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ BPNG Approval</li> </ul>
Interest Payment (Not Loan)	<ul style="list-style-type: none"> <li>➤ Confirmation Letter</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	Same as Travel Payment
Guarantee Payment	<ul style="list-style-type: none"> <li>➤ Produce BPNG Approval</li> <li>➤ BOP Form-G1</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	Same as Travel Payment
Removal or Export of Physical Currency in Cash (Public)	<ul style="list-style-type: none"> <li>➤ Confirmation Letter</li> <li>➤ Confirmed eticket with Number</li> <li>➤ Current Passport</li> <li>➤ BOP Form-C1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li style="width: 33%;">▪ Business</li> <li style="width: 33%;">▪ Country</li> <li style="width: 33%;">▪ IPA Number</li> <li style="width: 33%;">▪ Purpose</li> <li style="width: 33%;">▪ Currency</li> <li style="width: 33%;">▪ Tax Number</li> <li style="width: 33%;">▪ Recipient</li> <li style="width: 33%;">▪ Value</li> <li style="width: 33%;">▪ BPNG Approval</li> <li style="width: 33%;">▪ Sender</li> <li style="width: 33%;">▪ Tax Haven</li> </ul>

15

Note: The transfer or removal of physical cash in notes and coins exceeding K20,000.00 (equivalent in foreign currency) requires a prior approval of the Central Bank (BPNG Approval).



BANK OF PAPUA NEW GUINEA

## PART 8: OUTFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Government Services(n.i.e)	<ul style="list-style-type: none"> <li>➤ Supporting Documents</li> <li>➤ BOP Form-R1</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business</li> <li>▪ Recipient</li> <li>▪ Sender</li> <li>▪ Country</li> <li>▪ Currency</li> <li>▪ Value</li> </ul>
Cultural & Recreational Services	<ul style="list-style-type: none"> <li>➤ Supporting Documents</li> <li>➤ BOP Form-R1</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business</li> <li>▪ Purpose</li> <li>▪ Recipient</li> <li>▪ Sender</li> <li>▪ Country</li> <li>▪ Currency</li> <li>▪ Value</li> <li>▪ Tax Haven</li> <li>▪ IPA Number</li> <li>▪ Tax Number</li> <li>▪ BPNG Approval</li> </ul>



BANK OF PAPUA NEW GUINEA

**PART 8: OUTFLOWS (CONT'D)**

**COMPLIANCE CHECKS**

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Loan Repayment	<ul style="list-style-type: none"> <li>➤ Loan Agreement</li> <li>➤ Debit Note or Payment Notice</li> <li>➤ BOP Form-LA &amp; Form-L2</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business</li> <li>▪ Recipient</li> <li>▪ Sender</li> <li>▪ Country</li> <li>▪ Currency</li> <li>▪ Value</li> <li>▪ Tax Haven</li> <li>▪ IPA Number</li> <li>▪ Tax Number</li> <li>▪ BPNG Approval</li> </ul>
Loan Interest Payment	Same as Loan Repayment	Same as Loan Repayment
Equity Redemption	<ul style="list-style-type: none"> <li>➤ Equity Agreement</li> <li>➤ Signed &amp; Dated Board Resolution</li> <li>➤ BOP Form-V2</li> <li>➤ Tax Registration &amp; TCC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business</li> <li>▪ Recipient</li> <li>▪ Sender</li> <li>▪ Country</li> <li>▪ Currency</li> <li>▪ Value</li> <li>▪ Tax Haven</li> <li>▪ IPA Number</li> <li>▪ Tax Number</li> <li>▪ BPNG Approval</li> </ul>
Dividend Payment	<ul style="list-style-type: none"> <li>➤ Audited Financial Statements</li> <li>➤ Signed &amp; Dated Board Resolution</li> <li>➤ Year Dividends Declared</li> <li>➤ Tax Registration &amp; TCC</li> <li>➤ Form R1(D)</li> </ul>	Same as Equity Redemption
Branch Profits	Same as Dividend Payment	Same as Equity Redemption

17

Note: Dividend per share must show in the Board Resolution for Dividend Payment and Branch Profits.





BANK OF PAPUA NEW GUINEA

## PART 8: OUTFLOWS (CONT'D)

### COMPLIANCE CHECKS

PURPOSE, SUPPORTING DOCUMENT AND CHECK		
Purpose	Supporting Document	Check
Foreign Investment	<ul style="list-style-type: none"><li>➤ Agreement (Contract)</li><li>➤ Signed &amp; Dated Board Resolution</li><li>➤ BOP Form-V3</li><li>➤ Tax Registration &amp; TCC</li></ul>	<ul style="list-style-type: none"><li>▪ Business</li><li>▪ Recipient</li><li>▪ Sender</li><li>▪ Country</li><li>▪ Currency</li><li>▪ Value</li><li>▪ Tax Haven</li><li>▪ IPA Number</li><li>▪ Tax Number</li><li>▪ BPNG Approval</li><li>▪ Frequency</li></ul>

Note that the Central Bank reserves the right to request for any other relevant information or documents not covered in the Slides

18



BANK OF PAPUA NEW GUINEA

## PART 9: SUMMARY AND WAY FORWARD

### Authorised Dealers

- Have a duty to implement compliance checks on foreign exchange transactions
- Invest time, effort and resources to ensure proper and adequate compliance checks are done

### Way Forward

- BPNG will do audits and conduct training for Staff of Authorised Dealers
- Authorised Dealers are to use the Slides for Guidance and Training
- Authorised Dealers need to use the Foreign Exchange Manuals issued by BPNG to Train and Develop Capacity of their Line Staff

19