



# Pakistan's Roshan Digital Account

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## RDA Inauguration

- The Prime Minister of Pakistan inaugurated the Roshan Digital Account (RDA) in September 2020.
- Through this account, *Overseas Pakistanis were fully integrated with Pakistan's banking and payments system in a completely digital manner and have access to a full suite of lifestyle banking products.*
- The RDA is available for both conventional and Islamic Banking customers around the world.



## A New Era of Banking in Pakistan

- RDA is a major initiative of State Bank of Pakistan, in collaboration with commercial banks operating in Pakistan.
- These accounts provide innovative banking solutions for millions of Non-Resident Pakistanis (NRPs) seeking to undertake banking, payment and investment activities in Pakistan.

### Fully Digital Account Opening and Operation

- For the first time in Pakistan's history, NRPs are being provided an opportunity to remotely open an account in Pakistan through an entirely digital and online process without any need to visit a bank branch.
- Opening of the account requires only a basic set of information and documents. Banks complete all necessary customer due diligence within 48 hours.

The RDA fully integrates the Pakistani diaspora with Pakistan's banking and payment system by:

- Providing digital access to all conventional account services including funds transfer, bills and fee payments, and e-commerce.
- Enabling investment by Non-resident Pakistanis in Naya Pakistan Certificates (NPCs) issued by the Government of Pakistan, in both USD and PKR, at very attractive risk-free rates and in both conventional and Shariah-compliant forms.
- On NPC, only a 10% withholding tax on profits is applicable that is full and final. No filling of tax return is required.
- Resident Pakistanis who have declared assets abroad with FBR can also invest in USD-denominated NPCs.
- Enabling investment in Pakistan's stock market.
- Opening up investment opportunities in the Pakistani property market including both commercial and residential real estate.



## **RDA Account Features**

### **Accounts Available in Both Foreign Currency and Pakistani Rupees**

- The customer can choose either a foreign currency or rupee-denominated account, or both. For NRPs, these accounts would be interoperable and enable real-time online conversion from foreign currency to Pakistani Rupees.

### **Fully Repatriable**

- Funds available in the account can be remitted back from Pakistan without any approval from bank or SBP.



## Simplified Tax Regime for RDA Holders

- This includes all investments made by NRPs through RDAs and investment in NPCs made through RDAs by such resident Pakistanis who have declared assets abroad.

The features of this new tax regime are as follows:

### ***Deposits***

- No need to file tax returns on profit from RDA deposits.
- Profit earned on RDA deposits is tax exempt.

### ***Transactions***

- No withholding tax on cash withdrawals or account-to-account transfer by NRPs.



## Simplified Tax Regime for RDA Holders (Continued)

### ***Investment in Naya Pakistan Certificates***

- No need to file tax returns on profit on NPCs.
- Withholding tax of 10 percent on profit on NPCs for both NRPs and resident Pakistanis having declared assets abroad.

### ***Investment in Shares and Mutual Funds***

- No need to file tax returns on dividends and capital gains.
- Full and final tax of 15 percent on capital gains.
- Full and final tax of 15 percent on dividends received from mutual funds and companies other than IPPs and the companies which are tax exempt. The tax rate on dividends from IPPs is 7.5 percent and from tax exempt companies is 25 percent.



## Simplified Tax Regime for RDA Holders (Continued)

### ***Investment in Shares and Mutual Funds***

- No penalty or doubling of the tax rate due to absence from Active Taxpayer's List.

### ***Investment in Property***

- No need to file tax returns for NRPs on capital gains on sale of properties.
- Full and final capital gains tax of 1 percent on value at the time of sale of properties.
- Full and final payment of 1 percent tax on value at the time of purchase of properties.

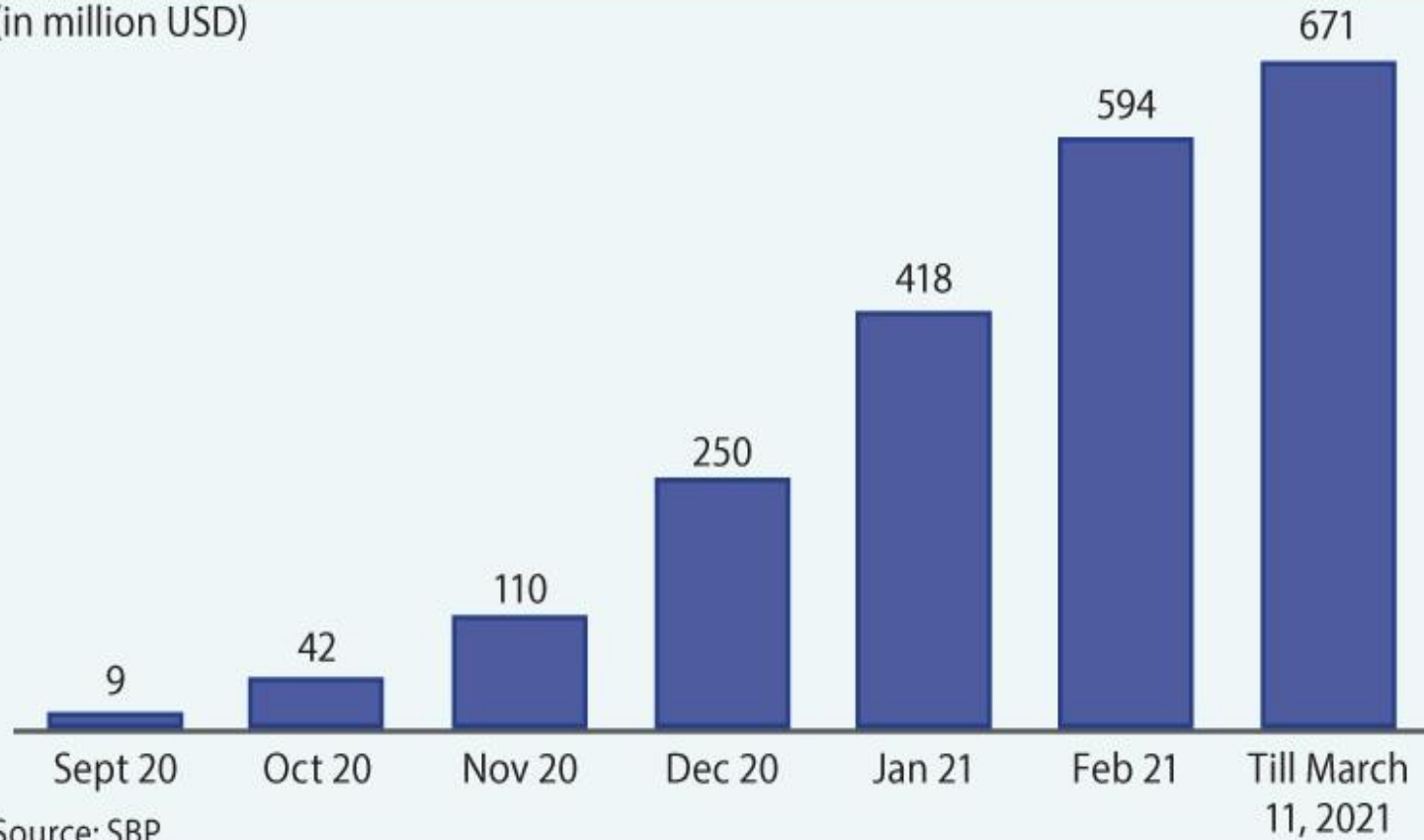
- RDA emerges strongly as an attractive financial product for Overseas Pakistanis in a short span of time.
- Remittances through RDA at \$671 million in just six months, and Overseas Pakistanis opening accounts from over 100 countries.
- RDA is helping Overseas Pakistanis to not only *carry out financial transactions* for their families in Pakistan but also to *invest their savings* in their homeland through different attractive opportunities, including Naya Pakistan Certificates (NPCs), the stock market and property.
- These flows are generating economic activity in Pakistan and improving the country's balance of payments by raising foreign exchange reserves, making the product a win-win for both the diaspora and the country.



## RDA Milestones

### INFLOW OF DEPOSITS

(in million USD)



Source: SBP



## Effective RDA Coordination

- RDA success and effective SBP execution attributed to strong support from the Ministries of Finance, Foreign Affairs, and Overseas Pakistanis and Human Resources, as well as the Federal Board of Revenue.
- The participating banks also playing a critical role in the RDA success due to their continuous efforts to reach out to potential customers and improve the quality of their services.



## New Policy Steps to innovate and improve the RDA

Three new policy steps to attract even more Overseas Pakistanis:

- The tax regime around RDA has been streamlined to allow tax paid at source on profits on investments in NPC, shares, mutual funds, and property to be full and final and thus Overseas Pakistanis will not be required to file any tax return.
- With the help of correspondent banks, the cost of transferring funds internationally to and from RDA accounts has been reduced considerably.
- In response to demand from Overseas Pakistanis in Europe and the UK, the Government will introduce NPCs in Euro and British Pound, in addition to the existing US and Rupee-denominated certificates.



**Thank you**