



*Tonga*

**FOREIGN EXCHANGE LEVY  
(AMENDMENT) ACT 2016**

**Act 4 of 2016**





# FOREIGN EXCHANGE LEVY (AMENDMENT) ACT 2016

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## AN ACT TO AMEND THE FOREIGN EXCHANGE LEVY ACT 2015

I assent,  
TUPOU VI,  
28<sup>th</sup> April 2016.

**BE IT ENACTED** by the King and Legislative Assembly of Tonga in the Legislature of the Kingdom as follows:

### 1 Short title and interpretation

- (1) This Act may be cited as the Foreign Exchange Levy (Amendment) Act 2016.
- (2) In the Act, the Foreign Exchange Levy Act 2015 shall be referred to as the Principal Act.

### 2 Section 2 amended

Section 2 of Principal Act is amended -

- (a) by deleting the word “financial institution” and its definition and replacing it with the following -

““financial institution” means a financial institution defined under the Financial Institutions Act 2004, as amended, carrying on in the Kingdom the business of banking, the purchase or sale of foreign currency including arrangements or contracts for the future purchase or delivery of foreign currencies or providing money transmission services, and for the avoidance of any doubt includes foreign exchange dealers licensed

under the Foreign Exchange Control Act, and includes for the purposes of this Act the National Reserve Bank of Tonga;”;

- (b) in the definition of the word “purchase or sale of foreign currency” insert after the word “foreign currency” the words “including arrangements or contracts for the future purchase or delivery of foreign currencies”; and
- (c) by deleting the word “spread” and its definition and replacing it with the following -
  - ““spread” means the difference in Pa’anga value between the midrate and the applied selling rate or applied buying rate, as the case may be, in every purchase or sale of foreign currency transaction.”.

### **3 Section 3(2) repealed**

The Principal Act is amended by repealing section 3(2).

### **4 Section 4 amended**

Section 4 of the Principal Act is deleted and replaced with the following new section -

“The levy shall be imposed and paid at a rate of one half of a seniti from the spread on each one pa’anga of every purchase and sale of foreign currency transaction.

Provided that the levy shall only be imposed if the spread on each one pa’anga in a purchase or sale of foreign currency transaction is more than one half of a seniti.”.

### **5 Section 7 amended**

Section 7 of the Principal Act is amended by deleting the number “5,000” and replacing it with “50,000”.

### **6 New section 10 inserted**

The Principal Act is amended by inserting the following new section 10 in the appropriate place -

#### **“10 Repeal**

This Act shall be repealed on 30 June 2020.”.

Passed by the Legislative Assembly this 17<sup>th</sup> day of February 2016.