

Circular on Regulating Large-sum Overseas Cash Withdrawals with Bank Cards

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On December 29, 2017, the State Administration of Foreign Exchange (SAFE) promulgated the “Circular on Regulating Large-sum Overseas Cash Withdrawals with Bank Cards” (Huifa [2017] 29, hereinafter the Circular). The Circular added adjustments to the regulations on overseas cash withdrawals using domestic personal bank cards¹, and became effective on January 1, 2018.

1. Background of the Policy

Since 2003, SAFE has capped overseas cash withdrawals with bank cards. On January 1, 2016, in addition to ceiling for withdrawals per card per day, the annual cumulative limit of withdrawals per card (the equivalent of RMB 100,000) was added. However, the monitoring found that some individuals hold a large number of bank cards and have large-sum cash withdrawn overseas, far beyond the needs of normal consumption, and are suspected of carrying out illegal and criminal activities. To prevent law breakers from using multiple cards and withdrawing large amounts of cash to engage in illegal activities, the Circular adjusts the object of the quota management to the total amount of overseas withdrawals of all bank cards (including supplementary cards) under the same name.

According to statistics, in 2016, 81% of domestic bank cards saw less than RMB 30,000 in overseas cash withdrawals. The ceiling for overseas cash withdrawals defined in the Circular is set at a level that can theoretically meet the normal cash needs of most cardholders, and also curb illegal large-sum cash withdrawals.

¹ According to the “Circular of the State Administration of Foreign Exchange on the Reporting of the Information on Overseas Bank Cards Transactions by Financial Institutions” issued on May 26, 2017 (Huifa [2017] 15), “Domestically Issued Bank Card” means the bank card issued within China with labels of bank card clearing institutions by a domestic card issuing financial institution, including but not limited to debit card and credit card (quasi-credit card and credit card).

2. Details of the Policy

The Circular includes the following four key points.

[Fig. 1] Key points of the Circular

1	The total amount of all overseas cash withdrawals using all domestic bank cards (including supplementary cards) owned by an individual shall not exceed the equivalent of RMB 100,000 per year.
2	Cash withdrawals are limited to the equivalent of RMB 10,000 per day, including both RMB cards and foreign currency cards.
3	When an individual with domestic bank card(s) exceeds the annual cap, cash withdrawals with domestic bank cards will be tentatively suspended for that fiscal year and the following fiscal year (SAFE sends the list of individuals who are suspended to withdraw cash overseas to banks every day, and the individuals listed on the list may inquire SAFE for the details of overseas cash withdrawals).
4	An individual shall not evade, nor cooperate in evading, the cash withdrawal restrictions, by methods such as using bank cards borrowed from others, or lending one’s bank card to others.

[Fig. 2] Comparison of before and after the policy promulgation

Type	Details	
	January 1, 2016-December 31, 2017	January 1, 2018- (After the promulgation)
UnionPay RMB card	[Per card] Withdrawals shall not exceed the equivalent of RMB 10,000 per day, and annual cumulative withdrawals shall not exceed the equivalent of RMB 100,000.	[Common for RMB cards and foreign currency cards] Withdrawals shall not exceed the equivalent of RMB 10,000 per card per day and annual cumulative withdrawals of each person shall not exceed the equivalent of RMB 100,000.
Foreign currency card	[Per card] Withdrawals shall not exceed the equivalent of USD 1,000 per day. Withdrawals shall not exceed the equivalent of USD 5,000 per month. Withdrawals shall not exceed the equivalent of USD 10,000 per six months. Annual cumulative withdrawals shall not exceed the equivalent of RMB 100,000.	

The change in regulation implemented by the Circular is considered to have no significant effect on overseas consumer spending using bank cards. In the case that there are actual needs for the use of a large amount of cash overseas, exceeding the cap, the case will be handled based on foreign exchange regulations such as foreign exchange administration rules and its administrative instructions, including carrying foreign currency to overseas after purchase of foreign exchange in accordance with the law, etc..

3. Impact on Enterprises

Promulgation of the Circular added adjustments to the capping policy released by SAFE in 2016 for overseas cash withdrawals using bank cards. Since the object of quota management is adjusted to all bank cards

(including supplementary cards) under the same name, the cap was substantively lowered. Person dispatched to China temporarily returning back or going business trip needs to use domestic bank cards to withdraw cash overseas, he/she is required to pay attention to that withdrawals shall not exceed the equivalent of RMB 10,000 per card per day and annual cumulative withdrawals of each person shall not exceed the equivalent of RMB 100,000. It is suggested that the relevant personnel understand this policy and plan the demand of foreign exchange reasonably in order to avoid the failure of cash withdrawals overseas and affecting the operation of similar business this year and next year.

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