

Frequently Asked Questions (FAQ's) for the BE-125, Quarterly Survey of Transactions in Selected Services and Intangible Assets with Foreign Persons

1) What is the threshold for having to file the BE-125?

Completion of a BE-125 survey is required of any U.S. person/company that had

- a. receipts from unaffiliated and affiliated foreign persons in any one of the types of services and intangible assets listed in Section V of the General Instructions for the BE-125 that exceeded \$6,000,000 in the previous fiscal year or that are expected to exceed that amount in the current fiscal year; or*
- b. payments to unaffiliated and affiliated foreign persons in any of the types of services or intangible assets that exceeded \$4,000,000 in the previous fiscal year or that are expected to exceed that amount in the current fiscal year.*
- c. In addition, any U.S. person/company who receives a BE-125 from BEA is required to respond either by reporting data or claiming exemption from reporting.*

2) When is the BE-125 survey due?

A completed form is due within 45 days after the close of each fiscal quarter, except for the fourth quarter of the respondent's fiscal year when the report is due within 90 days of the close of the quarter.

3) How do I obtain another copy of the BE-125 survey or additional overflow sheets?

- a. Go to <http://www.bea.gov/surveys/pdf/be125.pdf> to download a copy of the survey.*
- b. Send an email to BE-125@bea.gov for an .xls version of the BE-125.*
- c. Call (202) 606-5588 to request the survey.*

4) How do I request a filing extension for the BE-125?

A written request for an extension will be considered if it is received at least 15 days before the due date. BEA will provide a written response to such a request. Requests for extensions may also be sent via e-mail to BE-125extension@bea.gov.

5) Why did I receive the BE-125 survey?

Either you have filed a similar survey in the past, or we believe that you may have had transactions covered by this survey.

6) Why do I need to complete the BE-125?

This survey is authorized by the International Investment and Trade in Services Survey Act. U.S. entities that receive this survey from BEA, or that have transactions

with foreign persons covered by the survey, are required to complete and return the survey to BEA.

Data reported on this survey are confidential and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed on the survey cannot be presented in a manner that allows it to be individually identified. Your survey cannot be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

- 7) How should I account for mergers and acquisitions on the BE-125?
- a. *If your company was acquired by another U.S. company, please complete pages one and two of the survey and in response to question number 3 include information on the U.S. company that will now report the information required by the BE-125 survey.*
 - b. *If your company was purchased by a foreign company, complete the survey as it pertains to you and go to www.bea.gov/surveys/fdiusurv.htm for information on foreign direct investment survey requirements.*
 - c. *If your company purchased another U.S. company, your BE-125 survey should consolidate their transactions in selected services and intangible assets for the entire reporting period.*
- 8) The address and the contact person listed are no longer current. How do I update this information for the BE-125?
- a. *Cross out the incorrect information at the top of the front page of the survey and write in the new address and contact name, or*
 - b. *You may call (202) 606-5588 and we will update this information for you.*
- 9) I believe I am exempt from filing data on Schedule A, B, or C on the BE-125 survey. What do I do?

Complete pages 1 through 5 of the survey. If you do not check a box "yes" in Table 1 or Table 2 of Part 1 and you do not wish to report on a voluntary basis on Schedule A, B, or C, then mail the form to the address on the first page.

- 10) Can I fax the completed BE-125 survey?

Yes, our fax number is (202) 606-5318. It is not necessary to address it to anyone's attention.

- 11) Can I e-mail my completed BE-125 survey?

We discourage reporters from sending their completed surveys via e-mail because of concerns about confidentiality. Your e-mail is not necessarily secure against

interception by a third party. However, you can submit data securely using our efile system at www.bea.gov/efile.

12) How can I obtain a MS Excel (.xls format) version of the BE-125?

You can obtain a MS Excel version of the BE-125 by sending an email to be-125@bea.gov. This is an automated system, and will automatically send you an .xls version (this version does not include instructions).

13) Can I submit the BE-125 electronically?

Yes, you may file electronically at <http://www.bea.gov/efile>. This system allows you to download the BE-125 as a fillable PDF to your PC and then securely submit your completed form electronically to BEA.

14) Do I need to submit a hard copy of the BE-125 form if I submit the form by fax or efile?

No. A single submission, whether by mail, fax, or efile, is sufficient.

16) We purchased services from a German company, but we sent the payments to a Swiss bank. How should we report this transaction on the BE-125?

Because your transaction was with a German entity, you should report this as a transaction with Germany. Where the money actually is transmitted does not affect the geographic attribution of the transaction.

17) We provide services to a U.S. affiliate of a German company. Is this transaction applicable to the BE-125?

No. Your transaction is with a U.S. affiliate of that German company. This would be considered a domestic transaction and therefore not reported on the BE-125.

18) Are licensing of rights to intellectual property or purchases of intellectual property reported on the BE-125?

Yes. Intangible assets are covered by transaction codes 1-8 with the definition of each in part V of the General Instructions.

19) Are the purchases or sales of goods reported on the BE-125?

Goods should generally not be reported on the BE-125. However, the value of goods in connection with construction sales to foreign persons are reportable on schedule C, and merchanting services, transaction code 22, are equal to the difference between your cost and the resale price of goods that are both purchased and resold abroad.

20) Should I report on an accrual basis or cash basis on the BE-125?

All transactions should be reported on an accrual basis except telecommunication services which should be recorded on a settlement basis.

21) Should I net payments against receipts on the BE-125?

No. Please report on a gross value basis. Receipts are reported on Schedule A and payments are reported on Schedule B of the BE-125, except for transaction codes 13, 16, and 23 whose sales are reported on Schedule C. Purchases of these services are reportable on Schedule B.

22) When reporting data by country on the BE-125, can regions be used instead?

No. We collect data by country, not by region.

23) How should transactions with international organizations be reported on the BE-125?

International organizations (such as the United Nations, the World Bank, and the International Monetary Fund) are, according to balance of payments conventions, considered foreign entities, even if they are headquartered in the United States. Transactions in services with these organizations should be reported on the BE-125. Enter "Int'l Org" under "Other – Specify country" on Schedules A, B, or C and enter the data for each transaction type for which you had transactions.

24) How should I round currency amounts on the BE-125?

Report currency amounts in U.S. dollars rounded to thousands (omitting 000). For example \$1,455,328 should be reported as 1,455 and \$2,328,596 should be reported as 2,329. Amounts less than \$500 round to 0 and should, therefore, be omitted.

25) How do I indicate on the BE-125 what type of services I am selling/purchasing?

On pages 3 and 4 of the survey, each type of service or intangible asset transaction covered by the survey has a number corresponding to it (for example, advertising services are reported under transaction code 10). If you check a "yes" box in Table 1, then enter the transaction code associated with that service under "Transaction Code" on Schedule A (U.S. Reporter's Sales of Selected Services and Intangible Assets to Foreign Persons). If you check a "yes" box in Table 2, then enter the transaction code associated with that service on Schedule B (U.S. Reporter's Purchases of Selected Services and Intangible Assets from Foreign Persons). If you had transactions in some services/intangible assets that did not exceed the reporting threshold (so you checked "no"), we encourage you to report these transactions voluntarily on Schedules A, B, and C to improve the quality of BEA's data. If you have more types of services than columns provided, simply report them on the overflow sheets.

26) I have transactions with countries that are not listed on the BE-125. Should I include those on the survey?

Yes, include services transactions that you have with each individual foreign country (even those that are not listed on the form). Write in the names of the countries on the lines below where it says "Other-Specify country." If you run out of space, use the overflow sheets, making sure that you list the proper service type with the proper country.

27) My company purchased accounting, auditing, and bookkeeping services from three countries: \$200 thousand from Norway, \$500 thousand from the United Kingdom, and \$100 thousand from Venezuela (totaling \$800 thousand). How should I report the data on the BE-125?

Your purchases of \$800 thousand fell below the mandatory reporting threshold for purchases of \$4 million; therefore, you have three options:

- *You can report these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, and list the country detail.*
- *You have a second option of reporting these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, without the country detail – just report the total purchases of accounting, auditing, and bookkeeping services on line 34.*
- *If you choose not to report voluntarily as described in the two options above, you **must** report these transactions on line 5 of page 5 (in aggregate together with other transactions below the reporting threshold which you chose not to report voluntarily).*

Note - if total sales of a covered transaction with foreign persons are greater than \$6 million, or purchases of a covered transaction with foreign persons are greater than \$4 million, then you must provide the country detail (even if each country amounted to less than \$1 million).

28) Should I report all services not otherwise listed on the BE-125 under service code 31, Other selected services?

*Yes. Other selected services include all services transactions that are not separately listed and are not specifically excluded. This category **excludes** sales of financial services (which are covered on a separate BEA survey); income on financial instruments (including interest, dividends, capital gains, etc.); taxes, penalties and fines, gifts or grants; and transportation or travel-related services provided to individual travelers (including hotel accommodation and restaurant meals). Other selected services **include** (but are not limited to) funding (U.S. receipts and U.S. purchases) of the news-gathering costs of broadcasters, news-gathering costs of the print media or of broadcast program material other than news, production costs of motion pictures, and costs of maintaining sales promotion and representation offices*

including government tourism and business promotion offices. Also included are sales or purchases of account collection services; agricultural services; employment agency and temporary help supply services; language translation services; mailing, reproduction, and commercial art; business-to-business medical services such as radiology examination services (medical services provided to individual patients rather than to businesses are excluded); salvage services; satellite photography and remote sensing/satellite imagery services; security services; space transport (includes satellite launches and transport associated with scientific experiments or space passenger transport); transcription services; and waste treatment and depollution services. See instructions for a definition of services and a fuller discussion of the coverage of this survey.

- 29) My company has been hired by the U.S. Government to provide educational and training services to organizations located in India. Are such transactions reportable on the BE-125?

Grants to perform services abroad must be reported in the year that they are accrued if they are from U.S. Government nonmilitary agencies, such as the Agency for International Development and the United States Information Agency, or that are part of an aid or technical cooperation program of the Government with foreign persons. However, do not report services provided to the U.S. Department of Defense or any of its agencies, such as the Army Corp of Engineers.

If you are providing a service other than construction, engineering, or mining on behalf of U.S. Government non-military agency, please report on schedule A of the form the full amount of the contract you accrued on your books for the quarter as a receipt from the country for whom you are providing the service (in this case India). Then on schedule B of the form please report your foreign purchases of services as a purchase from the country where those expenses were incurred. For example, if you leased computer equipment in India used in conjunction with the educational and training services you provided there, then report those expenses as a purchase of operational leasing services from India.

- 30) Can we use estimates when filling out the BE-125?

Estimates are allowed to be used if actual data are not available and estimates are labeled as such.

- 31) We provide services to one of our foreign affiliates. Is this reportable on the BE-125?

Yes. Your transaction is with one of your foreign affiliates and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Affiliates.

- 32) We provide services to our foreign parent. Is this reportable on the BE-125?

Yes. Your transaction is with your foreign parent and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Parent(s) & Foreign Affiliates of Foreign Parent(s).

- 33) We provide services to a foreign affiliate of a foreign parent. Is this reportable on the BE-125?

Yes. Your transaction is with a foreign affiliate of a foreign parent and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Parent(s) & Foreign Affiliates of Foreign Parent(s).

- 34) At what level should data reported on the BE-125 be consolidated?

Data reported on the BE-125 should be consolidated and reported at the top U.S. reporter's level. A consolidated BE-125 will cover all of your U.S. domestic operations' transactions with unaffiliated foreign persons (same as BE-25/BE-22) and it will also cover your U.S. domestic operations' transactions with your foreign affiliates, foreign parents, and members of your affiliated foreign group for services and intangibles. The BE-125 WILL NOT cover transactions by your foreign affiliates with other foreign persons.

- 35) If I am submitting a BE-125, will I still be required to complete a BE-577 or a BE-605?

Yes. Forms BE-577 and BE-605 continue to be mandatory. However, data on your services transactions are no longer covered by these forms, effective with data for the first calendar quarter of 2007.

- 36) What types of "allocated expenses" are reportable on the BE-125 under transaction code 21, Management, Consulting, and Public Relations Services?

*This category covers management services, consulting services, public relations service, and amounts received by a parent company from its affiliates for general overhead and stewardship. It excludes consulting engineering services related to actual or proposed construction projects (report under transaction number 16); computer consulting (report under transaction number 12); and public relations services that are an integral part of an advertising campaign (report under transaction code 10). It also excludes transactions between parent companies and affiliates that are identifiable as arising from the provision of advertising, accounting, legal, R&D, etc. services, even if these amounts represent reimbursements of sums paid to third parties. That is, transactions between parent companies and affiliates should **not** be reported in management services if they can instead be reported in another services category.*