

**QUARTERLY SURVEY OF TRANSACTIONS IN SELECTED SERVICES
AND INTANGIBLE ASSETS WITH FOREIGN PERSONS****(This report is mandatory and confidential.)**

Name and address of U.S. reporter –

Enter or correct as necessary

10001
10002
10003
10004

Complete and file this form or file electronically at www.bea.gov/efile.

Assistance is available at (202) 606-5588, M-F 8:30 A.M. – 5:00 P.M., eastern time.

How to file:

- Step 1. Verify or correct name and address of the U.S. reporter named in the mailing label and complete Part 1.
- Step 2. Complete Part 2 and Schedules A, B, and C based on the instructions given in Part 2.
- Step 3. File the completed form within 45 days after the close of each fiscal quarter (or within 90 days after the close of the final quarter of your fiscal year) .

By mailing to: U.S. Department of Commerce
Bureau of Economic Analysis
BE-50 (SSB)
Washington D.C. 20230

delivering to: U.S. Department of Commerce
Bureau of Economic Analysis
BE-50 (SSB)
Shipping and Receiving Section M-100
1441 L Street, N.W.
Washington D.C. 20005

faxing to : (202) 606-5318

or file electronically at: www.bea.gov/efile

Part 1 – Section A

1. Person to consult concerning questions about this report

1. Name
2. Title
3. Telephone number ()
4. Fax number ()
5. E-mail address

3. **Certification** – The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with IV. G of the General Instructions, estimates may have been prepared where the data are not available from customary accounting records or precise data could not be obtained without undue burden.

2. May we use e-mail to correspond with you to discuss questions relating to this form, including questions that may contain information about your company that you may consider confidential? (Note: Electronic mail is not inherently confidential. We will treat information we receive as confidential but your e-mail is not necessarily secure against interception by a third party.)

1 Yes2 No

Authorized official's signature

Print or type name and title

Date

Section B – Determination of Reporting Status

If sales to foreign persons of an individual type of intangible asset or service exceeded \$6 million last fiscal year or are expected to exceed \$6 million this fiscal year, then for that type of transaction, you **must** (a) check “yes” on the appropriate row(s) of column 1 of Table 1; **and** (b) report transactions for the most recent quarter by individual foreign country on Schedule A and/or C, as appropriate.

If sales of an individual type of intangible asset or service were \$6 million or less last fiscal year and are expected to be \$6 million or less this fiscal year, then for that type of transaction, you **must** check “no” and either complete the Basis for Not Reporting Data **or** report the data voluntarily. You are encouraged to report the data voluntarily, because these data will make the aggregate totals more complete and accurate. To provide more detailed information report voluntary data on Schedule A and/or C, as appropriate.

For Table 1, mark (X) “Yes” or “No” next to each type of transaction, to indicate whether your company’s total transactions with foreign persons exceeded \$6 million for the last fiscal year or are expected to exceed \$6 million for this fiscal year.

NOTE: Reporting status is based on annual transactions (actual and/or expected), but amounts reported on the schedules are for the most recent quarter.

SALES TO (RECEIPTS FROM) AFFILIATED AND UNAFFILIATED FOREIGN PERSONS

Table 1		Had total transactions exceeding \$6 million during the last fiscal year or expected to exceed \$6 million this fiscal year? (check box)		If yes, report country detail for quarterly transactions on:
Transaction Code	Types of transactions	Yes	No	
	Receipts for intangible assets			
1.	Rights related to industrial processes and products			Schedule A
2.	Rights related to books, compact discs, audio tapes, etc.			Schedule A
3.	Rights related to trademarks, etc.			Schedule A
4.	Rights related to performances and events pre-recorded on motion picture film and TV tape			Schedule A
5.	Rights related to broadcast and recording of live performances and events			Schedule A
6.	Rights related to general use computer software			Schedule A
7.	Business format franchising fees			Schedule A
8.	Other intangible assets			Schedule A
	Receipts for selected services			
9.	Accounting, auditing, and bookkeeping services			Schedule A
10.	Advertising services			Schedule A
11.	Auxiliary insurance services			Schedule A
12.	Computer and data processing services			Schedule A
13.	Construction services			Schedule C
14.	Data base and other information services			Schedule A
15.	Educational and training services			Schedule A
16.	Engineering, architectural, and surveying services			Schedule C
17.	Financial services			
18.	Industrial engineering services			Schedule A
19.	Industrial-type maintenance, installation, alteration, and training services			Schedule A
20.	Legal services			Schedule A
21.	Management, consulting, and public relations services (including expenses allocated by U.S. parent to its foreign affiliates)			Schedule A
22.	Merchanting services			Schedule A
23.	Mining services			Schedule C
24.	Operational leasing services			Schedule A
25.	Trade-related services, other than merchanting services			Schedule A
26.	Performing arts, sports, and other live performances, presentations, and events			Schedule A
27.	Premiums paid on primary insurance			
28.	Losses recovered on primary insurance			
29.	Research, development, and testing services			Schedule A
30.	Telecommunications services			Schedule A
31.	Other selected services*			Schedule A

* Sales of other selected services **include** all services transactions that are not separately listed above and are not specifically excluded. This category includes (but is not limited to) funding (U.S. receipts) 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 to maintain sales promotion and representation offices including government tourism and business promotion offices. Also included are sales 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. Sales of other selected services **exclude** 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 of freight or passengers; and travel-related services provided to individual travelers (including hotel accommodation and restaurant meals). See instructions for a definition of services and a fuller discussion of the coverage of this survey.

If purchases from foreign persons of an individual type of intangible asset or service exceeded \$4 million last fiscal year or are expected to exceed \$4 million this fiscal year, then for that type of transaction, you **must** (a) check “yes” on the appropriate row(s) of column 1 of Table 2; and (b) report transactions for the most recent quarter by individual foreign country on Schedule B.

If purchases of an individual type of intangible asset or service were \$4 million or less last fiscal year and are expected to be \$4 million or less this fiscal year, then for that type of transaction, you **must** check “no” and either complete the Basis for Not Reporting Data or report the data voluntarily. You are encouraged to report the data voluntarily, because these data will make the aggregate totals more complete and accurate. To provide more detailed information report voluntary data on Schedule B.

For Table 2, mark (X) “Yes” or “No” next to each type of transaction, to indicate whether your company’s total transactions with foreign persons exceeded \$4 million for the last fiscal year or are expected to exceed \$4 million for this fiscal year.

NOTE: Reporting status is based on annual transactions (actual and/or expected), but amounts reported on the schedules are for the most recent quarter

PURCHASES FROM (PAYMENTS TO) FOREIGN PERSONS

Table 2		Had total transactions exceeding \$4 million during the last fiscal year or expected to exceed \$4 million this fiscal year? (check box)		If yes, report country detail for quarterly transactions on:
Transaction Code	Types of transactions	Yes	No	
Payments for intangible assets				
1.	Rights related to industrial processes and products			Schedule B
2.	Rights related to books, compact discs, audio tapes, etc.			Schedule B
3.	Rights related to trademarks, etc.			Schedule B
4.	Rights related to performances and events pre-recorded on motion picture film and TV tape			Schedule B
5.	Rights related to broadcast and recording of live performances and events			Schedule B
6.	Rights related to general use computer software			Schedule B
7.	Business format franchising fees			Schedule B
8.	Other intangible assets			Schedule B
Payments for selected services				
9.	Accounting, auditing, and bookkeeping services			Schedule B
10.	Advertising services			Schedule B
11.	Auxiliary insurance services			Schedule B
12.	Computer and data processing services			Schedule B
13.	Construction services			Schedule B
14.	Data base and other information services			Schedule B
15.	Educational and training services			Schedule B
16.	Engineering, architectural, and surveying services			Schedule B
17.	Financial services			Schedule B
18.	Industrial engineering services			Schedule B
19.	Industrial-type maintenance, installation, alteration, and training services			Schedule B
20.	Legal services			Schedule B
21.	Management, consulting, and public relations services (including expenses allocated by a foreign parent to its U.S. affiliates)			Schedule B
22.	Merchanting services			
23.	Mining services			Schedule B
24.	Operational leasing services			Schedule B
25.	Trade-related services, other than merchanting services			Schedule B
26.	Performing arts, sports, and other live performances, presentations, and events			Schedule B
27.	Premiums paid on primary insurance			Schedule B
28.	Losses recovered on primary insurance			Schedule B
29.	Research, development, and testing services			Schedule B
30.	Telecommunications services			Schedule B
31.	Other selected services*			Schedule B

* Purchases of other selected services include all services transactions that are not separately listed above and are not specifically excluded. This category includes (but is not limited to) funding (U.S. payments) 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 to maintain sales promotion and representation offices including government tourism and business promotion offices. Also included are 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. Purchases of other selected services **exclude** purchases of financial services by financial services firms (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 freight or passengers; and travel-related services provided to individual travelers (including hotel accommodation and restaurant meals). See instructions for a definition of services and a fuller discussion of the coverage of this survey.

Part 2

1. What period does this quarterly report cover?

Beginning date

Month	Day	Year

Ending date....

Month	Day	Year
		2007

2. Enter the 4-digit code that best describes the major activity of the U.S. reporter from the Summary of Industry Classifications found on pages xxx and xxx of the General Instructions.

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3. What is the primary Employer Identification Number used by the U.S. reporter to file U.S. income or payroll taxes?

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4. Was the U.S. reporter in existence, as an independent company, during the entire reporting period?

1 Yes – Skip question 5

2 No – If purchased by another U.S. company complete 5 below. Otherwise, complete the report for the time that you were in existence and, in comments section below, explain why you did not exist as a separate company for a part of the period

5. During the reporting period identified in 1, did another U.S. person or entity own more than 50 percent of the voting stock of the U.S. reporter named in the mailing label on page 1?

1 Yes – Enter the name and address of the controlling U.S. person or entity in the box below, check box B of the **Basis For Not Reporting Data** below, and please return this form according to the instructions on page 1.

Name		
Street		
City	State	Zip Code

2 No – Continue with completion of the form.

Comments:

Basis For Not Reporting Data – Mark (X) in one box (A-E) if you are not reporting data on Schedules A - C

1. The U.S. Reporter has **not** reported data on any schedule of this form because it –.

A Was not in existence at any time during the reporting period.

B Was owned to the extent of more than 50% of its voting stock by another U.S. person for the entire reporting period.

C Had no transactions, either sales or purchases, of the types covered, with foreign persons.

D Had transactions, either sales or purchases, of the types covered but the value of these transactions did not exceed the threshold for mandatory reporting (either for sales or purchases) and the U.S. reporter does not choose to report voluntarily. The total amount of these transactions with foreign persons for the most recent fiscal or calendar quarter, for all services or intangible assets combined, was approximately

Sales

Purchases

2. The U.S. Reporter has reported data (sales and/or purchases) on one or more schedules of this form, but the U.S. Reporter also has not reported some transactions listed in tables 1 and 2, because –

E The value of transactions in one or more individual types covered did not exceed the threshold for mandatory reporting, and the U.S. Reporter chooses not to report these transactions (sales and/or purchases) voluntarily. The total amount of transactions with foreign persons for the quarter indicated in question 1 above, for all services and intangible assets combined, **not** reported on any schedules of this form, was approximately

Sales

Purchases

SCHEDULE A – SALES OF SELECTED SERVICES AND INTANGIBLE ASSETS TO FOREIGN PERSONS

- If sales to (receipts from) foreign persons of a particular type of intangible asset or service exceeded \$6 million in the past fiscal year or are expected to exceed \$6 million in the current fiscal year, then you are **required** to report transactions by country for the most recent quarter for that type of transaction on Schedule A. The all countries total should be reported on line 33 with the country detail reported on lines 1 through 32. If you need additional pages to report the country detail, then make additional copies of this schedule.
- If sales to (receipts from) foreign persons of a particular type of intangible asset or service were \$6 million or less in the past fiscal year and are expected to be \$6 million or less in the current fiscal year, then you are **requested** to report transactions by country for the most recent quarter for that type of transaction on Schedule A. The all countries total may be reported on line 33 with the country detail reported on lines 1 through 32, or you may report only the all countries total on line 34.

Enter the transaction code associated with the type of transaction, instead of the complete title of the transaction, in the column heading on Schedule A. See V. of the General Instructions for complete descriptions of the transactions covered. If you are reporting transactions for more than three types of intangible assets or services, then make additional copies of this schedule or use the overflow sheets provided in BE-125 package.

Separate transactions for a type of service based on your relationship with the purchaser. For example, if you provided advertising services to a foreign affiliate and to an unaffiliated foreign person, then you would enter “10” for advertising services under the heading “Transaction code” and enter the appropriate dollar amounts in the columns under “Foreign affiliates” and “Unaffiliated foreign persons.”

If you report data under transaction code 8, other intangible assets or transaction code 31, other selected services, then specify the major type of intangible asset or service sold on line 35.

Note that sales of transaction code 13, construction services; transaction code 16, engineering, architectural, and surveying services; and transaction code 23, mining services should be reported on Schedule C.

Transaction Code	Types of Transactions
	Receipts for intangible assets
1.	Rights related to industrial processes and products
2.	Rights related to books, compact discs, audio tapes, etc
3.	Rights related to trademarks, etc.
4.	Rights related to performances and events pre-recorded on motion picture film and TV tape
5.	Rights related to broadcast and recording of live performances and events
6.	Rights related to general use computer software
7.	Business format franchising fees
8.	Other intangible assets
	Sales of selected services
9.	Accounting, auditing, and bookkeeping services
10.	Advertising services
11.	Auxiliary insurance services
12.	Computer and data processing services
14.	Data base and other information services
15.	Educational and training services
18.	Industrial engineering services
19.	Industrial-type maintenance, installation, alteration, and training services
20.	Legal services
21.	Management, consulting, and public relations services (including expenses allocated by U.S. parent to its foreign affiliates)
22.	Merchanting services
24.	Operational leasing services
25.	Trade-related services, other than merchanting services
26.	Performing arts, sports, and other live performances, presentations, and events
29.	Research, development, and testing services
30.	Telecommunications services
31.	Other selected services

SCHEDULE A -- U.S. Reporter's Sales of Selected Services and Intangible Assets to Foreign Persons

SALES TO	Transaction code			Transaction code		
	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons
BEA USE ONLY						
Mandatory data						
1. Australia						
2. Belgium						
3. Brazil						
4. Canada						
5. China						
6. France						
7. Germany						
8. Hong Kong						
9. India						
10. Israel						
11. Italy						
12. Japan						
13. Luxembourg						
14. Mexico						
15. Netherlands						
16. Philippines						
17. Saudi Arabia						
18. South Korea						
19. Spain						
20. Sweden						
21. Switzerland						
22. Taiwan						
23. United Kingdom						
24. Venezuela						
Other – Specify country						
25. _____						
26. _____						
27. _____						
28. _____						
29. _____						
30. _____						
31. _____						
32. _____						
33. All countries, total						
34. Voluntary data – complete if total sales for type of transaction are \$6 million or less annually.						
35. If you reported data under transaction code 8 , Other intangible assets or transaction code 31, Other selected services, specify the major type of intangible asset or service:						

SCHEDULE B – PURCHASES OF SELECTED SERVICES AND INTANGIBLE ASSETS FROM FOREIGN PERSONS

- If purchases from (payments to) foreign persons of a particular type of intangible asset or service exceeded \$4 million in the past fiscal year or are expected to exceed \$4 million in the current fiscal year, then you are **required** to report transactions by country for the most recent quarter for that type of transaction on Schedule B. The all country total should be reported on line 33 with the country detail reported on lines 1 through 32. If you need additional pages to report the country detail, then make additional copies of this schedule.
- If purchases from (payments to) foreign persons of a particular type of intangible asset or service were \$4 million or less in the past fiscal year and are expected to be less than \$4 million in the current fiscal year then you are **requested** to report transactions by country for the most recent quarter for that type of transaction on Schedule B. The all countries total may be reported on line 33 with the country detail reported on lines 1 through 32, or you may report only the all countries total only on line 34.

Enter the transaction code associated with the type of transaction, instead of the complete title of the transaction, in the column heading on Schedule B. See V. of the General Instructions for complete descriptions of the transactions covered. If you are reporting transactions for more than three types of intangible assets or services, then make additional copies of this schedule or use the overflow sheets provided in BE-125 package.

If you report data under transaction code 8, other intangible assets or transaction code 31, other selected services, then specify the major type of intangible asset or service purchased on line 35.

Separate transactions for a type of service based on your relationship with the seller. For example, if you purchased advertising services from a foreign affiliate and from an unaffiliated foreign person, then you would enter “10” for advertising services under the heading “Transaction code” and enter the appropriate dollar amounts in the columns under “Foreign affiliates” and “Unaffiliated foreign persons.”

Transaction Code	Types of Transactions
	Purchases of intangible assets
1.	Rights related to industrial processes and products
2.	Rights related to books, compact discs, audio tapes, etc.
3.	Rights related to trademarks, etc.
4.	Rights related to performances and events prerecorded on motion picture film and TV tape
5.	Rights related to broadcast and recording of live performances and events
6.	Rights related to general use computer software
7.	Business format franchising fees
8.	Other intangible assets
	Purchases of selected services
9.	Accounting, auditing, and bookkeeping services
10.	Advertising services
11.	Auxiliary insurance services
12.	Computer and data processing services
13.	Construction services
14.	Data base and other information services
15.	Educational and training services
16.	Engineering, architectural, and surveying services
17.	Financial services
18.	Industrial engineering services
19.	Industrial-type maintenance, installation, alteration, and training services
20.	Legal services
21.	Management, consulting, and public relations services (including expenses allocated by a foreign parent to its U.S. affiliates)
23.	Mining services
24.	Operational leasing services
25.	Trade-related services, other than merchanting services
26.	Performing arts, sports, and other live performances, presentations, and events
27.	Premiums paid on primary insurance
28.	Losses recovered on primary insurance
29.	Research, development, and testing services
30.	Telecommunications services
31.	Other selected services

SCHEDULE B -- U.S. Reporter's Purchases of Selected Services and Intangible Assets from Foreign Persons

PURCHASES FROM	Transaction code			Transaction code		
	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons
BEA USE ONLY						
Mandatory data						
1. Australia						
2. Belgium						
3. Brazil						
4. Canada						
5. China						
6. France						
7. Germany						
8. Hong Kong						
9. India						
10. Israel						
11. Italy						
12. Japan						
13. Luxembourg						
14. Mexico						
15. Netherlands						
16. Philippines						
17. Saudi Arabia						
18. South Korea						
19. Spain						
20. Sweden						
21. Switzerland						
22. Taiwan						
23. United Kingdom						
24. Venezuela						
Other – Specify country						
25. _____						
26. _____						
27. _____						
28. _____						
29. _____						
30. _____						
31. _____						
32. _____						
33. All countries, total						
Voluntary data – complete if total purchases for type of transaction are \$4 million or less annually.						
34. _____						
35. If you reported data under transaction code 8 , Other intangible assets or transaction code 31, Other selected services, specify the major type of intangible asset or service:						

SCHEDULE C – SALES OF CONSTRUCTION SERVICES; ENGINEERING, ARCHITECTURAL, AND SURVEYING SERVICES; AND MINING SERVICES TO FOREIGN PERSONS

- If sales to foreign persons (gross operating revenues) of a particular type of service exceeded \$6 million in the past fiscal year or are expected to exceed \$6 million in the current fiscal year, then you are **required** to report transactions by country for the most recent quarter for that type of transaction on Schedule C. The all countries total should be reported on line 33 with the country detail reported on lines 1 through 32. If you need additional pages to report the country detail, then make additional copies of this schedule.
- If sales to foreign persons (gross operating revenue) of a particular type of service were \$6 million or less in the past fiscal year and are expected to be \$6 million or less in the current fiscal year, then you are **requested** to report transactions by country for the most recent quarter for that type of transaction on Schedule C. The all countries total may be reported on line 33 with the country detail reported on lines 1 through 32, or you may report only the all countries total only on line 34.

Enter the transaction code associated with the type of transaction, instead of the complete title of the transaction, in the column heading on Schedule C. See V. of the General Instructions for complete descriptions of the transactions covered. If you are reporting transactions for more than two types of transactions, then make additional copies of this schedule or use the overflow sheet provided in BE-125 package.

Separate transactions for a type of service based on your relationship with the purchaser. For example, if you provided construction services to a foreign affiliate and to an unaffiliated foreign person, then you would enter “13” for construction services under the heading “Transaction code” and enter the appropriate dollar amounts for gross operating revenues, goods exports, and/or foreign expenses or disbursements in the columns under “Foreign affiliates” and “Unaffiliated foreign persons.”

Gross operating revenues – Report revenues (sales) as recorded on your books for the value of services provided and/or construction completed during the reporting period (not when actual payment is received).

Merchandise exports – Report the value of merchandise exports from the United States during the reporting period that were made in connection with projects. Exports should include the value of equipment, supplies, materials, etc., and should equal the amounts reported on the Shippers Export Declarations filed with the U.S. Bureau of Customs plus the cost of transporting the goods to foreign destinations. Exclude temporary exports of equipment or other goods that are intended to be returned to the United States in substantially the same condition as when exported.

Foreign expenses or disbursements – Report salaries and wages transmitted or disbursed abroad; expenses or outlays for services (including purchases from foreign subcontractors), material, and equipment purchases abroad; and other foreign expenses (e.g., local taxes and fees for permits). (Do not report purchases of material and equipment for import into the United States.)

Transaction
Code

	Type of transaction
13.	Construction services
16.	Engineering, architectural, and surveying services
23.	Mining services

Public reporting burden for this BE-125 report is estimated to average 16 hours per response. This burden includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate to Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project 0608-0067, Washington, DC 20503.

Purpose – The Quarterly Survey of Transactions in Selected Services and Intangible Assets with Foreign Persons is conducted by the Department of Commerce to obtain data on the size and economic significance of these transactions. A prior quarterly survey, BE-25 Quarterly Survey of Transactions Between U.S. and Unaffiliated Foreign Persons in Selected Services and in Intangible Assets has been conducted since 2004, but covered only transactions with unaffiliated foreign persons. The information collected will be used to help support trade negotiations, formulate U.S. policy, and analyze the impact of that policy and the policies of foreign countries, on international trade in services. The data will also be used in compiling the U.S. international transactions and national income and product accounts.

Authority – This survey is being conducted under the authority of the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended– hereinafter "the Act"), and the filing of reports is mandatory under Section 5(b)(2) of the Act (22 U.S.C. 3104). Regulations for the survey may be found in 15 CFR Part 801.

Penalties -- Whoever fails to report may be subject to a civil penalty of not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. These civil penalties are subject to inflationary adjustments. Those adjustments are found in 15 CFR 6.4. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violations, upon conviction, may be punished by a like fine, imprisonment, or both. (See 22 U.S.C. 3105.) Notwithstanding the above, a U.S. person is not subject to any penalty for failure to report if a valid Office of Management and Budget (OMB) control number is not displayed on the form; such a number (0608-0067) is displayed at the top of the first page of this form.

Confidentiality – The Act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

NOTES –

1. A single original copy of this report must be filed with the Bureau of Economic Analysis (BEA); please use the copy with the address label if such a labeled copy has been provided.
2. Currency amounts should be reported in U.S. dollars rounded to thousands (omitting 000). **EXAMPLE** - If the amount is \$1,000,000, report as \$1,000. Amounts less than \$500.00 round to "0" and should, therefore, be omitted.

I. WHO IS TO REPORT AND GENERAL COVERAGE

A. Who is to report and transactions to be reported

1. Mandatory reporting – A BE-125 report is **required** from each U.S. person (See General Instruction II. G. for definition of person.) that had sales in excess of \$6,000,000 or purchases in excess of \$4,000,000 with foreign persons in any of the services or intangible assets listed in V. of these General Instructions during the U.S. person's prior fiscal year or for which sales or purchases are expected to exceed that amount during the current fiscal year. The determination of whether a U.S. person is subject to this mandatory reporting requirement may be judgmental, that is, based on the judgment of knowledgeable persons in a company who can identify reportable transactions on a recall basis, with a reasonable degree of certainty without conducting a detailed records search. Reporters who must report sales pursuant to this mandatory requirement must complete Table 1 and Schedules A and/or C of this form, and reporters who must report purchases pursuant to this mandatory requirement must complete Table 2 and Schedule B of this form. The total amounts of transactions applicable to a particular schedule are to be entered in the appropriate column(s) on line 33 of the schedule. In addition, these amounts must be distributed above line 33 to the country(ies) involved in the transaction(s).

2. Voluntary reporting – If, during the U.S. person's fiscal year, the U.S. person's total sales were \$6,000,000 or less and total purchases were \$4,000,000 or less in any of the types of services or intangible assets listed in V. of these General Instructions, for the past fiscal year and for the current fiscal year, then the U.S. person is requested to provide an estimate of the total for each type of service or intangible asset on the appropriate schedule(s). Provision of this information is voluntary. The estimates may be judgmental, that is, based on recall, without conducting a detailed records search. Voluntary data should be entered onto line 34 of Schedule A or C for sales and Schedule B for purchases for the type of service or intangible asset transaction that you are reporting. (If information on the countries of the transactions is available, it would be helpful if the transactions were reported on lines 1 through 33 on Schedule A, B, or C; however, disaggregation by country is not required.) Reporters who elect to file pursuant to the voluntary reporting option must complete Parts 1 and 2 of the form.

3. Exemption – A U.S. person that receives this form from BEA but is not required to report data on a mandatory basis, and that has no transactions in the types covered elects not to report data on a voluntary basis, must complete Parts 1 and 2, including the "Basis for Not Reporting Data."

B. BE-125 Definition of Services -- Services transactions consist of receipts and payments for services as commonly defined and understood (examples are given below) as well as transactions in certain other "intangibles" or "nonvisibles", including transactions in patents and copyrights, and charges that may be recorded in business accounting records under variety of names, such as allocated expenses, headquarter expenses, or miscellaneous charges. (However, not all services transactions are covered by the BE-125 survey – see below for a list of exclusions.) For example, services transactions include receipts and payments for the following categories of services:

1. Education, financial, construction, telecommunications, and other private services, including rents under operating leases.
2. Rights to use or acquire or sell intangible assets such as patents, trademarks, copyrights, formulae, etc.
3. Charges that companies assess against their foreign units for overhead, management services, R&D, advertising, and other support activities.

Services transactions exclude the following categories:

1. Purchases or sales of goods. Trade in goods involves products that have a physical form, and includes purchases or sales of electricity.
2. Purchases or sales of financial instruments, including stocks, bonds, financial derivatives, loans, mutual fund shares, and negotiable CDs. (However, securities brokerage is a service.) Also excludes premiums (and losses or benefits) on insurance policies and annuities.
3. Income on financial instruments (interest, dividends, capital gain distributions, etc).
4. Compensation paid to, or received by, employees.
5. Taxes, penalties and fines, gifts or grants (sometimes called "unilateral transfers").

For additional clarifications of reporting requirements, please read the BE-125 survey instructions, or call (202) 606-5588.

C. BE-125 definition of sales (receipts) or purchases (payments)

It should be noted that an item other than sales or purchases may be used as the measure of a given service for purposes of determining whether the threshold for mandatory reporting of the service is exceeded. Note that in several cases – advertising; telecommunications; performing arts, etc.; merchandising; miscellaneous disbursements (included in transaction number 31 in V. of these General Instructions); – measures other than, or in addition to, sales or purchases of services should be used. See V. of these General Instructions for an explanation of what measure should be applied in determining whether you are subject to the BE-125 survey's mandatory reporting requirements for a given service.

D. Clarification of coverage and special situations

1. **Reporting period** – Form BE-125 is a quarterly report; one report is to be filed for each fiscal quarter of the year.
2. **Date of recording transactions** – Transactions are to be reported on an accrual basis. However, telecommunications services should be reported on a settlement basis.
3. **Withholding taxes** – Data should be reported gross of U.S. and foreign withholding taxes.

4. **Services covered regardless of where performed** – Services sold to, or purchased from, foreign persons should be reported regardless of whether the services were performed in the United States or abroad.
5. **Services or intangible assets bundled with goods or with other services and not separately valued** – When a sale or purchase consists of both goods and services or intangible assets, or of several services or intangible assets, that cannot be unbundled (i.e., the goods and/or services/intangible assets are not separately valued), it should be classified based on whichever accounts for a majority of the value or on the basis of the reporter’s customary practice.
6. **Accounting for purchases** – Purchases of services or intangible assets should be included without regard to whether they are charged as an expense on the income statement, capitalized, or charged to inventories.
7. **Partnerships** – A partnership is a business enterprise and must report if it has transactions covered by this survey. The report must be for, and the data and information must cover, the partnership as a whole, not just the activities of an individual partner.
8. **Projects with U.S. Government nonmilitary agencies** – Report information on services that are provided abroad for 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 Corps of Engineers.
9. **International organizations** – Report transactions with international organizations, which, according to balance of payments conventions, are considered foreign persons even if they are headquartered in the United States. Enter the abbreviated designation, “Int’l Org.” as the name of the country of the foreign party to the transaction.
10. **Internet transactions** – Reporting requirements are determined by who the transactions are with and not by where the services are performed or the location of the buyer and seller at the time of the transaction. Thus, reportable transactions include those conducted over the Internet or other networks.

E. Consolidation

If the U.S. Reporter is a corporation, please complete Form BE-125 to cover reportable transactions for the fully consolidated U.S. domestic enterprise consisting of (i) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and, proceeding down each ownership chain from that U.S. corporation, (ii) any U.S. corporation whose voting securities are more than 50-percent owned by the U.S. corporation above it.

The fully consolidated U.S. domestic enterprise excludes foreign branches and other foreign affiliates.

Conditions may exist that would lead a U.S. corporation to exclude certain majority-owned (more than 50-percent owned) domestic subsidiaries from financial statements used in reports to shareholders. If such a subsidiary has covered transactions, it must file a report under its own name, and the subsidiary will be considered the U.S. reporter for purposes of this survey.

II. DEFINITIONS

- A. **Services** are economic activities whose outputs are other than tangible goods. This term includes, but is not limited to, banking, other financial services, insurance, transportation, communications and data processing, retail and wholesale trade, advertising, accounting, construction, design, engineering, management consulting, real estate, professional services, entertainment, education, and health care.
- B. **Financial services** include trading, issuing, dealing, underwriting, lending, custody, etc., of financial instruments; financial advisory or management services; credit-related services (including establishing, maintaining, or arranging credits, letters of credit, lines of credit, mortgages, etc.); financial rating services; electronic funds transfer services; insurance services; etc. These services typically are performed by firms classified in Sector 52 – Finance and Insurance – of the North American Industry Classification System United States, 2002 (see I.I.C. below).
- C. **Financial services provider** - Except for Monetary Authorities (i.e., Central Banks) the definition of financial services providers used for this survey is identical in coverage to Sector 52, Finance and Insurance, and

holding companies from Sector 55 of the North American Industry Classification System United States, 2002.

- D. **U.S. reporter** is the U.S. person filing a report in this survey (see I.E. for further clarification).
- E. **United States**, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.
- F. **Foreign**, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.
- G. **Person** means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government sponsored agency).
 1. **United States person** means any person resident in the United States or subject to the jurisdiction of the United States.
 2. **Foreign person** means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.
- H. **Business enterprise** means any organization, association, branch or venture which exists for profit making purposes or to otherwise secure economic advantage, and any ownership of any real estate. (A business enterprise is a "person" within the definition in paragraph G above.)
- I. **Direct investment** means the ownership or control, directly or indirectly, by one person of 10 percent or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.
- J. **Parent** means a person of one country who, directly or indirectly, owns or controls 10 percent or more of the voting stock of an incorporated business enterprise, or an equivalent ownership interest in an unincorporated business enterprise, which is located outside that country.
 1. **U.S. parent** means the U.S. person that has direct investment in a foreign business enterprise.
 2. **Foreign parent** means the foreign person, or the first person outside the United States in a foreign chain of ownership, which has direct investment in a U.S. business enterprise, including a branch.
- K. **Affiliated foreign group** means (i) the foreign parent, (ii) any foreign person, proceeding up the foreign parent’s ownership chain, which owns more than 50 percent of the person below it up to and including that person which is not owned more than 50 percent by another foreign person, and (iii) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 percent by the person above it.
- L. **Affiliate** means a business enterprise located in one country that is directly or indirectly owned or controlled by a person of another country to the extent of 10 percent or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.
 1. **Foreign affiliate** means an affiliate located outside the United States in which a U.S. person has direct investment.
 2. **U.S. affiliate** means an affiliate located in the United States in which a foreign person has direct investment.
- M. **Affiliated foreign person** means, with respect to a given U.S. person, (i) a foreign affiliate of which the U.S. person is a U.S. parent, or (ii) the foreign parent or other member of the affiliated foreign group of which the U.S. person is a U.S. affiliate.
- N. **Unaffiliated foreign person** means, with respect to a given U.S. person, any foreign person that is not an affiliated foreign person as defined in paragraph M above.
- O. **Fiscal year** is the U.S. reporter’s financial reporting year.
- P. **Country** means, for purposes of this survey, the country of location of the foreign person with whom a transaction has occurred.

III. GUIDELINES FOR CATEGORIZING ACTIVITIES

A. Distinguishing between unaffiliated and affiliated transactions

This survey covers U.S. persons' direct transactions, both sales and purchases, with affiliated and unaffiliated foreign persons.

Examples of affiliated transactions are:

1. A transaction between a U.S. person (U.S. parent) and its foreign affiliate.
2. A transaction between a U.S. person (U.S. affiliate) and its foreign parent(s) or member(s) of the affiliated foreign group(s).

Examples of unaffiliated transactions are:

1. A transaction between a U.S. person and an unaffiliated foreign person.
2. A transaction between one U.S. person and another U.S. person's foreign affiliate. Such a transaction is reportable by the first U.S. person.

Examples of transactions that are **not** reportable are:

1. A transaction between a U.S. affiliate of a foreign parent and another U.S. person.
2. A transaction between a U.S. parent's foreign affiliate and another foreign person.

B. Foreign activities of a U.S. person that do not constitute a foreign affiliate

Although the definitions of direct investment and foreign affiliate in II. above, together with the discussion in III.A. above, should be sufficient to determine whether a given foreign activity is or is not a foreign affiliate, in a number of cases the determination may be difficult. Several factors to be considered are given below. If you still cannot determine if the activity or operation is an affiliate, call (202) 606-5588 for additional guidance.

If a U.S. person's foreign activity or operation is incorporated abroad, it is a foreign affiliate.

If a U.S. person's foreign activity or operation is **not** incorporated abroad, its status is based on the weight of the evidence when the factors listed below are considered.

An unincorporated foreign activity or operation generally **would be** considered a foreign affiliate if it: (i) is subject to foreign income taxes; (ii) has a substantial physical presence abroad (e.g., plant and equipment or employees); (iii) maintains separate financial records that would permit the preparation of financial statements, including an income statement and balance sheet (not just a record of disbursements and receipts); (iv) takes title to the goods it sells and receives revenues there from; or (v) receives funds for its own account from customers for services it performs. Transactions with this type of entity should be reported under "Foreign affiliates."

An unincorporated foreign activity or operation generally **would not be** considered a foreign affiliate if it: (i) conducts business abroad only for the U.S. person's account and not for its own account (e.g., sales promotion or public relations type of activities); (ii) has no separate financial statements; (iii) receives funds to cover its expenses only from the U.S. person; (iv) is not subject to foreign income taxes; and (v) has limited physical assets, or employees, permanently located abroad. Transactions with this type of entity should be reported under "Unaffiliated foreign person."

C. U.S. activities of a foreign person that do not constitute a U.S. affiliate

Criteria for determining which U.S. activities do or do not constitute a U.S. affiliate of a foreign person are parallel to those in III.B. above.

D. Determining who must report a transaction when an intermediary is involved

At times, transactions between a U.S. person and a foreign person may be arranged by, billed through, or otherwise facilitated by, an intermediary. The intermediary may be U.S. or foreign, and may be affiliated or unaffiliated with the U.S., or the foreign, person.

A determination of whom a sale is to, or who a purchase is from, shall be made on the basis of whom the U.S. person considers itself to have a claim on for payment, in the case of a sale, or whom it has a liability to, in the case of a purchase. For a sale, if the U.S. person looks to the foreign person for payment, then the transaction is between the U.S. person and the foreign person, and is to be reported by the U.S. person. If the U.S. person looks to the intermediary for payment, and the intermediary, in turn, looks to the foreign person for payment, then whether either transaction is reportable, and who it is to be reported by, depends on the location of the intermediary and the relationship between the U.S. person and the intermediary.

If the intermediary is a foreign person, then the U.S. person would report the transaction, as a transaction with a foreign person.

If the intermediary is a U.S. person, then the initial transaction between the original U.S. person and the intermediary is domestic-to-domestic and not reportable in the survey. However, the intermediary must report the transaction with the foreign person.

The reportability of a purchase would be determined in a similar manner.

IV. REPORTING PROCEDURES

- A. Due date** – A completed BE-125 report, consisting of Parts 1 and 2 and, as appropriate, either the applicable schedule(s) or the Basis for not Reporting Data section, is due within 45 days after the close of each fiscal quarter (or within 90 days after the close of the final quarter of your fiscal year).
- B. For assistance or additional copies of the forms** – Phone (202) 606-5588 between 8:30 a.m. and 5:00 p.m., eastern time. A copy of the form may be downloaded from www.bea.gov/beat/surveys/iussurv.htm. To receive a copy of frequently asked questions (FAQ's) send an E-mail to BE125faq@bea.gov or go to www.bea.gov to view the BE-125 FAQ's.
- C. Extension** – Requests for an extension of the reporting deadline will not normally be granted. However, in a hardship case, 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 BE125extension@bea.gov.
- E. Original and file copies** – A single original copy of the form must be filed with BEA. Please use the copy with the address label if such a labeled copy has been provided. In addition, each U.S. reporter must retain a copy of its form for three years to facilitate resolution of problems.
- F. Where to send the report** – Send reports filed by mail through the U.S. Postal Service to:

U.S. Department of Commerce
Bureau of Economic Analysis
BE-50(SSB)
Washington, DC 20230

Direct reports filed by private delivery service to:
U.S. Department of Commerce
Bureau of Economic Analysis, BE-50(SSB)
Shipping & Receiving Section M-100
1441 L Street, N.W.
Washington, DC 20005

Fax the report to: (202) 606-5318.

Reports may also be filed electronically at www.bea.gov/efile.

- G. Estimates** – If actual figures are not available, report estimates and label them as such.

V. SERVICES COVERED

A. Transactions in Intangible Assets

Report receipts on Schedule A and payments on Schedule B.

1. **Rights related to industrial processes and products** — Include license fees, royalties, and other fees received or paid for the use, sale, or purchase of intangible assets, including patents, trade secrets, and other proprietary rights, that are used in connection with, or related to, the production of goods. (For example, include "maintenance" fees paid to foreign governments for the continuation of patent rights.) If the charge for the process, design, etc., is subsumed in a contract for technical or

professional services, the receipt or payment generally should be reported under the proper transaction number for that service.

2. **Rights related to books, compact discs, audio tapes, etc.** — Include royalties and other fees received or paid for the rights to perform, broadcast, reproduce, and sell as books, compact discs, audio tapes, etc., or otherwise use copyrighted material and other intellectual property. Exclude fees for the right to display, reproduce, or distribute pre-recorded television tape or motion picture film; such charges should be reported under transaction code 4.

3. **Rights related to trademarks** — Include receipts and payments for the rights to sell products under a particular trademark, brand name, or signature. Include the initial fee and annual fees for the domain name registration for the Internet and the receipt and payment from the sale of a previously registered name. Include fees for sponsorship of other events if the fee is for the right to use the logo or trademark of the payee.

A sponsor of an international sporting event, such as the Olympics, should include payments of sponsorship fees if the right to use a trademark, such as the Olympic logo, in advertising, or to place such a trademark on merchandise is conveyed. Fees paid for the display of the payers logo or trademark are reported under transaction code 10 as advertising payments. Exclude fees received or paid under a business format franchise (which are reportable under transaction code 7).

4. **Rights related to performances and events pre-recorded on motion picture film and TV tape** — Include royalties, rentals, license fees, and other funds received or paid, including those from outright sales and purchases, for the rights to display, reproduce, or distribute material pre-recorded on motion picture film or television tape. Include payments and receipts for all uses, including theatrical, cable, broadcast television, and non-theatrical.

5. **Rights related to broadcasting and recording of live performances and events** — Include receipts and payments for rights to record and/or broadcast "live" artistic performances, sports events, and other live performances or events. Payments (or receipts) for the acquisition (or sale) of rights to broadcast a major live performance or event, such as the Olympics, often extend over several years prior to the event. The cumulative amount of payments over all the years is to be reported on this form as an acquisition or sale of broadcast rights only in a single year in which the event is actually held. The prior-year payments are considered to be deposits with the organization (such as the International Olympic Committee) selling the broadcast rights, and should be reported on the Department of Treasury's TIC C-form. Inquiries about the TIC C-form survey should be directed to the Federal Reserve Bank of New York (as contractor for the Treasury Department) at (212) 720-2542.

6. **Rights to general use computer software** — Include receipts and payments for rights to distribute general use software, and rights to reproduce or use general use computer software that was electronically transmitted or made from a master copy. This item includes licensing fees for reproducing copies of general use software for local area network computer systems, and excludes that value of prepackaged general use software not intended for use on a server in a LAN environment that was physically shipped to or from the United States and included in merchandise trade statistics. Exclude fees for custom software and programming services, which are reportable under transaction code 12.

7. **Business format franchising fees** — Fees received and paid by the U.S. reporter under business format franchising agreements with foreign persons.

Business format franchising is characterized by an ongoing business relationship between franchisor and franchisee that includes not only the product, service, and trademark, but the entire business format itself. This may include a marketing strategy and plan, operating manuals and standards, quality control, and continuing two-way communications. Exclude receipts and payments for the use of trademarks (reportable under transaction code 3), except where such trademarks are part of a business format franchise, even if the fees are nominally considered to be "franchising" fees.

Receipts and payments should be reported net of advertising allowances and other deductions retained by franchisees from gross franchise fees. Include receipts and payments for one-time "up front" charges to new franchisees as well as ongoing fees

based upon sales or other measures.

In Schedule A, U.S. franchisors should report receipts from both foreign outlets and foreign master licensees. In the case of fees received from a foreign master licensee, report only the net fees received from foreign outlets. Include receipts from "company-owned" outlets abroad. Include receipts from jointly owned outlets.

In Schedule B, U.S. outlets and master licensees should report payments made directly to foreign franchisors. U.S. outlets should not report payments to U.S. master licensees, as these are domestic (U.S.-to-U.S.) transactions. Payments by a "company-owned" U.S. outlet to a foreign owner should be reported.

8. **Other intangible assets** — Include receipts and payments involving intangible assets not classified in one of the preceding categories. Include receipts or payments by communications carriers to secure capacity by indefeasible right of users (IRU's). For entries in this column, please specify on line 35 the type of intangible right involved.

B. Transactions in Selected Services

Report receipts on Schedule A (except transaction codes 13, 16, and 23) and payments on Schedule B. Report receipts for transaction codes 13, 16, and 23 on Schedule C.

9. **Accounting, auditing, and bookkeeping services** - Excludes data processing and tabulation services.

10. **Advertising services** - Preparation of advertising and placement of such advertising in media, including charges for media space and time. Include advertising banners on web pages. An advertising agency selling such services should report **gross billings** to unaffiliated foreigners. Sales by media companies (e.g., broadcasters, publishers, etc.) that are arranged through U.S. advertising agencies are presumed to be reflected in billings of the advertising agencies; thus, in order to avoid duplication, they should not be reported by the media suppliers. U.S. advertising agencies should report only direct transactions with foreign clients. Exclude transactions that are with the U.S. affiliates of foreign clients, rather than directly with foreign clients; such transactions are considered domestic (U.S.-to-U.S.) and, therefore, outside the scope of this survey. Exclude charges for services other than advertising, such as public relations services or market research not directly associated with an advertising campaign. Such services should be reported under transaction code 21. U.S. media companies should report only direct sales of advertising services to unaffiliated foreign persons; they should not report advertising arranged by U.S. advertising agencies, including U.S. affiliates of foreign advertising agencies.

Under **purchases** of advertising services, U.S. reporters that are advertising agencies should report only funds paid to foreign advertising agencies and media companies on behalf of their clients. U.S. Reporters other than advertising agencies should report only purchases made directly from foreign advertising agencies and media companies. Do not report purchases made through a U.S. advertising agency. Also, do not report purchases made through the U.S. office of a foreign advertising agency if your payment is made to the U.S. office.

Include the value of reciprocal exchanges; i.e., transactions involving barter. On Schedule A, value your sales to the foreign participant in the reciprocal exchange at market rates, not at the actual cost of performing the services. On Schedule B, value your purchases from the foreign participant at the same amount as the sales reported on Schedule A.

11. **Auxiliary insurance services** — Agent's commissions, insurance brokering and agency services, insurance consulting services, evaluation and adjustment services, actuarial services, salvage administration services, and regulatory and monitoring services on indemnities and recovery services. Non-insurance companies report these transactions on the BE-125. Insurance companies report these transactions on the BE-45, Quarterly Survey on Insurance Transactions by U.S. Insurance Companies with Foreign Persons.
12. **Computer and data processing services** — Data entry processing (both batch and remote); and tabulation; computer systems analysis, design, and engineering; custom software and programming services

(including web design); integrated hardware/software systems; and other computer services (timesharing, maintenance, web site management, and repair). Exclude operational leasing of computer and data processing equipment (include in transaction code 24); rights to use, distribute, or reproduce general use software (include in transaction code 6); and prepackaged computer software physically shipped to or from the United States and reported on the import or export declaration filed with the U.S. Customs and Border Protection.

- 13. Construction services** — Services of general contractors in the field of building and heavy construction; construction work by special trade contractors, such as the erection of structural steel for bridges and buildings and on-site electrical work.
- 14. Data base and other information services** — Business and economic data base services, including business news, stock quotation, and financial information services; medical, legal, technical, demographic, bibliographic, and similar data base services; general news services, such as those purchased from a news syndicate; direct non-bulk subscriptions (including online) to newspapers and periodicals; and other information services, including reservation systems and credit reporting and authorization systems. For airline reservation systems, include booking fees from foreign carriers for the use of your reservation system, whether accessed directly or by a U.S. or foreign travel agent.
- 15. Educational and training services** – Educational or training services provided or acquired on a contract or fee basis. Includes tuition and fees charged when the institutions provide the educational service through distance learning technologies using the Internet. Excludes tuition and fees charged to U.S. and foreign persons by educational institutions when the students travel to the institution for study. Also excludes training provided by a manufacturer in connection with the sale of a good (report under transaction code 19).
- 16. Engineering, architectural, and surveying services** — Includes architectural, engineering and land-surveying services. Includes those engineering services performed in conjunction with construction and mining services projects. Includes services purchased in connection with proposed projects (e.g., feasibility studies) as well as projects that are actually being carried out. Industrial engineering services, such as product design services, should be reported under transaction code 18.
- 17. Financial services (purchases only)** – Include payment of credit-related fees, fees on securities transactions, and fees for other financial services. This service is to be reported by non-financial services companies only. Financial services companies would report this service on form BE-85. A copy of the form can be downloaded from www.bea.gov/bea/surveys/iussurv.htm.

Credit related fees include fees for establishing, maintaining, or arranging credits, letters of credit, bankers acceptances, mortgages, factoring services, loan guarantees, etc., that are commonly provided by foreign banking establishments. Include fees paid directly and fees that are withheld or deducted from your proceeds by the foreign person. For example, for factoring services, the fee may be calculated as the difference between the proceeds you received from the sale of your receivables and the face amount of the receivables sold; for arranging credits, letters of credit, etc., it may be calculated as the difference between the proceeds you received from the loan, letter of credit, etc. (after the deduction of the fee) and your liability to the foreign lending establishment. Report credit-related fees in the accounting period in which they are incurred, whether or not expensed in that accounting period. Exclude interest on your obligations, because interest is a payment for the use of the loan proceeds and is not a fee for the establishment, maintenance, or arrangement of credit.

Fees on securities transactions include commissions and other fees for securities transactions (including transactions in derivatives) or future trading, such as brokerage, underwriting, private placements, etc. Fees for such services would commonly be paid to foreign investment banks and securities brokers or dealers. Include fees that can be calculated from transactions records or other documentation issued by the investment bank or security broker or dealer. Omit, rather than attempt to estimate, these fees if they cannot be calculated from such documentation. (For example, a dealer's markup on bond purchases and sales cannot be directly estimated from transactions records issued by a securities dealer.)

Fees for other financial services include fees for asset/liability management, debt renegotiation, and other financial services. Exclude leasing (operational leasing services are included in transaction code 24), and real estate management services (management, consulting, and public relations services are included in transaction code 21).

- 18. Industrial engineering services** — Engineering services related to the design of movable products, including product design services. Excludes engineering and architectural services that relate to actual or proposed construction services projects (reportable under transaction code 16). Excludes computer systems engineering (reportable under transaction code 12). Includes, however, services performed with the assistance of computers, such as computer-assisted design work.
- 19. Industrial-type maintenance, installation, alteration, and training services** — Maintenance services primarily to machinery and equipment. May also include small maintenance work on buildings, structures, dams, highways, etc., but only to the extent that the work is not reported under transaction code 13. Includes such services as the periodic overhaul of turbines, the extinguishment of natural gas well fires, and refinery maintenance. Excludes computer maintenance (report under transaction code 12). Installation and training services include only installation, startup, and training services provided by a manufacturer in connection with the sale of a good. Do not include such services where the cost is included in the price of the goods and not separately billed, or is declared as a part of the price of the goods on the import or export declaration filed with the U.S. Customs and Border Protection; however, services provided at a price over and above that entered on the declaration should be included. These services would be reported elsewhere if not received in connection with the purchase of goods. For example, installation of machinery and equipment is normally considered a construction activity, and training personnel in the use of new machinery would ordinarily be reported as an educational or training service.
- 20. Legal services** - Legal advice or other legal services.
- 21. Management, consulting, and public relations services (including allocated expenses)** — Management services; consulting services, except consulting engineering services related to actual or proposed construction projects (report under transaction number 16) and computer consulting (report under transaction number 12); and public relations services, except those that are an integral part of an advertising campaign (report under transaction code 10). Includes expenses allocated by a parent to an affiliate for which the parent paid for services (advertising, accounting, legal, etc.) from a third party. Includes services provided by a parent to an affiliate for which the parent performed administrative services (accounting, legal, etc.) in-house and are passed through to the affiliate as management or administrative expense.
- 22. Merchanting services (Receipts only)** – Sales of merchanting services are equal to the **difference** between your cost and the resale price of goods (such as crude oil, grain, and other commodities) that are both purchased and resold abroad; that is, the goods are neither imported to, nor exported from, the United States and they do not undergo significant processing during the time between when they are purchased and resold. Without regard to whether you initially purchased the goods from an affiliated or unaffiliated foreign person, report data for those transactions according to the company's relationship with the foreign entity (foreign affiliate, foreign parent(s) and foreign affiliates of foreign parent(s) group(s), or unaffiliated foreign person) to which the goods were resold. The data that are voluntarily reported by individual foreign country should be reported according to the individual foreign countries to which the goods were resold (and not the foreign countries from which the goods were purchased).
- 23. Mining services** – Includes drilling wells for oil or gas field operations; exploration, including prospecting and taking ore samples; grading and building foundations at well locations; well surveying; and making geological observations. Includes services purchased in connection with proposed projects (e.g. feasibility studies) as well as projects that are actually being carried out.
- 24. Operational leasing** — Rentals for computer and data processing equipment; transportation equipment (such as ships, aircraft, railway cars, containers, rigs automotive fleets, etc.) **without** crew or operators (If crew or operators are provided, the fee is considered to be for transportation services which may be reportable on BEA forms BE-9, BE-30, or BE-37. Go to www.bea.gov/bea/surveys/iussurv.htm to determine which forms

cover your particular transportation services.); and rentals of other machinery and equipment. Include fees from rentals of furniture, coin-operated machines, construction equipment (without operators) and electronic equipment except computers. This category excludes rentals under leases that have been capitalized (capital leases), rentals of any items other than machinery and equipment. (For example, it excludes rentals of office buildings and other real estate, film rentals, and employee leasing).

25. **Trade-related services, other than merchanting services** – Auction services (including online), transactions fees for business to business (B2B) exchanges conducted over the Internet, and commissions or "finders' fees" to independent sales agents.
26. **Performing arts, sports, and other live performances, presentations, and events** – (Report receipts on Schedule A and payments on Schedule B): Fees received (net of allowances for foreign expenses) or paid (net of allowances for U.S. expenses) for performing arts, sports, etc. To be reported by (a) U.S. management companies, booking agents, promoters, and presenters who received funds from or paid funds to foreign persons, for performances and events, and (b) U.S. performers who received funds directly from a foreign person rather than through a U.S. management company or similar entity. (As used here "performers" means entertainers, sports teams, orchestras, dance companies, lecturers, athletes who do not play for sports teams, and similar persons or performing groups.)

Note for services numbered 27 and 28: When you report either transaction codes number 27 or 28, also report the other service. If there are transactions in one of these services but not in the other, label a column in Schedule B with the number for the other service and enter "NA" in line 1 or 33.

27. **Primary insurance premiums (purchases only)** – Premiums (net of cancellations) paid to foreign insurance carriers. A U.S. reporter that is an insurance company should not report direct transactions with a foreign insurance company. However, a U.S. reporter that is not an insurance company and that purchased insurance from an affiliated foreign insurance company (for example, a captive insurance affiliate) should report those purchases here. (See note above.)
28. **Losses recovered on primary insurance (purchases only)** – Losses recovered on insurance purchased from foreign insurance carriers. A U.S. reporter that is an insurance company should not report losses with a foreign insurance company. However, a U.S. reporter that is not an insurance company and that purchased insurance from an affiliated foreign insurance company (for example, a captive insurance affiliate) should report losses recovered here. (See note above transaction code 27.)
29. **Research, development, and testing services** — Commercial and noncommercial research, product development services, and testing services. Includes fees for the conduct of experiments or performance of research and development activities aboard spacecraft. Excludes medical and dental laboratory services.
30. **Telecommunications services** — Includes services of the following types (to be reported in aggregate, rather than as five separate types of services):

Message telephone services, telex, telegram, and other jointly provided basic services — On Schedule A, report receipts from foreign persons (communications companies and postal, telephone, and telegraph agencies) for your share of revenues for transmitting messages originating abroad to U.S. destinations. On Schedule B, report payouts to foreign persons (communications companies and PTT's) for their share of revenues for transmitting messages originating in the United States to foreign destinations. For messages originating in foreign countries and routed through the United States (for example, from Caribbean countries via the United States to Western Europe), report receipts from the foreign person originating the message and payouts to the country of destination. Also report receipts for transmitting messages between foreign points when not offered in connection with enhanced services, call-back services, and other regulated services of the type reportable to the FCC on Report 43.61.

Private leased channel services — On Schedule A, report receipts from foreign persons for circuits and channels terminating in the United States and for circuits and channels between foreign points. On Schedule B, report payouts to foreign persons (communications companies and PTT's) for leased channels and circuits terminating in foreign countries.

Value-added (enhanced) services — Telecommunications services that add value or function above and beyond the telecommunications transport services that deliver the value-added services to end users. They can include (a) electronic mail, voice mail, code and protocol processing, and management and operation of data networks; (b) facsimile services and video-conferencing; (c) Internet connections (online access service including Internet backbone, router services and broadband access services); (d) satellite broadcasting, business communication, and paging services provided by satellite connections; (e) telephony, interactive voice response, virtual private networking, remote access service, and voice over IP; and (f) other value-added (enhanced) services.

Support services — Services related to the maintenance and repair of telecommunications equipment and ground station services

Reciprocal exchanges — Include the value of reciprocal exchanges; i.e., transactions involving barter. On Schedule A, value your sales to the foreign participant in the reciprocal exchange at market rates, not at the actual cost of performing the services. On Schedule B, value your purchases from the foreign participant at the same amounts as the sales reported on Schedule A.

31. **Other selected services** -- When reporting data under this transaction code number, also identify the specific type of transaction from the list below accounting for the largest share of the reported total. This category does not include travel, transportation, insurance, financial services, and expenditures by students and medical patients who are studying or seeking treatment in a country different from their country of residence. This category includes but is not limited to the following types of services:

Agricultural services -- Soil preparation services, crop services, veterinary and other animal services, farm labor and management services, and landscape and horticultural services.

(Note for miscellaneous disbursements: Where a set of related expenditures was made in several countries, but your recordkeeping does not permit a precise allocation of expenses among individual countries, estimates are acceptable. If no basis for such estimates exists, then you may record the expenditures against the country in which the activities were centered or headquartered. For example, a news correspondent may conduct news-gathering activities in several countries. Although it would be preferable to report news-gathering expenses in each of the several countries, all of the expenses may, if necessary, be recorded against the country where the foreign news bureau is headquartered, or where the correspondent had the largest outlays.

Disbursements to fund news-gathering costs of broadcasters - U.S. broadcasters' outlays to fund operations of their foreign news bureaus and for support of correspondents in foreign countries, and foreign broadcasters' outlays to fund operations of their U.S. news bureaus and for support of correspondents in the United States. (See note above.)

Disbursements to fund news-gathering costs of print media – Outlays by U.S. newspapers, news syndicates, and news magazines for the operation of their foreign news bureaus, and outlays by foreign newspapers, news syndicates, and news magazines for the operation of their U.S. news bureaus. (See note above.)

Disbursements to fund production costs of broadcast program material other than news – Foreign production costs of U.S. companies engaged in the production of broadcast material other than news, and U.S. production costs of foreign companies engaged in the production of broadcast material other than news. Includes disbursements for broadcasting professional or amateur sporting events, and the disbursements for production of the events themselves. (See note above.)

Disbursements to fund production costs of motion pictures – Foreign production costs of U.S. motion picture companies, and U.S. production costs of foreign motion picture companies. (See note above.)

Disbursements to maintain government tourism and business promotion offices – Funding to maintain State tourism and business promotion offices located abroad, and funding to maintain foreign government sponsored tourism and business promotion offices located in the United States. (See note above.)

Disbursements for sales promotion and representation – Funding to maintain sales promotion and representative offices. Sales promotion offices typically have few assets other than office furniture; to the extent that their employees are compensated by commissions, the commissions arise only from sales or business that the employees generate for their U.S. or foreign parents; they do not produce revenue, other than funds from their parents to cover their expenses; and they are engaged only in sales promotion, representational, and public-relations-type activities. Report the funds to maintain this type of office as a transaction with an affiliated entity as opposed to a transaction with an unaffiliated foreign person. (See note above.)

Disbursements to participate in foreign trade shows (outlays only) – Foreign expenses incurred by U.S. persons participating in foreign trade shows. (See note above.)

Employment agencies and temporary help supply services – Employment services and provision of temporary help and personnel to perform services on a contract or fee basis. Where workers are carried on the payroll of the agency, includes amounts received or paid for the compensation of workers as well as agency fees.

Mailing, reproduction, and commercial art -- Direct mail advertising services; mailing services, such as re-mailing services in connection with direct mail advertising; commercial photography, art, and graphic services; address list compilation; and stenographic services.

Medical services – Includes remote diagnostic services, and remote monitoring of surgical procedures provided to patients, practitioners, and medical institutions (telemedicine) and services of medical laboratories that do not deal directly with patients.

Waste treatment and depollution services – Treatment of radioactive and other waste, stripping of contaminated soil, cleaning up of pollution including spills, restoration of mining sites, and de-contamination and sanitation services. Includes all other services that relate to the cleaning or restoring of the environment.

Other private services – Report transactions in the following types of services: Language translation services, salvage services, security services, collection services, satellite photography and remote sensing/satellite imagery services, space transport (includes satellite launches, transport of goods and people for scientific experiments, and space passenger transport), and transcription services. Include services not elsewhere classified, except travel, transportation, insurance, financial services, and expenditures by students and medical patients who are studying or seeking treatment in a country different from their country of residence.