

**PROPOSED CHANGES FOR THE 2022 BE-12,
BENCHMARK SURVEY OF FOREIGN DIRECT INVESTMENT IN THE UNITED STATES**

The proposed changes to the benchmark survey, described below, include the addition, deletion, and modification of specific data items on the survey forms. The proposed changes are intended to minimize respondent burden while considering the needs of data users. In addition, BEA plans to make improvements to question wording, instructions, and formatting to elicit more complete and correct responses and to make the survey more consistent with other BEA surveys. There will be no change to the reporting requirements (i.e., the exemption levels) of the survey from the previous benchmark survey in 2017.

Additions and modifications

The following questions will be added to, or modified on, the 2022 BE-12 survey. Draft text of the new or modified questions is provided on pages 3-5 of this document.

1. Questions will be added to all BE-12 forms to collect the city in which each foreign parent and ultimate beneficial owner (UBO) is incorporated. This will help ensure that companies are not misreporting the countries of their owners and can help with BEA's direct investment bilateral asymmetry work. This question has already been added to the BE-15, Annual Survey of Foreign Direct Investment in the United States.
2. Items 41 and 67 on the BE-12A form will be modified to separate amounts reported for the "unconsolidated U.S." and the "foreign" component of income from equity investments, part of the income statement section, and equity investments, part of the balance sheet section. This would assist in evaluating the validity of the unconsolidated U.S. affiliate ownership information reported on the Supplement B, which will help to improve coverage; better aligning the BE-12 with the BE-10/11 U.S. direct investment abroad matched companies; and in solving discrepancies between the BE-12 and BE-605, Quarterly Survey of Foreign Direct Investment in the United States. This change has already been incorporated on the BE-15.
3. Supplements A and B will be modified on all BE-12 forms to offer more options for the reasons the U.S. business enterprises changed since the last report, such as options for "acquired" or "established" if it is a "New" enterprise, and to identify the date of the transaction for new enterprises. This information will aid in referring entities to the BE-13, Survey of New Foreign Direct Investment in the United States. These options were already added to the BE-15.
4. Questions will be added on the BE-12A form to collect sales data for certain service types where there is no clear link between the industry of sales and the type of services supplied. Those service types are 1) intellectual property (IP) rights, and 2) advertising. These questions will contribute to BEA's efforts to develop a more complete and consistent picture of the types of services supplied by U.S. companies worldwide, by all four modes of supply.
5. Questions will be added to collect sales data on the BE-12A form, related to the provision of selected services generally recognized as prevalent in the digital economy. These selected services are 1) cloud computing and data storage, and 2) digital intermediation services. In addition, checkboxes will be added to the BE-12A identifying the percentage of their sales of services delivered remotely, sales of services that were digitally ordered, and sales of goods that were digitally ordered, along with checkboxes to identify if this information was sourced from their accounting records or from recall/general knowledge. These questions will contribute to BEA's efforts to measure the digital economy.

Data items to be removed/consolidated

BEA will eliminate or consolidate the following items from the benchmark survey:

1. The expensed petroleum and mining expenditures “addendum” (item 99) will be removed from the BE-12A form. This item was historically used to calculate the current cost adjustment used for the direct investment statistics in the International Transaction Accounts (ITAs) but is no longer used under the current methodology. This item was also removed from the BE-10A survey. In addition, the item is not a good fit conceptually as a component of property, plant, and equipment (capital) expenditures.
2. Commercial property will be removed from the state schedule of the BE-12A (items 160-216) and BE-12B (items 34-50) forms. This item is extremely burdensome for respondents to complete, and we do not believe the quality of the data reported has met expectations. It is a concept not universally defined that causes problems for both respondents and reviewers. These items have already been removed from the BE-15 survey.
3. Several items of Part III of the BE-12A and BE-12B forms will be removed, with the exception of the items noted below. These data were used to validate the information collected on the quarterly BE-605 survey, but data reported elsewhere on the BE-12 forms are sufficient for this purpose. The following items will be retained:
 - Foreign parent ownership and classification information (items 218-227 on BE-12A and items 64-73 on BE-12B forms)
 - A question on reverse investment (item 230 on the BE-12A form).
 - Intercompany debt balances for U.S. affiliates with less than \$60 million in assets, sales, or net income (item 16 on the BE-12C form).

**2022 BE-12, Benchmark Survey of Foreign Direct Investment in the United States
TEXT OF NEW OR MODIFIED QUESTIONS**

1. City (addition of items on BE-12A, BE-12B, and BE-12C forms)

What is the city of incorporation of the foreign parent named in X? If the foreign parent is an individual or government entity, enter N/A.

What is the city of incorporation of the UBO named in X? If the UBO is an individual or government entity, enter N/A.

2. Equity Investment (modification of items on BE-12A)

Income Statement (item 41)

Income from equity investments in unconsolidated U.S. business enterprises

Income from equity investments in all foreign business enterprises

Balance Sheet (item 67)

Equity investment in unconsolidated U.S. business enterprises

Equity investment in all foreign business enterprises

3. Supplements A and B (modification of supplements A and B for BE-12A, BE-12B, and BE-12C forms)

Supplement A

If the affiliate has had a corporate change since the last report, please select the reason. If it is new, please select the corresponding "new" transaction type.	If affiliate is new since the last report, please enter the date the U.S. business enterprise was acquired or established	Name of each U.S. business enterprise consolidated (1)	Employer identification number used to file income and payroll taxes (2)	Name of U.S. business enterprise that holds the direct ownership interest in the U.S. business enterprise listed in column 1 (3)	Percent direct voting ownership that the U.S. entity named in column 3 has in the U.S. entity named in column 1 (4)
New—Acquired New—Established Name Changed Sold					

Merged					
Liquidated					

Supplement B

If the affiliate has had a corporate change since the last report, please select the reason. If it is new, please select the corresponding "new" transaction type.	If affiliate is new since the last report, please enter the date the U.S. business enterprise was acquired or established	Name of each U.S. affiliate in which a direct interest is held but that is not listed in Supplement A (1)	Address Provide number, street, city, state, and ZIP code (2)	Employer identification number used to file income and payroll taxes (3)	Percent of direct voting ownership interest that the fully consolidated U.S. business enterprise named on page 1, holds in the entity named in column 1 (4)
New—Acquired New—Established Name Changed Sold Merged Liquidated					

4. Distribution of Sales or Gross Operating Revenue (addition of items on BE-12A)

Receipts related to intellectual property rights?

Receipts for license fees, royalties, and other fees received by this affiliate for the use, reproduction, and/or distribution of intellectual property. Do not report outright sales of the intellectual property itself.

Advertising?

Report advertising revenue including sales and placement in print, broadcast or digital media, including mobile, desktop, digital TV, or any other Internet-connected device..

5. Digital Economy (addition of items on BE-12A)

Cloud computing services?

Service revenue earned from the provision of cloud computing services to customers, which customers can access from a shared pool of configurable computing resources in a flexible and on-demand way, without active management by the customer. Cloud computing services cover a range of resources, such as access to processing, storage, and networks; platforms for customers to deploy their own applications; and ready-made software.

Digital intermediation services?

Service revenue earned from operating a digital intermediary platform, which is an online interface that facilitates, for a fee, the direct interaction between multiple buyers and multiple sellers. The platform does not take economic ownership of the goods nor does it provide the services that are being sold via the platform. Report fees and commissions only, not the value of the goods or services sold on the platform

