

Frequently Asked Questions for the 2011 BE-120, Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons

1) What's new for the 2011 BE-120 compared to the 2006 BE-120, Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons, and the 2011 BE-125, Quarterly Survey of Transactions in Selected Services and Intangible Assets with Foreign Persons?

Several important changes were made to the 2011 BE-120 in order to better serve our data users and to adhere to international statistical guidelines:

- *Three new schedules—D, E, and F—were added to collect additional voluntary data related to contract manufacturing services (Schedule D), intellectual property transactions (Schedule E), and merchanting services transactions (Schedule F).*
- *Downloaded or otherwise electronically delivered non-customized software, formerly classified as rights related to general use computer software (code 6), as well as the outright sale of general use software, including smart phone and tablet PC applications, are now treated as computer and data processing services (transaction code 12). Receipts for rights to distribute or reproduce general use computer software are still recorded as code 6. Fees related to the development of customized software are still treated as computer and data processing services (transaction code 12), and fees related to the development of general use software are still treated as research and development services (transaction code 29).*
- *The following transactions, formerly classified as other selected services (transaction code 36), are now given distinct transaction codes:*
 1. *Agricultural services (transaction code 31)*
 2. *Disbursements to fund production costs of motion pictures (transaction code 33)*
 3. *Disbursements to fund news-gathering and production costs of program material other than news (transaction code 34)*
 4. *Waste treatment and depollution services (transaction code 35)*

2) Why did I receive this survey?

You may have received this survey for one or more of the following reasons:

- *You previously filed reportable data on a similar form, such as the 2006 BE-120 or the BE-125 quarterly survey.*
- *We believe you have reportable data based on information derived from public information, such as media reports or SEC filings.*
- *The BE-120 benchmark survey canvases more than 15,000 U.S. entities in order to provide the most complete and accurate estimate of U.S. international trade. As such, many companies may never have completed a BE-120 in the past. A filing is required in order for us to identify that you do or do not have reportable transactions. If you are exempt from reporting transactions, please complete pages 1-5 of the survey and return it via one of the several filing options listed on the survey.*

3) Why do I need to complete the BE-120?

This survey is authorized by the International Investment and Trade in Services Survey Act. U.S. entities who receive this survey or who have transactions covered by the survey with foreign persons are required to complete and return the survey to the Bureau of Economic Analysis (BEA).

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

4) I already completed the BE-125 for all four quarters of 2011. Do I need to complete the BE-120?

Yes. In addition to the changes made to the treatment of reportable transactions, as outlined in question 1 above, it is also common for companies to make numerous accrual adjustments (“true-ups”) in any given period. Therefore, it is necessary to report on both surveys.

5) At what level should the BE-120 be consolidated?

Data reported on the BE-120 should be consolidated and reported at the top U.S. reporter's level. A consolidated BE-120 will cover all of your U.S. domestic operations' transactions with unaffiliated foreign persons. It will also cover your domestic operations' transactions with your foreign affiliates, foreign parents, and members of your affiliated foreign group for services and intellectual property. The BE-120 WILL NOT cover transactions between your foreign affiliates and other foreign persons.

6) What is the threshold for having to file?

Completion of a BE-120 benchmark survey is required of any U.S. person/company that had

- a. Receipts from unaffiliated and affiliated foreign persons in any one of the types of services and intellectual property listed in Section V of the General Instructions for the BE-120 that exceeded \$2,000,000 in 2011; or*
- b. Payments to unaffiliated and affiliated foreign persons in any of the types of services that exceeded \$1,000,000 in 2011.*

7) I believe I am exempt from filing data on Schedule A, B, C, D, E, or F on this survey. What do I do?

Complete pages 1 through 5 of the survey including one of the “Basis for not reporting data” selections on page 5. If you do not check a box “yes” in Table 1 or Table 2, and if you do not wish to report on a voluntary basis on Schedule A, B, C, D, E, or F, then mail the form to the address on the first page.

8) When is the survey due?

June 30, 2012. However, because that is a Saturday, the effective due date is July 2, 2012.

9) How do I request a filing extension?

A request for extensions should be submitted via e-mail to BE120extension@bea.gov at least 15 days before the due date. BEA will provide a written response to such a request.

10) I receive duplicate forms. What should I do?

When compiling the benchmark survey mailing list, we often pull companies from multiple sources. While we make every effort to eliminate duplicates prior to mailing out the forms, some companies still receive multiple forms. If you receive duplicates, simply complete one form and return both the completed form and your duplicate by mail. If you choose instead to eFile, email, or fax your document, please call (202) 606-5588 and inform us of our error.

11) How do I obtain another copy of the survey or additional overflow sheets?

- a. Go to bea.gov/surveys/pdf/be120.pdf to download a copy of the survey.*
- b. Send an email to BE120@bea.gov for an excel version of the 2011 BE-120.*

12) Can I complete the form online?

Yes. You may file electronically at www.bea.gov/efile.

13) Can I fax or email the completed survey?

We strongly urge respondents to use one of our other filing options, such as eFile (www.bea.gov/efile) or mail/delivery (our mailing and delivery address is printed on the front of the form). If you choose to email, you may email the form to be120submission@bea.gov. Please be advised, however, that electronic mail is not inherently secure against interception by a third party. If you choose to fax, you may fax the form to (202) 606-5588. It is not necessary to address it to anyone's attention.

14) Do I need to submit a hard copy of the BE-120 form if I am submitting the form by fax, email, or eFile?

No. A single submission, whether by eFile, fax, or email, is sufficient.

15) The address and the contact person listed are no longer current. How do I update this information?

- a. Cross out the incorrect information at the top of the front page of the survey and write in the new address and contact name.*
- b. Make this correction when submitting the survey through the eFile system.*
- c. Call (202) 606-5588 and we will update this information for you.*

16) Our fiscal year ends March 31, 2012, but the form has preprinted the year 2011 in Part II question 1. "What period does this annual report cover?" What should I do?

You should report for the period April 1, 2010 until March 31, 2011. The report is to be completed for your fiscal year that ends in the calendar year 2011.

17) How should I account for mergers and acquisitions?

- a. If your company was acquired by another U.S. company, please complete the survey up to and including Part 2, and include the name and address of the company that purchased your company.*
- b. If your company was purchased by a foreign company, complete the survey as it pertains to you and go to www.bea.gov/surveys/fdiusurv.htm for information on foreign direct investment survey requirements.*

- c. *If your company purchased another U.S. company, your BE-120 benchmark survey should consolidate both companies' transactions in selected services and intellectual property for the entire reporting period.*

18) How do I indicate on the BE-120 what type of services my receipts or payments are for?

On pages 3 and 4 of the survey, each type of service or intellectual property transaction covered by the survey has a number corresponding to it (for example, advertising services are reported under transaction code 10).

If you check a "yes" box in Table 1, then enter the transaction code associated with that service beside "Transaction Code" on Schedule A (U.S. Reporter's Receipts (From Foreign Persons) For Selected Services and Intellectual Property).

If you check a "yes" box in Table 2, then enter the transaction code associated with that service on Schedule B (U.S. Reporter's Payments (To Foreign Persons) For Selected Services and Intellectual Property).

If you had transactions in some services or intellectual property that did not exceed the reporting threshold (so you checked "no"), we encourage you to report these transactions voluntarily on the appropriate schedule to improve the quality of BEA's data. If you have more types of services than columns provided, simply report them on the overflow sheets.

19) Should I report all services not otherwise listed on the BE-120 under service code 36, Other Selected Services?

Yes. Other selected services include all services transactions that are not separately listed above and are not specifically excluded.

Other selected services:

- ***Exclude*** sales of financial services (which are covered on a separate BEA survey); income on financial instruments (including interests, dividends, capital gains, etc.); taxes, penalties and fines, gifts or grants; and transportation or travel-related services provided to individual travelers (including hotel accommodation and restaurant meals).
- ***Include*** (but are not limited to) funding (U.S. receipts and U.S. payments) to maintain sales promotion and representation offices including government tourism and business promotion offices. Also included are sales or purchases of collection 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 routine product testing.

- *See instructions for a definition of services and a fuller discussion of the coverage of this survey.*

20) Are the purchases or sales of tangible goods reported on the BE-120?

Goods generally should not be reported on the BE-120. However, the value of goods in connection with sales of construction services (transaction code 13) to foreign persons is reportable on Schedule C. Additionally, merchanting services (transaction code 22), reportable on Schedules A and F, are equal to the difference between your cost and the resale price of goods that are both purchased and resold abroad without entering the United States.

21) How should I report receipts/payments data on the BE-120?

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

22) Should I report on an accrual basis or cash basis?

All transactions should be reported on an accrual basis except basic message telecommunication services, which should be recorded on a settlement basis. Other types of telecommunications services, such as support services, and all other types of services transactions reported on this survey should be reported on an accrual basis in the period during which the service was provided.

23) Should I net payments against receipts?

No. Please report on a gross value basis.

24) When reporting data by country, can regions be used instead?

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

25) How should transactions with international organizations be reported?

According to balance of payments conventions, international organizations (such as the United Nations, the World Bank, and the International Monetary Fund) are

considered foreign entities, even if they are headquartered in the United States. Transactions with these organizations should be reported on the BE-120. Enter “International Organization” as the country where the transactions occurred.

26) I have transactions with countries that are not listed on the BE-120. Should I include those on the survey?

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

27) Can we use estimates?

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

28) We provide services to one of our foreign affiliates. Is this reportable?

Yes. Transactions with your foreign affiliates are considered foreign transactions and should be reported on the BE-120 under the column marked Foreign Affiliates.

29) We provide services to our foreign parent. Is this reportable?

Yes. Transactions with your foreign parent are considered foreign transactions and should be reported on the BE-120 under the column marked Foreign Parent(s) & Foreign Affiliates of Foreign Parent(s).

30) We provide services to a foreign affiliate of a foreign parent. Is this reportable?

Yes. Transactions with a foreign affiliate of a foreign parent are considered foreign transactions and should be reported on the BE-120 under the column marked Foreign Parent(s) & Foreign Affiliates of Foreign Parent(s).

31) We purchased services from a company in one country, but we sent the payment to an entity in another country. How should we report this transaction?

You should report the transaction based on who provided the service. Where the money actually goes is irrelevant, even if you were to send your payments to a bank in the U.S. as a matter of convenience.

32) We provide services to a U.S. affiliate of a foreign company. Is this transaction applicable to the BE-120?

No. Your transaction is with a U.S. affiliate of that company. This would be considered a domestic transaction and therefore not applicable to the BE-120.

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

Your purchases of \$800 thousand fell below the mandatory reporting threshold for purchases of \$1 million; therefore, you have three options:

- 1. You can report these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, and list the country detail.*
- 2. You can report these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, without the country detail – just report the total purchases of accounting, auditing, and bookkeeping services on line 34.*
- 3. If you choose not to report voluntarily as described in the two options above, you **must** report these transactions on line 11 of page 5 (in aggregate together with other transactions below the reporting threshold which you chose not to report voluntarily).*

Note: If total sales of a covered service with foreign persons are greater than \$2 million, or if purchases of a covered service with foreign persons are greater than \$1 million, then you must provide the country detail (even if each country amounted to less than \$1 million).

34) My company has been hired by the U.S. Government to provide educational and training services to organizations located in a foreign country. Are such transactions reportable on the BE-120?

Grants to perform services abroad must be reported if they are accrued in 2011 and if they are from the U.S. Government nonmilitary agencies, such as the Agency for International Development and the United States Information Agency, or if they are part of an aid or technical cooperation program of the Government with foreign persons. However, do not report services provided to the U.S. Department of Defense or any of its agencies, such as the Army Corp of Engineers. The use of these receipts should be reported as expenses in the period

that they were incurred. The money received should be reported as receipts on Schedule A, with any related outlays abroad reported as payments on Schedule B.

If you are providing a service other than construction, engineering, or mining on behalf of a U.S. Government nonmilitary agency, please report on schedule A of the form the full amount of the contract you accrued on your books for fiscal or calendar year 2011 as a receipt from the country for whom you are providing the service. Then on schedule B of the form please report any foreign expenses you incurred while providing that service as a purchase from the country where those expenses actually occurred. For example, if you purchased computer equipment in India used in conjunction with the educational and training services you provided there, then you would report the cost of that equipment as a purchase from India. If you leased that same equipment from a company in Pakistan instead, then you would report those expenses as a purchase from Pakistan.