

Reporting Real Estate Investments on the 2017 BE-12C Survey Form



Topics Covered



- Brief overview of the BE-12 Benchmark Survey
- Instructions on filing the 2017 BE-12C survey form for “smaller” real estate investments

What is the BE-12?

- Foreign Direct Investment in the United States (FDIUS)
 - Foreign ownership of a U.S. business enterprise
- Surveys of FDIUS collect economic data on foreign-owned U.S. businesses (“U.S. affiliates”)
 - A BE-12 Benchmark survey is required from U.S. businesses that meet the reporting requirements, whether or not contacted by BEA

- Foreign-owned U.S. real estate is considered a U.S. affiliate. This includes:
 - Single unit rental properties which the owners use for part of the year and rent out the rest of the time
 - A multi-unit residential/commercial property which leases out apartments and/or retail space
 - Equity REITs that are primarily engaged in leasing buildings or other real estate properties to others

This excludes:

- U.S. residential real estate held by a corporation for the personal use of the corporation owner(s)
- U.S. residential real estate that is an owner's **primary** residence that is leased while the owner is out of the United States

“Real Estate” includes businesses engaged in:

- Renting or leasing real estate to others
- Managing real estate for others
- Selling, buying, or renting real estate for others
- Providing real estate related services

- A BE-12 report is required for U.S. affiliates owned or controlled 10 percent or more by a foreign person
 - Depending on the size of the U.S. affiliate, a BE-12A, BE-12B, or BE-12C form must be filed
- A BE-12C form is required if assets, sales and net income (loss) are all **\$60 million** or less
- This tutorial is intended for “small” BE-12C form filers of real estate investments with assets, sales, and net income (loss) **all below \$20 million**

- Aggregate real estate investments held by a foreign person to determine which form to file
 - File a single BE-12 form to report aggregate holdings
 - The aggregate holdings are considered one “U.S. affiliate”
- Certain form items might not be applicable, such as EINs or number of employees
 - Enter zero or leave blank as appropriate

Completing a 2017 BE-12C Form

Filing a BE-12C Form

- Forms can be filed electronically at www.bea.gov/efile
 - Most convenient, provides submission confirmation, and lets you access previous filings with BEA
- Forms can also be mailed or faxed to BEA. Forms are available at www.bea.gov/be12
- **Previous filers** – previous BE-12/15 filers and those notified to file by BEA have an assigned BE-12/15 ID, this ID is available in the letter you received from BEA
- **First time filers** – do not have a BE-12 ID assigned, but you do not need a BEA ID to file electronically!

First Page

FORM BE-12C (REV 9/2017)

OMB No. 0608-0042; Approval Expires 12/31/2020



BE-12 Identification Number
*Do not enter Social Security Number as Identification Number

- Enter your BE-12 ID number (if any, refer to slide 9)

2017 BENCHMARK SURVEY OF FOREIGN DIRECT INVESTMENT IN THE UNITED STATES
MANDATORY — CONFIDENTIAL
FORM BE-12C

Due date: May 31, 2018
Electronic filing: www.bea.gov/efile
Mail reports to: U.S. Department of Commerce
Bureau of Economic Analysis
Direct Investment Division, BE-49
4800 Silver Hill Rd
Washington, DC 20233
Deliver reports to: U.S. Department of Commerce
Bureau of Economic Analysis
Direct Investment Division, BE-49
4800 Silver Hill Rd
Suitland, MD 20746
Fax reports to: (301) 278-9500
Assistance: E-mail: be12/15@bea.gov
Telephone: (301) 278-9247
Copies of blank forms: www.bea.gov/fdi

Name and address of U.S. business enterprise

1000 Name of U.S. business enterprise
0

1010 City (care of)
0

1000 Street or P.O. Box
0

1004 City
0

1000 State
0

1005 ZIP Code OR Foreign Postal Code
0

- Provide a consistently identifiable name for the investment (i.e. the U.S. affiliate)
- An address where BEA can mail survey materials

Response required
A response is required from persons subject to the reporting requirements of the BE-12 for 2017 whether or not they are contacted by BEA.

Who must file BE-12C:
Those U.S. affiliates where none of the following items exceeded \$50 million (positive or negative):

- Total assets
- Sales or gross operating revenues
- Net income

If you do not meet the filing criteria above, another BE-12 survey may be applicable. See instruction I.A.1 on page 13 to determine which form to file. For more information on filing requirements, see instruction I on page 12.
Certain private funds may be exempt from filing. See item (f) of the BE-12 Claim for Not Filing for more information.

Mandatory and Confidential
This survey is being conducted under the International Investment and Trade in Services Survey Act (PL 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended). The filing of reports is mandatory, and the Act provides that your report to this Bureau is confidential. Whoever fails to report may be subject to penalties. See page 12 for more details.

CONTACT INFORMATION
Provide information of person to consult about this report:

Name
0

1000 Street 1
0

1020 Street 2
0

1000 City
0

1000 State
0

1000 Zip
0

1001 Telephone Number
0

1001 Extension
0

1001 Fax Number
0

1000 E-mail Address
0

CERTIFICATION
The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate including estimates that may have been provided.

Signature of Authorized Official
0

Date
0

Name
0

Title
0

1001 Telephone Number
0

1001 Extension
0

1001 Fax Number
0

- Provide contact information for the person who can answer questions about this report

- Provide information for the person certifying the report
- Can be same as the person listed in contact information or someone else

NOTE: BEA uses a secure messaging system to correspond with you via encrypted message to discuss questions relating to this form. We may use your e-mail address for survey-related announcements and to inform you about secure messages. When communicating with BEA by e-mail, please do not include any confidential business or personal information. This includes your social security number which should never be provided to BEA via any method of transmission.

Item 1 – Ownership by another U.S. affiliate



1 Is more than 50 percent of the voting interest in this U.S. business enterprise owned by another U.S. affiliate of the foreign parent (see the diagram below)?

¹⁴⁰⁰ 1 Yes If “Yes” — Do not complete this report unless exception IV.1.c described in the consolidation rules apply. This exception states that a U.S. affiliate in which a direct ownership interest and an indirect ownership interest are held by different foreign persons should not be fully consolidated into another U.S. affiliate, but must complete and file its own Form BE-12 report. See diagram on page 15 for an illustration of this exception.

If this exception does not apply, forward the BE-12 notification to file to the U.S. business enterprise owning your company more than 50 percent, and notify BEA of the action taken by filing BE-12 Claim for Not Filing with item (e) completed on page 3 of that form. The BE-12 Claim for Not Filing can be accessed through eFile or downloaded from BEA’s Web site at: www.bea.gov/fdi.

¹ 2 No If “No” — Complete this report in accordance with the consolidation rules on page 15.

- This report should aggregate real estate investments held by a foreign entity
 - All such investments are considered one U.S. affiliate, together with the holding company, LLC, or other U.S. entity that holds such investments
 - Any individual investment owned between 10 and 50 percent by a foreign individual should not be consolidated. It should file a separate report
- If the U.S. real estate is owned directly by a foreign individual, or an associated group of individuals, this item should be marked as “no”

Item 2 – Employer Identification Number (EIN)



2 Enter Employer Identification Number(s) used by the U.S. affiliate to file income and payroll taxes.

Primary

1006 1

Other

2

Electronic filers do not need to report more than two IDs. Enter the IDs without hyphens. For example, if your ID is 12-3456789, you would enter 123456789.

- Real estate holdings without an EIN should leave this item blank

Item 3 – State of location



3 In which state was the U.S. affiliate located?

BEA USE ONLY

0700 1

If the U.S. affiliate operates in more than one state, then select the state where the greatest number of employees was based at the end of the fiscal year ending in 2017. If there were no employees and no physical location, then select the state of incorporation.

- Since real estate holdings by a foreign person need to be aggregated, this report could consolidate properties in several states
 - If so, select the state of the real estate holdings with the highest property values

Item 4 – Fiscal year end date



4 Reporting period — Reporting period instructions are found in instruction 4 on page 15. If there was a **change in fiscal year**, review instruction 4.b. on page 15.

MM/DD/YYYY

This U.S. affiliate's fiscal year ended in **calendar year 2017** on 1007

Example — If the fiscal reporting year ended on March 31, report for the 12-month period that ended March 31, 2017.

NOTE — Affiliates with a fiscal year that ended within the first week of January 2018 are considered to have a 2017 fiscal year and should report December 31, 2017 as their 2017 fiscal year end.

- If the real estate holding does not have an official fiscal year end date, enter “12/31/2017”

Item 5 – Acquired during 2017



5 Did the U.S. business enterprise become a U.S. affiliate during its fiscal year that ended in calendar year 2017?

¹⁰⁰⁸ 1 Yes If “Yes” — Enter the date the U.S. business enterprise became a U.S. affiliate and see instruction 5 on page 15 to determine how to report for the first time..... ¹⁰⁰⁹

¹ 2 No

MM/DD/YYYY

NOTE — A U.S. business enterprise existing before fiscal year 2017 that became a U.S. affiliate in fiscal year 2017 should file a report covering a full 12 months of operations. All U.S. business enterprises that become a new affiliate are required to file a Form BE-13. More information and copies of survey forms can be found at www.bea.gov/be13.

- If this report covers a single property that was acquired during 2017 select “yes” and follow the associated instruction
- If this report includes several aggregated real estate holdings and some were acquired during 2017 but others were acquired before 2017, select “no”
- Every time a foreign entity acquires a new U.S. property, a BE-13 report is required to be filed. Additional information on the BE-13 is available at www.bea.gov/be13

Item 6 – Majority or minority foreign ownership



6 Did the ownership (both direct and indirect) by ALL foreign parents in the voting securities (or an equivalent interest) of this U.S. affiliate EXCEED 50 percent as of the end of the U.S. affiliate’s fiscal year that ended in calendar year 2017?

“Voting interest” is defined in instruction 25.a.(1) on page 16.

¹¹⁰¹ 1 Yes ¹ 2 No

- The answer is “yes” in these common scenarios:
 - The real estate is wholly owned by a single foreign owner or an associated group of individuals
 - The combined ownership stake of all foreign owners is greater than 50 percent

Item 7 – Consolidated properties

- 7 U.S. business enterprises fully consolidated in this report** — U.S. business enterprises that are more than 50 percent owned based on voting interest should be fully consolidated in this report, except as noted in the consolidation rules on page 15. **Banks - see instruction I.C. on page 14 for aggregated reporting rules.**

Enter the number of U.S. business enterprises consolidated in this report in the box below. Hereinafter they are considered to be one U.S. affiliate. If the report is for a single U.S. business enterprise, enter “1” in the box below. **Exclude from the consolidation all foreign business enterprises or operations owned by this U.S. affiliate.**

1012

If number is greater than one, complete the Supplement A on page 9.

- If you own several real estate properties, consolidate them in one report. Enter the total number of properties in the box provided.
 - For each consolidated property, list the relevant property information in the Supplement A on page 9
- If you own only one property, enter “1” in the box provided

Item 8 – Unconsolidated properties

8 U.S. affiliates NOT fully consolidated — See instruction 8 on page 15.

Number of U.S. affiliates, in which this U.S. affiliate has an ownership interest, that are NOT fully consolidated in this report.

1013 1

If number is not zero, complete the Supplement B on page 10.

The U.S. affiliate named on page 1 must include data for any unconsolidated U.S. affiliates on an equity basis or, if less than 20 percent owned, in accordance with FASB ASC 320 (formerly FAS 115) or the cost method of accounting. The U.S. affiliate named on page 1 also must notify the unconsolidated U.S. affiliates of their obligation to file a BE-12 in their own names (see page 13 to determine the appropriate form for these affiliates to file).

- Report indirectly held real estate in which the combined ownership interest of all foreign owners is between 10 and 50 percent
 - For most smaller real estate holdings the answer is likely to be zero
 - If the number is greater than zero complete Supplement B on page 10

Item 9 – Major products or services



9 What is (are) the major product(s) and/or service(s) of the fully consolidated U.S. affiliate? If a product, also state what is done to it, i.e., whether it is mined, manufactured, sold at wholesale, transported, packaged, etc. (For example, “manufactured widgets.”)

1163 0

- Enter “real estate held as rental property”

Item 10 – Industry of the affiliate



10 Industry of this affiliate – Enter the 4-digit International Surveys Industry (ISI) code of the industry in which the U.S. affiliate had the largest sales or gross operating revenues.

See the Summary of Industry Classifications on page 11; for a full explanation of each code see the *Guide to Industry Classifications for International Surveys, 2017* located at www.bea.gov/naics2017..... 1164

ISI Code

--Select ISI CODE--

- From the drop down menu select “5310 – Real Estate”

Item 11 – Sales



11 Sales or gross operating revenues, excluding sales taxes – Report gross sales minus returns, allowances, and discounts. **Exclude** sales or consumption taxes levied directly on the consumer and excise taxes levied directly on manufacturers, wholesalers, and retailers. **Include** revenues generated during the year from the OPERATIONS of a discontinued business segment, but **exclude** gains or losses from DISPOSALS of discontinued operations..... 2149

\$ Bil.	Mil.	Thous.	Dols.
1			000

- Provide the gross rental income of the property
 - Do not deduct any expenses, report the sum collected from rental payments by tenants

Item 12 – Net income

12 Net income (loss) – After provision for U.S. Federal, state, and local income taxes..... 2159

- For a rental property this would normally represent rental revenue (as reported in item 11), minus property related expenses, i.e. homeowner association (HOA) fees, property taxes, etc.

Item 13 – Employees



Number of employees

13 Number of employees at close of FY 2017 – See instruction 13 on page 16 for information on reporting employment (including how to report when employment is subject to unusual variations) 2700

3

- Provide the number of full and part-time employees **on the payroll** of the real estate affiliate
- DO NOT include workers such as home cleaning services that are contracted from third parties
- Report “0” if you have no employees on the payroll of the real estate affiliate. This will likely be the case for most smaller rental property holders

Item 14 – Assets



BALANCE SHEET

NOTE – Foreign operations of the U.S. affiliate, including those in which it has a majority interest, are to be unconsolidated. Include all unconsolidated foreign operations using the equity method.

		Close FY 2017					
		\$ Bil.	Mil.	Thous.	Dols.		
14	Total assets	2109	<input type="text"/>	<input type="text"/>	000	<input type="checkbox"/>	
15	Total liabilities	2114	<input type="text"/>	<input type="text"/>	000	<input type="checkbox"/>	Check box if total liabilities are zero.

- Use the fair market value of the property to report your asset value
- If fair market value is not known, use historical cost or the purchase price of the property

Item 15 – Liabilities



BALANCE SHEET

NOTE – Foreign operations of the U.S. affiliate, including those in which it has a majority interest, are to be unconsolidated. Include all unconsolidated foreign operations using the equity method.

		Close FY 2017					
		\$ Bil.	Mil.	Thous.	Dols.		
14	Total assets	1	1	1	000	1	
15	Total liabilities	1	1	1	000	3	<input type="checkbox"/>

Check box if total liabilities are zero.

- Provide the value of any liabilities, such as an outstanding mortgage, associated with the property
- If there are no outstanding loans or other liabilities on the property, report liabilities as “0” and check the box to the right

Item 16 – Intercompany debt



INTERCOMPANY DEBT

16 What were the short- and long-term balances owed directly to, and due directly from, the affiliated foreign group?

Do NOT net payables against receivables.

		Close FY 2017			
		\$ Bil.	Mil.	Thous.	Dols.
Payables owed by the U.S. affiliate to the affiliated foreign group.....	3059	1			000
Receivables owed to the U.S. affiliate by the affiliated foreign group	3081	1			000

- If the U.S. real estate is held directly by a foreign individual, or associated group of individuals, whose only reportable U.S. investment is rental property, enter “0”
- This item will not be applicable to most rental property holders. If so, enter “0”
- Do not report an outstanding mortgage balance as an intercompany payable

Item 17 – Size of the affiliate

17 Did any ONE of the following three items – total assets, sales or gross operating revenues (excluding sales taxes), or net income (loss) – exceed \$20 million at the end of, or for, the U.S. affiliate’s fiscal year that ended in calendar year 2017?

- ¹¹⁰⁰ ¹ **Yes** – Skip to item **20**, but review the diagrams on page 6 to assist you in answering items **25** through **29**.
- ¹ ² **No** – Complete ONLY items **18** and **19**. DO NOT complete Part II or Part III of this form.

- If the answer is “Yes”, skip items 18 and 19, and complete part II and III of the form
- If the answer is “No”, you only need to complete items 18 and 19. DO NOT complete Part II and III of the form
 - Remember that you may still be required to complete the Supplement A or Supplement B on pages 9 and 10

Item 18 – Country of foreign parent

18 Enter the country in which the foreign parent is incorporated or organized, if a business enterprise, or is resident, if an individual or government. The foreign parent is the FIRST person or entity outside the U.S. in a chain of ownership that has a 10 percent or more voting interest in this U.S. affiliate. See diagram at top of page 6 for an illustration of foreign parent.

BEA US

3916 1

- If the foreign owner is an individual, or an associated group of individuals, enter the country that the foreign owner is a resident of.
 - You are considered a resident of the country in which you physically reside. If you are located outside of your country of citizenship, please see instruction 25b on page 17 of the 2017 BE-12C form.
- If the foreign owner is a business enterprise, enter the country of incorporation or organization

Item 19 – Country of ultimate beneficial owner (UBO)

19 Enter the country in which the ultimate beneficial owner (UBO) is incorporated or organized, if a business enterprise, or is resident, if an individual or government. The UBO is that person or entity, proceeding up the ownership chain beginning with and including the foreign parent, that is not more than 50 percent owned or controlled by another person or entity. See diagrams on page 6 for illustrations of UBO.

BEA USE ON

3922 1

- If the owner is a foreign individual, or associated group of individuals, item 19 will always be the same as the country selected for the foreign parent in item 18

THIS IS THE LAST REQUIRED ITEM FOR REAL ESTATE HOLDINGS WITH ASSETS, SALES, AND NET INCOME (LOSS) BELOW \$20 MILLION

- Additional resources including survey forms, contact information, and guidance materials such as videos and frequently asked questions (FAQs) are available at www.bea.gov/be12
- File forms electronically at www.bea.gov/efile