

TRANSACTIONS OF U.S. AFFILIATE, EXCEPT AN UNINCORPORATED BANK, WITH FOREIGN PARENT MANDATORY CONFIDENTIAL QUARTERLY REPORT

MAIL REPORTS TO U.S. Department of Commerce Bureau of Economic Analysis BE-50(IN) Washington, DC 20230

OR DELIVER REPORTS TO U.S. Department of Commerce Bureau of Economic Analysis BE-50(IN) - Room 608 1401 K Street, N.W. Washington, DC 20005

NOTE - If item 7 is marked, complete only Parts III and IV (to report direct transactions of U.S. affiliate identified in item 2 with the foreign parent) and Part VII, as applicable. (Do not duplicate amounts consolidated in the BE-605 report for the U.S. affiliate identified in item 9.)

IMPORTANT - Report items according to U.S. generally accepted accounting principles per books of the U.S. affiliate, except in Part V, where items 26-32 are to be reported at transactions value. Read instructions before completing this form. REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.

Part I IDENTIFICATION. 1. Report for quarter ending. 2. Name and mailing address of U.S. affiliate. 3. U.S. affiliate named in item 2 is - Mark (X) one. 4. Name of foreign parent of U.S. affiliate. 5. Country of foreign parent of U.S. affiliate. 6. Only a direct equity interest in the U.S. affiliate (as consolidated). 7. Only an indirect equity interest in the U.S. affiliate through another U.S. affiliate. 8. Both a direct and an indirect equity interest in the U.S. affiliate. 9. If either item 7 or 8 is marked, identify below the U.S. affiliate(s) directly owned by the foreign parent named in item 4. 10. If U.S. affiliate's industry classification has changed - Mark (X) below and complete Form BE-607, Industry Classification Questionnaire.

Part II FOREIGN PARENT'S DIRECT EQUITY IN U.S. AFFILIATE'S

Table with columns: Current quarter, Preceding quarter, if revised. Rows include: 11. Net income (loss) after provision for U.S. income taxes. 12. Included in item 11. 13. Taken directly to retained earnings or other equity account. 14. Dividends - gross amount - on common and preferred stock. 15. Earnings distributed - gross amount - by unincorporated U.S. affiliate. 16. U.S. tax withheld on dividends. 17. Net amount of dividends or distributed earnings.

Part V CHANGE DURING THE QUARTER IN FOREIGN PARENT'S EQUITY IN U.S. AFFILIATE

Table with columns: Amount, Bil., Mil., Thous. Rows include: 26. Increase in equity interest. 27. Decrease in equity interest. 28. U.S. persons other than the U.S. affiliate. 29. All foreign persons. 30. U.S. persons other than the U.S. affiliate. 31. All foreign persons. 32. Transactions value. 33. Book value (approximate) that is equivalent to the transactions value reported in item 32.

Part III DIRECT PAYMENTS TO AND RECEIPTS FROM FOREIGN PARENT BY U.S. AFFILIATE, AS CONSOLIDATED, DURING QUARTER

Table with columns: Payments by U.S. affiliate, Receipts by U.S. affiliate. Rows include: 18. Interest - Include interest on capital leases. 19. Royalties, license fees, and other fees for the use or sale of intangible property. 20. Charges for the use of tangible property. 21. Film and television tape rentals. 22. Allocated expenses. 23. Sales of services.

Part VI ANNUAL INCOME AND EQUITY POSITION

Table with columns: Month, Day, Year, Bil., Mil., Thous. Rows include: 34. U.S. affiliate's calendar (or fiscal) year ending date. 35. Foreign parent's percentage of equity ownership interest in the U.S. affiliate at end of year. 36. Foreign parent's direct equity in U.S. affiliate's annual net income (loss) after provision for U.S. Federal, State, and local income taxes. 37. Included in net income (item 36), net of tax effect. 38. Excluded from net income (item 36), net of tax effect, and taken directly to retained earnings or other equity account. 39. Common and preferred stock and additional paid-in capital. 40. Retained earnings (deficit). 41. Other equity accounts - Specify. 42. TOTAL - Sum of items 39, 40, and 41.

Part IV INTERCOMPANY DEBT BALANCES BETWEEN U.S. AFFILIATE AND FOREIGN PARENT

Table with columns: End-of-quarter, Beginning-of-quarter. Rows include: 24. Liabilities owed by U.S. affiliate to foreign parent - Current and long-term. 25. Receivables due to U.S. affiliate from foreign parent - Current and long-term.

BEA USE ONLY. 001, 002, 003

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT - Enter name and address. U.S. TELEPHONE NUMBER - Area code, Number, Extension.

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 the instructions, estimates have been provided where data are not available from customary accounting records or precise data could not be obtained without undue burden. Authorized official's signature, Print or type name and title, Date.

This is a restricted survey form and is for informational purposes only. Do not disseminate information for - Survey - Confidentiality.

**Part VII DIRECT TRANSACTIONS OR ACCOUNTS BETWEEN U.S. AFFILIATE AND FOREIGN AFFILIATES OF THE FOREIGN PARENT (FAFP)**

43. Does the U.S. affiliate (as consolidated) identified on page 1, item 2 of this form have direct transactions or accounts with foreign affiliates of the foreign parent identified on page 1, item 47 — Mark (X) one.

Report all direct transactions between the U.S. affiliate and FAFP. Do not include any direct transactions, accounts, or balances between the U.S. affiliate and the foreign parent — they must be reported in Parts III and IV. Do not net payables against receivables. In section A, report payments and liabilities to, and, in section B, report receipts and receivables due from, FAFP by country. Enter only one foreign country per line. If more lines than provided are needed in order to list all countries, use additional copied sheets as necessary, properly identified with the name of the U.S. affiliate. A country should be reported separately if one item is \$500,000.00 or more for that country. The combined values for countries not required to be reported separately should be entered on the unallocated line.

Report all amounts in thousands of U.S. dollars, as illustrated.

EXAMPLE: If figure is \$1,125,628,000.00 — Report as shown

043  1 Yes — Complete this page. Do not duplicate amounts already reported on page 1, items 18 through 25.  
 2 No

Bil.	Mil.	Thous.	Dols.
1	125	628	

Country of foreign affiliate of foreign parent	BEA USE ONLY (1)	Current and long-term liabilities or receivables								Interest — Including interest on capital leases (4)	Royalties, license fees, and other fees for the use or sale of intangible property (5)	Charges for the use of tangible property (6)	Film and television tape rentals (7)	Allocated expenses (8)	Sales of services (9)														
		End-of-quarter balance (2)				Beginning-of-quarter balance (3)																							
<b>Section A — U.S. AFFILIATE'S LIABILITIES AND PAYMENTS TO FAFP</b>		<b>Liabilities of U.S. affiliate TO FAFP</b>												<b>Payments or accruals, whichever occurred first, TO FAFP (Net of U.S. tax withheld)</b>															
		Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.
44. Canada	044		100																										
45. United Kingdom	045		327																										
46. Netherlands	046		319																										
47. Japan	047		614																										
Other countries — Specify																													
48.	048																												
49.	049																												
50.	050																												
51.	051																												
52.	052																												
53.	053																												
54.	054																												
55. Unallocated by country — Sum of amounts for each country for which each entry is less than \$500,000	155		709																										
56. TOTAL — Sum of items 44 through 55	156																												
<b>Section B — U.S. AFFILIATE'S RECEIVABLES AND RECEIPTS FROM FAFP</b>		<b>Receivables of U.S. affiliate FROM FAFP</b>												<b>Receipts or accruals, whichever occurred first, FROM FAFP (Net of foreign tax withheld)</b>															
		Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.	Bil.	Mil.	Thous.	Dols.
57. Canada	157		100																										
58. United Kingdom	158		327																										
59. Netherlands	159		319																										
60. Japan	160		614																										
Other countries — Specify																													
61.	161																												
62.	162																												
63.	163																												
64.	164																												
65.	165																												
66.	166																												
67.	167																												
68. Unallocated by country — Sum of amounts for each country for which each entry is less than \$500,000	268		709																										
69. TOTAL — Sum of items 57 through 68	269																												

This historical survey form is no longer valid and is for information purposes only. Current survey forms are at www.bea.gov/help/information-for-survey-respondents.

## SPECIFIC INSTRUCTIONS

A U.S. affiliate that is only indirectly foreign owned (item 7 must be marked), but is required to file a separate report on Form BE-605 because it has direct transactions or positions with the foreign parent or foreign affiliates of the foreign parent, should complete only Parts I, III, IV, and VII, as applicable.

All U.S. affiliates (except banks), whether directly or indirectly foreign owned, must complete Part VII, page 2, if the U.S. affiliate has direct transactions with foreign affiliates of the foreign parent. A U.S. affiliate that is a bank should not complete Part VII.

### PART I

**Item 10** — Industry classification refers to the 3-digit international survey industry (ISI) codes as given in the Industry Classification Questionnaire, Form BE-607.

### PART II

**Item 11** — Net income should be reported on a quarterly basis, **not on a cumulative or year-to-date basis**. Net income for the period shown in item 1 should be entered in column 1. Column 2 should be used to correct data that were incorrect or were not given in the preceding report. Do not delay filing because current quarter data are not available. Estimates may be used where necessary.

The amount entered should represent the foreign parent's equity, based on its directly held equity interest in the U.S. affiliate's net income (loss) for the quarter, before provision for common and preferred dividends and before any deduction for U.S. withholding taxes on dividends, but after provision for U.S. Federal, State, and local income taxes. U.S. affiliates in extractive industries should report net income before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, **on an equity basis**, the U.S. affiliate's share in the net income of all domestic and foreign business enterprises owned by it to the extent of 20 percent or more.

If this report is for the U.S. affiliate's direct transactions or accounts with a foreign parent that does not hold a direct equity interest, the foreign parent's share in net income should be zero. This amount should be reported by the U.S. affiliate identified in item 9 that is directly foreign owned. If the foreign parent holds both a direct and an indirect equity interest, only the share representing the direct equity interest should be given in this item; the indirect equity interest should be reported by the U.S. affiliate identified in item 9.

**Items 12–13** — Certain realized and unrealized gains (losses) include:

- (1) Gains or losses from the sale, disposition, or revaluation of investment securities. (Dealers in securities, other finance companies, and insurance companies, see special instructions below.)
- (2) Gains or losses from the sale, exchange, write-off, or revaluation of land, other property, plant, and equipment, or other assets. (Real estate companies, see special instructions below.) However, gains or losses from the sale of inventory assets in the ordinary course of trade or business should not be included.
- (3) Gains or losses from changes in the dollar value of the affiliate's foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the period.
- (4) Gains or losses due to extraordinary items (except those resulting from the early retirement or forgiveness of debt, legal judgments, and accidental damage to fixed assets).
- (5) Material gains or losses resulting from unusual or infrequently occurring items.

The foreign parent's share of such gains or losses included in your income statement should be reported in item 12 after provision for U.S. Federal, State, and local income taxes. The foreign parent's share of such gains or losses not included in your income statement but, instead, taken directly to retained earnings or other equity account, including translation adjustments per FASB 52 and changes in valuation per FASB 12, should be reported in item 13 after provision for U.S. Federal, State, and local income taxes.

Special instructions for DEALERS IN SECURITIES (classified in ISI code 612): Do not include realized gains or losses due to profit or loss on the sale or maturity of investments in either item 12 or 13. However, unrealized gains or losses due to changes in the valuation of investments that are recognized during the period should be included in item 12 or 13 as appropriate.

Special instructions for FINANCE COMPANIES other than dealers in securities (classified in ISI code 612), INSURANCE COMPANIES (classified in ISI code 631, 632, or 639) and BANKS (classified in ISI code 600): Include in item 12 or 13, as appropriate, the foreign parent's share of realized gains or losses due to profit or loss on the sale or maturity of investments and of unrealized gains or losses due to changes in the valuation of investments.

Special instructions for REAL ESTATE COMPANIES (classified in ISI code 650): Gains or losses from the sale of real estate in the ordinary course of trade or business should **not** be included in item 12. However, a gain or loss that is recognized due to revaluation of assets without a sale should be shown in item 12 or 13.

**Items 14 and 17** — Enter dividends as of the date they were either paid or entered into intercompany accounts (item 24), whichever occurred first. Any subsequent settlement of dividends declared but not paid should **not** be reported here again but should be reflected only as a reduction in item 24. Stock and liquidating dividends should not be included in item 14.

### PART III

**Items 18–23** — Enter amounts as of the date they were either received, paid, or entered into intercompany accounts between the payor and payee, whichever occurred first. Include amounts for which payment was made in kind. For an item entered into intercompany account prior to the reporting period, any subsequent settlement of the account should not be reported here again but should be reflected only as a reduction in intercompany account items 24 and 25. Banks should exclude interest and fees relating to the items reportable on the Treasury International Capital Reporting Forms.

**Item 20** — Include rentals for operating leases of one year or less and net rent on operating leases of more than one year. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component. Exclude film and television tape rentals.

**Item 22** — Include allocated expenses (such as R & D assessments) and reimbursements for management, professional, technical, or other services that normally would be **excluded** from sales or gross operating revenues of the provider of the services. Exclude any amounts related to merchandise.

**Item 23** — Receipts or payments for services that are separately billed and that would normally be **included** in sales or gross operating revenues of the seller of the services. Exclude any amounts related to merchandise.

### PART IV

**Items 24 and 25** — Include all intercompany accounts or indebtedness of the U.S. affiliate with the foreign parent whether current or long-term. (See Part VII for reporting transactions with foreign affiliates of the foreign parent. Note that the current quarter's opening balance should be equal to the previous quarter's closing balance; therefore, if it is necessary to translate the balances to U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance for the previous quarter. If the closing balance on the preceding quarter's report was in error, **note the correction**. Entries in items 24 and 25 should be consistent with entries in items 18–23 insofar as they reflect the later entries. For example, film rentals shown in item 21 and accrued but not paid by the U.S. affiliate in the current quarter should be included in item 24. Banks should not include accounts reportable on Treasury International Capital Reporting Forms.

If leases between the U.S. affiliate and the foreign parent are capitalized, then the outstanding capitalized value should be shown here as an intercompany balance. Lease payments should be disaggregated into the amount which is (a) a reduction in the intercompany balance, which would be reflected in one of these items, and (b) interest, which would be entered in item 18.

### PART V

**Items 26–32** — Entries in Part V are necessary to identify the cause of any changes in equity holdings by the foreign parent in the U.S. affiliate during the quarter. When changes in the foreign parent's equity holdings in the U.S. affiliate occur during the quarter, the amount involved in the transaction that changed the capital account should be entered in the appropriate item at transactions value. Exclude changes caused by carrying net income to the equity account, the payment of stock or cash dividends (other than liquidating dividends), or the distribution of earnings during the period. Exclude effect of treasury stock transactions with persons other than the foreign parent and reorganizations in capital structure that do not affect total equity.

**Item 26** — Incorporated U.S. affiliate, report the foreign parent's purchases of capital stock from the U.S. affiliate and other contributions by the foreign parent of equity capital not resulting in the issuance of stock to the foreign parent by the U.S. affiliate. Unincorporated U.S. affiliate, report the foreign parent's share of any increase in the U.S. affiliate's equity (or home office account), excluding amounts reported in Parts II and IV.

**Item 27** — Incorporated U.S. affiliate, report sales of capital stock by the foreign parent to the U.S. affiliate, returns of contributed equity capital to the foreign parent not resulting in a reduction of issued stock, and distributions to the foreign parent (excluding amounts reported in Parts II and IV) following total liquidation of the U.S. affiliate. Unincorporated U.S. affiliate, report the foreign parent's share of any decrease in the U.S. affiliate's equity (or home office account), excluding amounts reported in Parts II and IV.

**Item 33** — The amount given here should approximate the change in the foreign parent's share of total owners' equity, after allowance is made to exclude changes caused by carrying net income to the equity account, payment of stock or cash dividends (other than liquidating dividends), distribution of earnings, and treasury stock transactions.

### PART VI

**Items 34–42** — Complete once a year, not later than the second filing following the close of the calendar year (or fiscal year if the U.S. affiliate's books are not kept on a calendar year basis). For example, following the end of the calendar year, this section must be completed on the report due within 30 days after the close of the first quarter, or April 30. Best estimates are permitted where necessary in order to file a timely report.

**Items 36–38** — Same instructions as for items 11, 12, and 13, except that these items refer to the annual figure for the year designated in item 34.

**Items 39–42** — Show the proportion of capital owned and equity in surplus accounts by the foreign parent as of the end of the year shown in item 34. The retained earnings account underlying the foreign parent's share of retained earnings, item 40, must be computed on the equity basis consistent with items 11 and 36.

### PART VII

Report direct transactions during the quarter with foreign affiliates of the foreign parent in accordance with column headings. **Do not include transactions already reported in Parts III and IV of this form.** In Section A, report payments and liabilities to, and in Section B, report receipts and receivables due from, foreign affiliates of the foreign parent. In the country column, enter only one foreign country per line. If more lines than provided are needed in order to list all countries, use additional sheets as necessary. A copy of Part VII may be used for this purpose. Note, however, only countries with an amount of \$500 thousand or more must be reported on separate lines. Countries for which all amounts are less than \$500 thousand may be combined on line 55, "Unallocated by country," for U.S. affiliate's payments and liabilities and on line 68, "Unallocated by country," for U.S. affiliate's receipts and receivables.

**Purpose** — Reports on this form are required in order to provide reliable and up-to-date information on foreign direct investment in the United States for inclusion in the U.S. balance of payments and the national income and product accounts.

**Authority** — Reports on Form BE-605 are mandatory under Section 5(b)(2) 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"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

**Penalties** — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. 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 violation, upon conviction, may be punished by a fine, imprisonment, or both. (See Section 6 of the Act, 22 U.S.C. 3105.)

**Confidentiality** — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

## DEFINITIONS

**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.

**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.

**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).

**Foreign person** means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

**Direct investment** means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

**Foreign direct investment in the United States** means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

**Branch** means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

**Affiliate** means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

**U.S. affiliate** means an affiliate located in the United States in which a foreign person has a direct investment.

**Foreign parent** means the first foreign person in the ownership chain of the U.S. affiliate.

**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 per centum of the person below it up to and including that person which is not owned more than 50 per centum 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 per centum by the person above it.

**Foreign affiliate of foreign parent** means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the affiliate that is not a foreign parent of the affiliate.

**U.S. corporation** means a business enterprise incorporated in the United States.

**Business enterprise** means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

**Banking** includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, and bank holding companies, i.e., holding companies for which over 50 per cent of their total income is from banks which they hold. (U.S. branches of foreign banks are U.S. persons; conversely, foreign branches of U.S. banks are foreign persons.)

## REPORTING REQUIREMENTS

**Who must report** — Except as exempted below, a Form BE-605 is required from every U.S. business enterprise, except an unincorporated bank, in which a foreign person had a direct and/or indirect ownership interest of 10 percent or more of the voting stock if an incorporated business enterprise or an equivalent interest if an unincorporated business enterprise at any time during the reporting period. Note, however, that a U.S. affiliate that is indirectly foreign owned and has no direct transactions or positions with a foreign parent (or foreign affiliate of the foreign parent) at any time during the year is exempt from filing a Form BE-605 provided a claim for exemption from filing this report is (or has been) filed. Related forms for reporting foreign direct investment in the United States are:

**BE-606B** Transactions of U.S. Banking Branch or Agency with Foreign Parent

**BE-607** Industry Classification Questionnaire

Reports are required even though the foreign person's equity interest in the U.S. business enterprise may have been established, acquired, liquidated, sold, or inactivated during the reporting period.

**Consolidated reporting by U.S. affiliate** — A U.S. affiliate shall file on a fully consolidated basis, including in the consolidation all other U.S. affiliates in which it directly or indirectly owns more than 50 percent of the outstanding voting interest, except that banking operations must be reported separately from other consolidated operations. (Foreign subsidiaries of the U.S. affiliate are not to be included in the consolidation, except as provided below under the equity method of accounting.) However, separate reports may be filed where a given U.S. affiliate is not normally consolidated due to unrelated operations or lack of control, provided written permission has been requested from and granted by BEA.

A listing of the names and addresses of the U.S. affiliates included in the consolidation must be provided with the first filing and then updated as changed on a quarterly basis. The list should indicate each U.S. affiliate's direct owner and the percentage of direct ownership interest held.

**NOTE:** If a U.S. affiliate in a consolidated group is both directly and indirectly owned by the same foreign parent, the foreign parent's indirect equity interest and any direct transactions or positions between the affiliate and its foreign parent should be included in the report for the consolidated group. A separate BE-605 must be filed to report the foreign parent's direct equity interest. However, parts III, IV, and VII should not be completed since those data should be included in the report for the consolidated group.

**Equity method of accounting** — Investments by the U.S. affiliate in business enterprises not included in the consolidation and which are 20 percent or more owned should be accounted for following the equity method of accounting when computing net income.

**Multiple foreign parents** — Where two or more foreign persons hold reportable equity interests in a U.S. affiliate, a separate report must be filed to report transactions or accounts with each foreign parent. Note, however, that transactions or accounts with foreign affiliates of a foreign parent, whether located in the same or in a different foreign country as the foreign parent, should not give rise to separate reports but should be entered in Part VII (on page 2) of the form for that foreign parent.

**Exemption** — A U.S. affiliate is not required to file a report if each of the following three items for the U.S. affiliate (not the foreign parent's share) is less than \$20,000,000, either positive or negative:

- (1) Total assets,
- (2) Annual sales or gross operating revenues, excluding sales taxes (not gross margin), and
- (3) Annual net income (loss) after provision for U.S. income taxes.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a U.S. affiliate's total assets, sales, or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

**NOTE:** If any one of the three items above exceeds the exemption level, either positive or negative, the U.S. affiliate must report. Since these items are not reported on Form BE-605, a U.S. affiliate claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

## GENERAL INSTRUCTIONS

**Filing of report** — Reports filed by mail through the U.S. Postal Service should be sent to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(IN), Washington, DC 20230. Reports filed by direct private delivery should be directed to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(IN) — Room 608, 1401 K Street, N.W., Washington, DC 20005.

BE-605 is a quarterly report. A single copy of each report should be filed within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports should be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the appropriate address shown above.

**Special note for U.S. affiliates that are incorporated banks: Data to be reported on this form and relationship to Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC** — For U.S. affiliates that are incorporated banks, item 24 should reflect only those amounts that the U.S. affiliate considers to be permanent invested debt capital by the foreign parent, and item 18, column 1, should include only interest payments that relate to this capital. The permanent invested debt capital and the foreign parent's equity investment in the U.S. affiliate (Parts IV and V) must not be reported on the Treasury International Capital Reporting Forms. Do not complete Part VII.

**Currency amounts** should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between  $\pm$  \$500, enter "0." Use parentheses to indicate negative numbers.

**Accounting methods** — Data are to be provided from the U.S. affiliate's books on a basis consistent with generally accepted accounting principles of the United States, unless otherwise specified.

**Estimates** may be provided where necessary in order to file a timely report.

**Part I IDENTIFICATION**

**BEA USE ONLY**

1. Report for quarter ending	Month	Day	Year	Mark (X) if revised →
	1			

3																			
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2. Name and mailing address of U.S. affiliate

3. Name of foreign parent

4. Country of location of foreign parent

	004	1		
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**MAIL REPORTS TO**  
U.S. Department of Commerce  
Bureau of Economic Analysis  
BE-50 (IN)  
Washington, DC 20230

**OR**  
**DELIVER REPORTS TO**  
U.S. Department of Commerce  
Bureau of Economic Analysis  
BE-50 (IN), Room 608  
1401 K Street, N.W.  
Washington, DC 20005

**IMPORTANT** — Report data according to books of U.S. affiliate. Read instructions on reverse side before completing this form.  
**REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.**

**Part II CHANGES DURING QUARTER IN FOREIGN PARENT'S PERMANENT INVESTED CAPITAL**

Report all amounts in THOUSANDS of U.S. dollars.

**NOTE:** Only positions and transactions relating to the foreign parent's permanent invested capital in the U.S. affiliate are to be reported on this form in items 5, 6, 8, 9, and 11, and these amounts must not be reported on Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC.

		Amount		
		Bil.	Mil.	Thous.
5. Beginning-of-quarter balance of foreign parent's permanent invested capital in the U.S. banking affiliate. This balance would normally consist of capital allocated to the U.S. affiliate, special reserves out of net income, and net income not yet distributed.	05	\$		
6. Transfer of permanent invested capital to U.S. affiliate by the foreign parent during quarter	06			
7. Quarterly net income (loss) after provision for U.S. Federal, State, and local income taxes. Amounts shown in items 15 through 19 should already be included as reductions to income. — See <b>Specific Instructions</b> .	07			
8. Other additions to permanent invested capital Less —	08			
9. Return of permanent invested capital to foreign parent by U.S. affiliate and other deductions from permanent invested capital, except remittances of income.	09			
10. Income remitted to the foreign parent	10			
11. End-of-quarter balance of foreign parent's permanent invested capital in the U.S. banking affiliate. This balance would normally consist of capital allocated to the U.S. affiliate, special reserves out of net income, and net income not yet distributed. — <b>Equals items 5 + 6 + 7 + 8 - 9 - 10.</b>	11	\$		
12. Gain (loss) on sale or liquidation of U.S. affiliate — <i>Specify whether gain or (loss).</i>	12	\$		

**Part III CERTAIN REALIZED AND UNREALIZED GAINS (LOSSES), NET OF TAX EFFECT — See Specific Instructions.**

13. Included in income, item 7 — <i>Show losses in parentheses ( ).</i>	13			
14. Excluded from income, item 7, but included in investment in item 8 or 9 — <i>Show losses in parentheses ( ).</i>	14			

**Part IV FOREIGN PARENT'S CHARGES TO U.S. AFFILIATE, LESS U.S. AFFILIATE'S CHARGES TO THE FOREIGN PARENT, DURING THE QUARTER — Report net negative charges in parentheses ( ) — See Specific Instructions.**

15. Interest on permanent invested capital reported in items 5 and/or 11	15			
16. Royalties, license fees, and other fees for the use or sale of intangible property	16			
17. Charges for the use of tangible property	17			
18. Allocated expenses	18			
19. Sales of services	19			

**BEA USE ONLY** → 20

**PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT — Enter name and address**

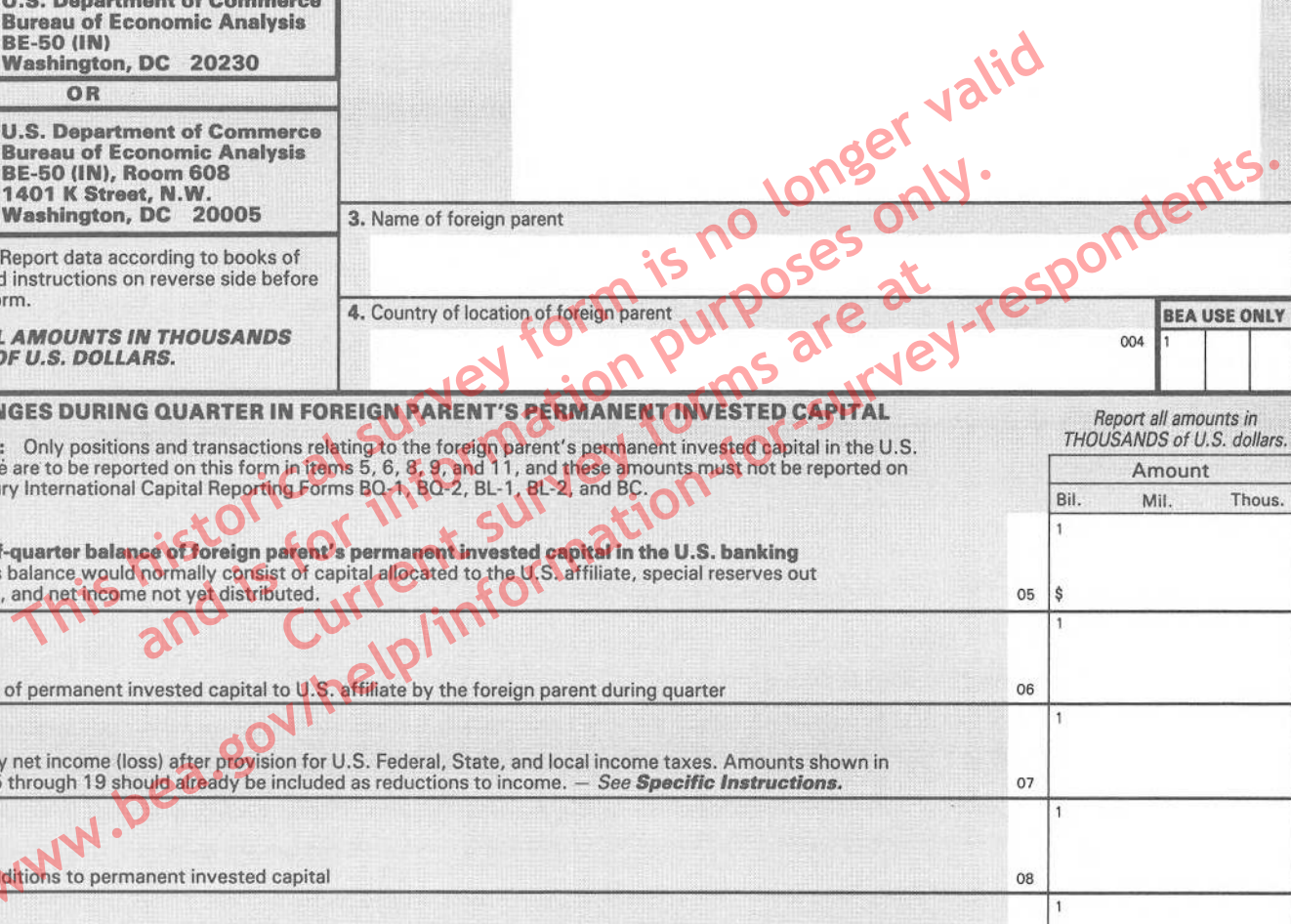
**CERTIFICATION** — The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with the **Instructions**, estimates have been provided where data are not available from customary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

Authorized official's signature

U.S. TELEPHONE NUMBER → Area code Number Extension

Print or type name and title

Date



# INSTRUCTIONS

**Purpose** — Reports on this form are required in order to provide reliable and up-to-date information on foreign direct investment in the United States for inclusion in the U.S. balance of payments and the national income and product accounts.

**Authority** — Reports on Form BE-606B are mandatory under Section 5(b)(2) 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"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

**Penalties** — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. 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 violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See Section 6 of the Act, 22 U.S.C. 3105.)

**Confidentiality** — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

## DEFINITIONS

**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.

**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.

**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).

**Foreign person** means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

**Direct investment** means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

**Foreign direct investment in the United States** means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

**Branch** means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

**Affiliate** means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

**U.S. affiliate** means an affiliate located in the United States in which a foreign person has a direct investment.

**Foreign parent** means the first foreign person in the ownership chain of the U.S. affiliate.

**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 per centum of the person below it up to and including that person which is not owned more than 50 per centum 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 per centum by the person above it.

**Foreign affiliate of foreign parent** means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the affiliate that is not a foreign parent of the affiliate.

**U.S. corporation** means a business enterprise incorporated in the United States.

**Business enterprise** means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

**Banking** includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold. (U.S. branches of foreign banks are U.S. persons; conversely, foreign branches of U.S. banks are foreign persons.)

## REPORTING REQUIREMENTS

**Who must report** — Except as exempted below, a Form BE-606B is required from every unincorporated U.S. banking branch or agency in which a foreign person had a direct and/or indirect ownership interest of 10 percent or more at any time during the reporting period. The report is to cover direct transactions and positions between the unincorporated U.S. banking branch or agency (U.S. affiliate) and the foreign parent. Related forms for reporting foreign direct investment in the U.S. are:

- BE-605** Transactions of U.S. Affiliate, Except an Unincorporated Bank, with Foreign Parent
- BE-607** Industry Classification Questionnaire

Reports are required even though the foreign person's equity interest in the U.S. business enterprise may have been established, acquired, liquidated, sold, or inactivated during the reporting period.

**NOTE:** Each unincorporated U.S. banking affiliate must file a Form BE-606B. Two or more unincorporated U.S. banking affiliates owned by the same foreign person may file a single Form BE-606B combining their reportable transactions provided **written permission has been requested from and granted by BEA.**

**Multiple foreign parents** — Where two or more foreign persons hold reportable equity interests in an unincorporated U.S. banking affiliate, a separate report should be filed to report the transactions or accounts with each foreign parent.

**Exemption** — A U.S. affiliate is not required to file a report if each of the following three items for the U.S. affiliate (not the foreign parent's share) is less than \$20,000,000, positive or negative:

- (1) Total assets,
- (2) Annual sales or gross operating revenues, excluding sales taxes (not gross margin), and
- (3) Annual net income (loss) after provision for U.S. income taxes.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a U.S. affiliate's total assets, sales, or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

**NOTE:** If any one of the three items above exceeds the exemption level, either positive or negative, the U.S. affiliate must report. Since these items are not reported on Form BE-606B, a U.S. affiliate claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

## GENERAL INSTRUCTIONS

**Currency amounts** should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between  $\pm$  \$500, enter "0." Use parentheses to indicate negative numbers.

**Estimates** may be provided where necessary in order to file a timely report.

**Filing of report** — Reports filed by mail through the U.S. Postal Service should be sent to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(IN), Washington, DC 20230. Reports filed by direct private delivery should be directed to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(IN) — Room 608, 1401 K Street, N.W., Washington, DC 20005.

Form BE-606B is a quarterly report. A single copy of each report should be filed within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports should be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the appropriate address shown above.

**Data to be reported on this form and relationship to Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC** — Only positions and transactions relating to the foreign parent's permanent invested capital in the U.S. affiliate are to be reported on this form in items 5, 6, 8, 9, and 11, and these amounts must not be reported on Treasury International Capital Reporting Forms.

## SPECIFIC INSTRUCTIONS

**Item 7** — The amount entered should represent the foreign parent's equity in the U.S. affiliate's net income (loss) for the quarter after provision for U.S. Federal, State, and local income taxes. (Do not report net income on a cumulative basis.)

**Items 13 and 14** — Certain realized and unrealized gains (losses) include gains (losses) resulting (1) from the sale, disposition, or revaluation of investment securities; (2) from the sale, exchange, write-off, or revaluation of land, other property, plant, and equipment, or other assets; (3) from changes in the dollar value of the affiliate's foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the reporting period; (4) from extraordinary items (except those resulting from the early retirement or forgiveness of debt, legal judgments, and accidental damage to fixed assets); or (5) from unusual or infrequently occurring items. Report all amounts net of income tax effect. Certain gains (losses) included in net income, item 7, should also be shown in item 13. Those included in item 8 or item 9, rather than in net income, should also be shown in item 14.

**Item 17** — Include rentals for operating leases of one year or less and net rent on operating leases of more than one year. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component.

**Item 18** — Include allocated expenses (such as R&D assessments) and reimbursements for management, professional, technical, or other services that normally would be excluded from sales or gross operating revenues of the provider of the services.

**Item 19** — Receipts or payments for services that are separately billed and that would normally be included in sales or gross operating revenues of the seller of the services.