

Frequently Asked Questions- BE-125 Quarterly Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons

When is the BE-125 survey due?

A completed form is due within 45 days after the close of each fiscal quarter, except for the fourth quarter of the respondent's fiscal year when the report is due within 90 days of the close of the quarter.

Why do I need to complete the BE-125?

This survey is authorized by the International Investment and Trade in Services Survey Act. U.S. entities that receive this survey from BEA, or that have transactions with foreign persons covered by the survey, are required to complete and return the survey to BEA.

Data reported on this survey are confidential and may be used only for 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 your files are immune from legal process.

How do I request a filing extension for the BE-125?

A written request for an extension will be considered if it is received at least 15 days before the due date. BEA will provide a written response to such a request. Requests for extensions may also be sent via e-mail to BE-125extension@bea.gov.

Will BEA acknowledge receipt of my report if requested?

Yes. When you have successfully submitted a form via eFile, you will see confirmation of your submission on your user account page. If you submit a paper copy by mail or fax, you may provide an "acknowledge of receipt" letter with your filing, which BEA will sign, date, and return to you, or you may ask us to return a date-stamped copy of your cover letter to acknowledge receipt of your report.

Who should provide the authorized signature on the report?

Any official of the company may sign the report. Please keep in mind that the person signing the report is certifying that the report has been prepared in accordance with the applicable instructions, and is complete and substantially accurate. See the CERTIFICATION section of the report.

Where do I mail reports?

If you eFile the report, there is no need to also mail a paper copy. Mailing instructions are in the upper left-hand corner of page 1 on each form.

What is the threshold for having to file the BE-125?

Completion of a BE-125 survey is required of any U.S. person/company that had

- a.* Sales to foreign persons, regardless of affiliation, in any one of the types of services and intellectual property listed in Section IV of the General Instructions for the BE-125 that exceeded \$6,000,000 in the previous fiscal year or that are expected to exceed that amount in the current fiscal year; or
- b.* Purchases from foreign persons, regardless of affiliation, in any of the types of services or intellectual property that exceeded \$4,000,000 in the previous fiscal year or that are expected to exceed that amount in the current fiscal year.
- c.* In addition, any U.S. person/company who receives a BE-125 from BEA is required to respond either by reporting data or claiming exemption from reporting.

How do I obtain a copy of the BE-125 survey or additional overflow sheets?

- a.* Go to <http://www.bea.gov/ssb> to download a copy of the survey in Microsoft Excel or PDF format.
- b.* Send a blank e-mail to BE-125@bea.gov for a copy of the survey in Microsoft Excel or PDF format.

The address and the contact person listed are no longer current. How do I update this information for the BE-125?

- a.* If you are completing the survey via eFile, enter the updated contact information when prompted and click on the “update address information” button.
- b.* If you complete a PDF or Excel version of the BE-125, enter the correct name and address of the contact person on the appropriate lines on the cover page of the survey.
- c.* You may call (301) 278-9303 and we will update this information for you.

I believe I am exempt from filing data on Schedule A, B, or C on the BE-125 survey. What do I do?

Complete pages 1 through 7 of the survey. If you do not check a box “yes” in Tables 1-4 of Part 2, and you do not wish to report on a voluntary basis on Schedule A, B, or C, then return the survey to BEA per the instructions on the cover of the form.

How do I file?

- a.* eFile is BEA’s electronic filing system and preferred filing method. The eFile system and its instructions are available at <https://www.bea.gov/efile>.
- b.* Surveys can be mailed to:
 - U.S. Department of Commerce
 - Bureau of Economic Analysis
 - Balance of Payments Division BE-50 (SSB)
 - 4600 Silver Hill Road
 - Washington, DC 20233
- c.* Surveys can be delivered to:
 - U.S. Department of Commerce Bureau
 - of Economic Analysis
 - Balance of Payments Division BE-50 (SSB)
 - 4600 Silver Hill Road
 - Suitland, MD 20746

Can I submit the BE-125 electronically?

Yes, you may file electronically at <http://www.bea.gov/efile>. This system allows you to access a fillable PDF version of the BE-125; you may work on the survey over however much time you need to complete it, and save your progress in the eFile system as you go. Once you have finished filling out the applicable sections of the

survey, you can then select "submit" and securely transmit your completed form to BEA electronically.

Do I need to mail a hard copy of the form if I submit the form via eFile or email?

No. A single submission is sufficient.

How should I round currency amounts on the BE-125?

Report currency amounts 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.

Can we use estimates when filling out the BE-125?

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

Should we report any amortization of purchased IP over future periods, or is the purchase reportable all at once in the period of acquisition?

The recording time of charges for the use of intellectual property follows the substance of the license agreement. However, if the rights to use intellectual property are sold or purchased outright for a fixed fee, under a non-cancellable contract, and where the licensor has no remaining obligations to perform, then the whole sum is reported as a sale or purchase in the period of the acquisition or disposal. Otherwise, charges are allocated over the life of the agreement. In practice, it may be feasible to record the payments only when they are made.

How should I interpret the terms "sales" and "purchases?" Many organizations and transactions types are really not related to sales or the organization is not involved in sales.

"Sales" and "receipts" should be understood as interchangeable. Likewise, "Purchases" and "payments" should be understood as interchangeable. Intercompany receipts or payments should still be reported on an accrual basis.

Should I report on an accrual basis or cash basis on the BE-125?

All transactions should be reported on an accrual basis with two exceptions:

Telecommunications services should be recorded on a settlement basis.

The outright sale or purchase of intellectual property should be reported in the period when the acquisition or disposal of the intellectual property occurs.

How should I account for mergers and acquisitions on the BE-125?

If your company was acquired by another U.S. company, please complete pages one and two of the survey and in response to question number 3 write the name and address of your company's U.S. parent.

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.

If your company purchased another U.S. company, your BE-125 survey should consolidate their transactions in selected services and intellectual property for the entire reporting period.

Should I net purchases against sales on the BE-125?

No. Please report on a gross value basis. Sales are reported on Schedule A and purchases are reported on Schedule B of the BE-125, except for transaction code 13, 16, and 23, whose receipts are reported on Schedule C. Payments for these services are reportable on Schedule B.

At what level should data reported on the BE-125 be consolidated?

Data reported on the BE-125 should be consolidated and reported at the top U.S. reporter's level. A consolidated BE-125 will cover all of your U.S. domestic operations' transactions with unaffiliated foreign persons, and it will also cover your U.S. domestic operations' transactions with your foreign affiliates, foreign parents, and members of your foreign parent group for services and intellectual property. The BE-125 DOES NOT cover transactions by your foreign affiliates with other foreign persons.

In Part II - Determination of Reporting Status - If we always have sales or purchases in a quarter AND are over the threshold, would we always check the box in column 3 and check the box for yes in column 4? And, do we have to report a country if amount is under \$1,000?

Yes, if you always have sales and purchases in a quarter in an amount over the threshold, you would check the box in column 3 and also check yes in column 4 for that particular transaction type. Data are rounded to the nearest thousands of dollars on the survey. If, for a particular transaction type, total receipts or payments in a particular country are less than \$500, then round to 0.

We purchased services from a company in country A, but we sent the payments to a bank in a different country. How should we report this transaction?

Because your transaction was with country A, you should report this as a transaction with country A. Where the money actually is transmitted does not affect the geographic attribution of the transaction.

Under "rights related to patents, processes, and trade secrets," why is there no category for "rights to reproduce and/or distribute?"

In the case of patents, processes, or trade secrets, one typically uses that patent or process to reproduce or distribute a product or service. One does not reproduce and/or distribute the patent itself. Therefore, we concluded that it was not appropriate to include a subcategory for "rights to reproduce and/or distribute" those types of intellectual property. If your company is paying or collecting fees based on the use of a patent (i.e. patent royalties) to produce pharmaceutical products, automobiles, or other goods, or for the use of a patent or trade secret in the conveyance of a service, please use transaction code 1.1. If your company sells or purchases a patent or trade secret outright, including for the use of that intellectual property in perpetuity, please use transaction code 1.3.

Do "education services" include tuition charged to foreign exchange students?

No. Education services consist of services relating to education, such as correspondence courses and education via television or the Internet, as well as by teachers and so forth who supply services directly in host economies. However,

education services provided to nonresidents who are present in the territory of the service provider (i.e. foreign exchange students) are not reportable on the survey.

Do "health services" include in-patient or out-patient care provided directly to foreign residents?

No. The types of services that should be reported under this category include remote diagnostic, laboratory or imagery services, or "telemedicine," as well as fees paid to foreign medical professionals who provide their services on-site in the United States or vice-versa. Charges for medical services provided to a foreign person visiting the U.S., for example, the provision of services to a Kuwaiti citizen who flies to the United States for chemotherapy treatments, are not reportable on the survey.

Should the intercompany charges to foreign affiliates for the reimbursement of management time and expense, advertising expense, etc. be considered "sales" for the purpose of the survey?

Yes. These would be considered "sales" for purposes of this survey as long as the charges are from the U.S. operations to foreign affiliates. Intercompany charges from your foreign affiliates to other foreign entities are not covered on this survey.

If I have a transaction with a country in an amount that is less than \$500 do I list the country and \$0.00 or do not have to list the country at all?

Amounts less than \$500 should be rounded to zero. Therefore, you are not required to report your transaction with that country.

Are the purchases or sales of goods reported on the BE-125?

Goods should generally not be reported on the BE-125. However, the value of goods exports in connection with construction services provided to foreign persons is reportable on Schedule C.

Additionally, merchanting services, reportable on Schedule A, are equal to the difference between your cost of buying products "off the shelf," outside of the U.S. and then selling them "as is" in another foreign market, without the goods ever entering the U.S. or performing any significant refining of such products. Reporters of merchanting

services must also complete page 14 of the survey and report gross sales and gross purchases of those sales reported on a net basis on Schedule A.

We provide services to a U.S. affiliate of a foreign company. Is this transaction applicable to the BE-125?

No. Your transaction is with a U.S. affiliate of that foreign company. This would be considered a domestic transaction and therefore not reported on the BE-125.

When reporting data by country on the BE-125, can regions be used instead?

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

How should transactions with international organizations be reported on the BE-125?

International organizations (such as the United Nations, the World Bank, and the International Monetary Fund) are, according to balance of payments conventions, considered foreign entities, even if they are headquartered in the United States.

Transactions in services with these organizations should be reported on the BE-125. Enter "Int'l Org" under "Other – Specify country" on Schedules A, B, or C and enter the data for each transaction type for which you had transactions.

How do I indicate on the BE-125 what type of services I am selling/purchasing?

Tables 1-4 on pages 3 through 6 of the survey list each type of service or intellectual property transaction covered by the survey along with a corresponding transaction code (for example, sales of advertising services are designated transaction code 10 in table 2 on page 4). If you check "yes" in column 4 of any of the tables, then enter the transaction code associated with that service under "Transaction Code" on Schedule(s) A, B, and/or C, as indicated in column 5.

If you had transactions in some services/intellectual property that did not exceed the reporting threshold (you checked "no" in column 4 of tables 1-4), we encourage you to report these transactions voluntarily on Schedules A, B, and C to improve the quality of BEA's data.

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 on the BE-125?

Your payments of \$800 thousand fell below the mandatory reporting threshold for payments of \$4 million; therefore, you have three options:

You can report these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, and list the country detail.

You have a second option of reporting these data on Schedule B under transaction code 9, accounting, auditing, and bookkeeping services, without the country detail – just report the total payments for accounting, auditing, and bookkeeping services on line 34.

If you choose not to report voluntarily as described in the two options above, you must report these transactions on line 5 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 transaction with foreign persons are greater than \$6 million, or payments for a covered transaction with foreign persons are greater than \$4 million, then you must provide the country detail on either Schedule A or B as appropriate.

Should I report all services not otherwise listed on the BE-125 under service code 35, other selected services?

Other selected services include all services transactions that are not separately listed and are not specifically excluded. This category excludes receipts for financial services (which are covered on a separate BEA survey); income on financial instruments (including interest, dividends, capital gains, etc.); taxes, penalties and fines, gifts or grants; and transportation or travel-related services provided to individual travelers (including hotel accommodation and restaurant meals). Other selected services include (but are not limited to) funding (U.S. receipts and U.S. payments) of the news-gathering costs of broadcasters, news-gathering costs of the print media, and costs of maintaining sales promotion and representation offices including government tourism and business promotion offices. Also included are receipts or payments for account collection services; agricultural services; employment agency and temporary help supply services; language translation services; mailing, reproduction, and commercial art; salvage services; satellite photography and remote sensing/satellite imagery services; security

services; space transport (includes satellite launches and transport associated with scientific experiments or space passenger transport); transcription services; and waste treatment and depollution services. See instructions for a definition of services and a fuller discussion of the coverage of this survey.

My company has been hired by the U.S. Government to provide educational and training services to organizations located abroad. Are such transactions reportable on the BE-125?

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

If you are providing a service other than construction, engineering, or mining on behalf of U.S. Government non-military agency, please report on schedule A of the form the full amount of the contract you accrued on your books for the quarter as a receipt from the country for whom you are providing the service. Then on schedule B of the form please report your foreign payments for services as a payment to the country where those expenses were incurred. For example, if you leased computer equipment in India used in conjunction with the educational and training services you provided there, then report those expenses as a purchase of operational leasing services from India.

We provide services to one of our foreign affiliates. Is this reportable on the BE-125?

Yes. Your transaction is with one of your foreign affiliates and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Affiliates.

We provide services to our foreign parent. Is this reportable on the BE- 125?

Yes. Your transaction is with your foreign parent and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Parent Group.

We provide services to a foreign affiliate of a foreign parent. Is this reportable on the BE-125?

Yes. Your transaction is with a foreign affiliate of a foreign parent and is considered a transaction with a foreign person and therefore should be reported on the BE-125 under the column marked Foreign Parent Group.

What types of "allocated expenses" are reportable on the BE-125 under transaction code 21, Management, Consulting, and Public Relations Services?

This category covers management services, consulting services, public relations service, and amounts received by a parent company from its affiliates for general overhead and stewardship. It excludes consulting engineering services related to actual or proposed construction projects (report under transaction number 16); computer consulting (report under transaction number 12); and public relations services that are an integral part of an advertising campaign (report under transaction code 10). It also excludes transactions between parent companies and affiliates that are identifiable as arising from the provision of advertising, accounting, legal, R&D, etc. services, even if these amounts represent reimbursements of sums paid to third parties. That is, transactions between parent companies and affiliates should not be reported in management services if they can instead be reported in another services category.

Under which transaction code do I report licenses to use computer software, i.e. end-user licensing agreements on the BE-125?

The sale of general use software for individual or personal use that is downloaded or otherwise electronically delivered is recorded as computer services, transaction code 12 (computer and data processing services). Licenses related to customized software, that is, software designed for a specific user, is also recorded as transaction code 12. Note that software sold on physical media with the right to perpetual use is treated as goods, and therefore not reportable on the BE-125 survey. Receipts or payments for the licensing of software that is pre-installed on computer hardware such as PC's or laptops should be reported under transaction code 6.2, rights to reproduce and/or distribute general use computer software.

We are a goods producer, and some of our products move from country to country during the manufacturing process. Should we report the value-added of those products under merchanting services?

No. Value-added services are classified under manufacturing services for balance of payments accounting. Currently, the BE-125 survey does not collect information on manufacturing services. Merchanting services only covers goods that are both purchased and resold abroad where no significant improvements are made while those goods are owned by the merchant.

How do you add additional schedules/overflow pages?

For paper submissions, simply print and fill out additional Schedule/Overflow Pages provided in the PDF or Excel versions of the BE-125, or download additional copies at <https://bea.gov/be125>. For eFile submissions, select "Add Overflow" from the "Survey Selection" page.

Do I need to report shared services amounts between the subsidiaries & parent companies on the BE-125?

You should report transactions between your U.S. operations and foreign entities. You should not report any transactions between your foreign parent and other foreign entities or between your foreign affiliates and other foreign entities.

For financial services providers - Are fees and commissions received and paid reported on the survey?

If you are a financial services provider, you should be reporting financial related fees and commissions on the BE-185 Quarterly Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons. Your transactions with foreign persons in non-financial services, such as advertising, computer services, should be reported on the BE-125.

Should the intercompany charges to foreign affiliates for the reimbursement of management time and expense, advertising expense, etc. be considered "sales" for the purpose of the survey?

Yes. These would be considered "sales" for purposes of this survey as long as the charges are from the U.S. operations to foreign affiliates. Intercompany charges from your foreign affiliates to other foreign entities are not covered on this survey.

Are cloud computing services reportable on this survey?

Cloud computing is reportable under transaction code 12, computer and data processing services. Also, payments for software that was delivered electronically are reportable under transaction code 12.