

**NOTES ON THE
CODING LIST FOR THE
BALANCE OF PAYMENTS STATISTICS**

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General information

1 Overview

The purpose of the Federal Republic of Germany's balance of payments is to show a systematic classification of all economic transactions between residents (natural and legal persons resident in Germany) and non-residents (natural and legal persons resident abroad) over a specific period (month, quarter, year). In addition, it constitutes an important part for the balances of payments of the European Monetary Union and the European Union. Both at a national and an international level, the balance of payments provides the authorities responsible for monetary and economic policy, associations and enterprises as well as researchers with important information on the extent and structure of the external trade links maintained by the economic territory. The analyses deduced from that are, amongst other things, indispensable for decisions on monetary and economic policy.

The creation of the Single European Market, the formation of the European Monetary Union and the opening of markets as a result of the global GATT (General Agreement on Tariffs and Trade) and GATS (General Agreement on Trade in Services) agreements were major factors in the internationalisation of the goods, services and capital markets. Related to this the requirements that the European Central Bank, the European Commission and international organisations such as the IMF and the OECD place on the national balance of payment statistics have increased steadily in recent years, for example results must be increasingly comparable and include more detailed breakdowns. As data submission requirements are as a basic principle legally binding, at least for the European countries, the Bundesbank must incorporate these specifications, in particular as it regards a more detailed breakdown of the various sub-accounts.

This revised version of the "Explanatory notes on the coding list for the balance of payments statistics" is based on the official, binding coding list (Annex LV to the Foreign Trade and Payments Regulation or Aussenwirtschaftsverordnung). These explanatory notes describe the codes contained therein in greater detail to help reporting agents codify their external transactions correctly. In drawing them up, account has been taken of suggestions put to the Bundesbank by the reporting industry in a number of communications. As a result, reporting enterprises are being provided with a set of tools, with the aim to make the reports easier to compile by giving a description as accurate as possible of external transactions.

The structure of these "Explanatory notes on the coding list for the balance of payments statistics" is based on the official coding list (annex to the Foreign Trade and Payments Regulation) and is divided into the following areas:

- Services and transfers
- Financial transactions and investment income
- Trade in goods

With respect to the more in-depth breakdown of the respective areas, we will, at the beginning of every sub-item, briefly explain what transactions must be recorded there and which under other transaction items. Where appropriate, we will include an item "Note" referring to related transactions and giving further explanations.

There is an index at the end of this publication to help the reporting agents determine even more quickly in which balance of payments item their transactions have to be recorded. In order to quickly establish what individual codes cover, there is also a list of the codes referring to the pages with the relevant explanations. Finally, the annex includes a list of all payment items that are detailed in this publication with the relevant codes.

To help determine whether an external transaction needs to be reported at all, and if so by whom, in what form and on the basis of which regulations, some general notes on the legal framework, reporting requirements, exemptions from reporting requirements, information on the form the report should take and on submission deadlines will be set out below. In addition, a telephone hotline number is given at the end of the section, which reporting agents can call if they have any questions related to balance of payment reports.

2 Legal framework

Section 26 of the Foreign Trade and Payments Act (Aussenwirtschaftsgesetz) in conjunction with sections 56a ff and sections 59 ff of the Foreign Trade and Payments Regulation establishes the legal framework for collecting data for the balance of payments statistics. The Act on Statistics for Federal Purposes (Gesetz über die Statistik für Bundeszwecke), particularly the provisions of sections 9, 15 and 16, also applies.

3 Reporting requirements

German residents must report payments which they

- receive from non-residents or from residents for the account of non-residents (**incoming payments**) or
- make to non-residents or to residents for the account of non-residents (**outgoing payments**) (section 59 (1) of the Foreign Trade and Payments Regulation).

Payments between residents and non-residents as defined above constitute not only transfers to or out of foreign economic territories, but also transfers to or from the accounts of non-resident natural and legal persons held with domestic financial institutions; also payments made by

means of direct debit, cheques and bills as well as netting and clearing arrangements and cash payments between residents and non-residents. Such payments must be reported if they exceed €12,500 or the equivalent in another currency.

The same applies to payments among residents which are received or made for the account of non-residents. This includes, inter alia, payments which a resident makes – through a transfer to a resident – to fulfil a commitment towards a non-resident. In such cases, the resident payer has to submit a report on the outgoing payment. Where a transaction is subject to reporting requirements, the resident payee must report an incoming payment for the underlying transaction for which the non-resident was invoiced.

The contribution of assets and rights by residents in enterprises, branches and permanent establishments in foreign economic territories must also be reported (as an outgoing payment) as must the contribution of assets and rights by non-residents in enterprises, branches and operating plants in Germany (as an incoming payment).

For balance of payment purposes, transactions must always be reported using the gross settlement principle, in other words if payments are netted, the individual transactions must be reported rather than the sum transferred to settle the outstanding balance. Under a netting procedure, for example, amounts owed within a group are netted over a certain period, with only the outstanding balance settled at the end of an accounting period. According to the regulations of sections 59 ff of the Foreign Trade and Payments Regulation, the underlying gross amounts of the transactions between residents and non-residents must be reported in line with the debits and credits on the settlement accounts as **incoming** and **outgoing payments** using the Z 4 form. Generally speaking, balances to be netted do not have to be reported. Where bank transfers are used for settlement via a domestic financial institution, the purpose of the payment must be given as “Z 4 gross amounts” to indicate that the payment is a settlement balance, and code 900 must be used. In the case of electronic transfers (eg in online banking), submission of a Z 1 form is not necessary.

To facilitate reporting, an exception according to section 64 read in conjunction with section 58c of the Foreign Trade and Payments Regulation means that Annex Z 4 to the Foreign Trade and Payments Regulation can be submitted when ownership is transferred respectively when liabilities and receivables are entered into the accounts rather than at the time of payment. Form Annex Z 1 to the Foreign Trade and Payments Regulation must not then be submitted, with all turnovers to be reported on the Z 4 form.

To apply for this exemption, send a formless email to: statistik-s21@bundesbank.de.

4 Cancellations and adjustment entries

In case of adjustment reports, the amount to be cancelled must be preceded by a clear minus sign, that appears on the same payment side (incoming or outgoing payments) and include exactly the same data that were listed in the original reporting month (eg country, code, category of goods). For securities transactions, a minus sign must also be inserted before the stated number respectively the nominal value.

If the amount reported is incorrect, then the entire (incorrect) amount can be cancelled and the new, correct, amount entered in a separate line in the report. It is also admissible to record the amount by which the originally reported amount must be increased or reduced in a correction report for the original month.

Corrections submitted for past months must state the month in which the report was originally submitted.

If a payment is cancelled in the same month prior to the payment report being submitted, no payment report is required. If it is merely partially cancelled, it is sufficient just to report the amount that was actually paid.

5 Exemptions from reporting requirements

Payments of less than €12,500 or the equivalent in another currency need not be reported. According to international definitions, the above sum should be based on the underlying transaction. In the case of collective reports, the reporting threshold of €12,500 should be applied to the total amount per month, country and code rather than the individual amount.

Furthermore, payments for imported and exported goods and payments or repayments of loans and deposits with an original agreed maturity of up to 12 months need not be reported (although interest from these transactions does require reporting). The same applies if residents forward payments between non-residents.

6 Form in which reports should be submitted

As a general rule, the official forms prescribed in the Foreign Trade and Payments Regulation must be used. Mention should be made here of **form Z 1** (Payment order for external transactions), which is generally used for all outgoing payments made via a resident financial

institution. All payments made in connection with securities and financial derivatives transactions should be reported on **form Z 10**. **Form Z 4** should be used for all incoming and outgoing payments that are not reported on forms Z 1, Z 10 or other official forms. This includes payments denominated in euro that are settled in the single euro payments area (SEPA payments and standard EU credit transfers).

Form Z 1 is available from the financial institution conducting the transaction or in trade. All other forms are obtainable on demand free of charge from the Bundesbank, Servicezentrum Aussenwirtschaftsstatistik, 55148 Mainz, or can be downloaded from the internet in PDF or Excel format.

Reports can also be submitted electronically (via the internet to the Bundesbank's ExtraNet).

Further information (eg details on registering to submit electronic reports and information on admissible file formats for programmed procedures) are available on the Bundesbank's website at http://www.bundesbank.de/meldewesen/mw_aussenwirtschaft.en.php or can be requested by sending an e-mail to the following addresses:

For reports from non-banks: statistik-s21@bundesbank.de

For reports from banks: statistik-s22@bundesbank.de

On request, we will send reporting institutions a special "Coding catalogue" containing all transactions they might encounter in business operations and require reporting, explaining which balance of payments item they should be allocated to with an appropriate description and giving the code to be used.

7 Deadline for submission

Reports on outgoing payments that are made via a German financial institution must generally be submitted when the financial institution is given the order. Incoming and outgoing payments reported on form Z 4 must be submitted to the Deutsche Bundesbank (Deutsche Bundesbank, Servicezentrum Aussenwirtschaftsstatistik, 55148 Mainz, Germany) by the seventh day, while those listed on form Z 10 must be submitted by the fifth day of the month following the month in which the payments were made or received.

Where reports are made electronically, on a disk, tape or on DP-produced forms, the regulations applicable to the particular report form must be observed.

Extensions are not possible as international agreements oblige the Bundesbank to transmit the results of the balance of payments to international organisations (eg ECB, Eurostat) within just a few weeks of the end of the reporting month.

8 Record-keeping requirements

As proof of compliance with reporting requirements, report documents (eg copies of the reports submitted, confirmation from counterparties) should be kept for a minimum of three years. These documents should allow individual transactions to be traced.

9 Inquiries, information material

We are happy to answer any queries relating to the reporting of external transactions under the following, **toll-free** telephone number: **0800 1234 111**.

The Deutsche Bundesbank, Balance of Payments Statistics Division, International investment position (Deutsche Bundesbank, Abteilung Zahlungsbilanzstatistik, Auslandsvermögensstatus, Postfach 30 09, 55020 Mainz, Germany) or the Servicezentrum Aussenwirtschaftsstatistik, 55148 Mainz will answer any queries on what balance of payments coding list numbers to allocate to individual transactions. They can also supply various leaflets on reporting particular transactions such as direct investment or merchanting.

If you would like to be notified immediately of any changes in external sector reporting, you can register online to receive our (German-only) reporting system → newsletter (on the Bundesbank website under Reporting system, Reporting for external sector statistics).

This and further information is also available on the Bundesbank website at www.bundesbank.de.

Services and unrequited transfers

1 Travel

Travel¹

017 For statistical reasons, all spending by German travellers abroad and foreign travellers in Germany on goods and services for personal consumption is allocated to travel provided the visit is less than a year in length.

The most important types of travel include holiday and leisure travel, business travel (including commuting), study trips, family visits and shopping trips.

The following items are, therefore, included under travel to name just a few: cost of food and lodging, university, school and training costs, rent paid for holiday accommodation and motor vehicles, the cost of staying at a sanatorium, health resort or hospital as well as local doctors' fees, baggage transportation costs, hunting licences, motorway toll charges and the cost of repairs to private motor vehicles, motorboats and the like incurred during foreign travel.

Note

- 523** Commission fees and expenses (eg reimbursement of the travel expenses of non-resident sales representatives)
- 851** Support payments and alimony, other unrequited payments
- 232** Purchase and sale of real estate and land, apartments

Expenditure on passenger transport should be reported under the appropriate transport codes (see p 15 ff).

Income from training of non-residents abroad and spending on training of German residents by non-residents must be given the code for the type of training, for example

- 512** Technical training
- 513** IT training
- 516** Commercial training

¹ Excluding receipts and payments settled using debit and credit cards, foreign currency travellers' cheques and foreign currency, as these are reported by financial institutions pursuant to section 69 (2) number 4 of the Foreign Trade and Payments Regulation.

2 Passenger transport and transportation of goods

This includes receipts from and expenditure on transport services including towage fees when transporting ships hulls or the like over sea as well as rental or charter fees for **carriers with crew**.

Sea transport¹

016 Expenditure on cross-border **passenger transport** and between third countries by sea

210 Expenditure on **sea freight** in connection with **German imports**

220 Expenditure on **sea freight** in connection with **German exports**

260 Expenditure on **sea freight between third countries**

081 Receipts from **sea freight between third countries**

310 Payments for ancillary transport services in maritime shipping

300 **Receipts from seaports and the firms operating there**

This includes, in particular, harbour dues and piloting fees, the cost of loading and unloading, harbour towage fees, canal and dockage fees, salvage expenses, demurrage fees, receipts from storage (including letting stationary tanks) as well as commission earned by resident shipping agents.

Note

Receipts from goods deliveries for foreign vessels are classified as export revenues and are therefore not subject to reporting requirements (see p 114).

Inland waterway transportation

015 Receipts from cross-border **passenger transportation** and transport between third countries on inland waterways

¹ Excluding receipts and payments in German shipping (report according to section 67 of the Foreign Trade and Payments Regulation).

- 016** Expenditure on cross-border **passenger transportation** and for inland waterway transport between third countries
- 216** Receipts from and expenditure on **inland freight waterway transport** including towage fees and the cost of pushing barges in connection with **Germany's external trade**
- 260** Expenditure on **inland waterway transport between third countries**
- 080** Receipts from **inland waterway transport between third countries**
- 271** Receipts from and expenditure on **inland waterway transport within Germany**
- 320** Expenditure of inland waterway enterprises for **ancillary transport services** (except fuel and other ship supplies); this includes lockage and canal dues.
- 362** Expenditure of inland waterway enterprises for **fuel and other ship supplies**
- 362** Receipts from supplying **goods to meet the needs of** foreign inland waterway vessels (eg fuel)

Air transport¹

- 014** Receipts from and expenditure of **resident airlines** on the cross-border **transport of passengers** and for carrying passengers between third countries
- 015** Payments to **non-resident airlines** for the cross-border **transport of passengers** and for carrying passengers between third countries
- 020** Expenditure on the **transport of passengers** by non-resident airlines within Germany
- 225** Receipts and expenditure of **resident airlines** for **air freight services** in connection with **Germany's external trade**
- 244** Payments to **non-resident transport enterprises** for **air freight** in connection with **Germany's external trade**
- 260** Expenditure on **air freight between third countries**

¹ Payments to the branches of non-resident airlines within Germany do not need to be reported as they are reported by the branch itself.

- 082** Receipts from **air freight between third countries**
- 270** Receipts from and payments for air freight **within Germany**
- 360** Receipts from **ancillary transport services in air transport**
This includes, in particular, receipts from services provided for foreign aircraft.
- 360** Expenditure of **resident airlines** for **take-off, landing and overflight fees** as well as **air traffic control**, and the like
- 361** Expenditure of **resident airlines** for the **purchase of goods** such as **fuels, on-board catering and on-board sales**

Note

Receipts from goods deliveries for foreign aircraft are classified as export revenues and therefore not subject to reporting requirements (see p 114).

Transport by pipeline and electricity transmission

- 226** Receipts from and expenditure on transport by **pipeline** in **connection with Germany's external trade**
- 215** Receipts for providing pipelines/transmission through **pipelines** for **transport through Germany** (without withdrawals)
- 217** Receipts from and expenditure on the **transmission of electricity**

Rail transport

- 013** Receipts from and expenditure of **resident railway companies** for the cross-border **transport of passengers** and for carrying passengers between third countries
- 016** Payments to **non-resident railway companies** for the cross-border **transport of passengers** and for carrying passengers between third countries
- 233** Receipts from and expenditure on the bilateral movement of **rail freight**

- 260** Expenditure on **rail freight between third countries**
- 080** Receipts from **rail freight between third countries**
- 234** Receipts of **resident rail companies** from transit
- 271** Receipts from and expenditure on **rail freight within Germany**
- 340** Receipts from **ancillary transport services** provided within **Germany** for non-resident rail operators
- 340** Expenditure of **resident rail companies** for **ancillary transport services** provided by non-residents **abroad**

Road transport

- 015** Receipts from the cross-border **transport of passengers** and from carrying passengers between third-party countries by **resident road transport companies** (eg **coach holidays**)
- 016** Expenditure on the cross-border **transport of passengers** and on carrying passengers between third-party countries (eg **coach holidays**)
- 240** Expenditure on **freight transport by land** in connection with **Germany's external trade**
- 080** Receipts from **freight transport by land between third countries**
- 260** Expenditure on **freight transport by land between third countries**
- 271** Receipts from and expenditure on **freight transport by land within Germany**
- 320** Expenditure on **ancillary transport services** provided by **road haulage companies** (except fuel and other vehicle supplies); this includes road charges.
- 362** Expenditure of road haulage companies for **fuels and other vehicle supplies**
- 362** Receipts from supplying **goods** to meet the needs of foreign land craft equipment (eg fuel)

Miscellaneous

370 Receipts from freight transport by land and other forms of transport (that cannot be assigned to any other item or cannot be divided up) as well as receipts arising from refunds of freight advances in connection with Germany's external trade

330 Expenditure on ancillary transport services by other resident enterprises, in particular costs relating to the dispatch of goods, such as handling costs, sampling costs, demurrage fees, storage, loading and unloading and consular fees

Note

601 Refund of customs duties advanced by non-residents

310 Receipts from inland ports and airports as well as other subsidiary traffic companies

This includes, in particular, harbour dues and piloting fees, loading and unloading, harbour towage fees, canal and dockage fees, salvage expenses, demurrage fees, receipts from storage (including letting stationary tanks) as well as commission earned by resident shipping agents, road charges and dispatch services for foreign aircraft (in particular take-off, landing and overflight fees).

250 Freight and incidental services in merchanting

Besides the freight costs that resident merchant traders incur for the transport of merchanting goods by non-residents, this item also includes all other incidental costs associated with merchanting where not already reported with the price of the good.

Note

300 Where resident shipping agents receive payments from resident freight debtors for the account of non-resident shipping companies and use part of these monies to make payments (eg harbour costs) within the economic territory on behalf of non-resident shipping companies (diversion of funds), the payments received must be reported in full as payments for freight, and the diverted amounts must simultaneously be reported as receipts for ancillary transport services.

591 Postal and courier services

594 Rent for carriers without crew

3 Insurance transactions

Resident policy holders

Premiums paid by **resident policy holders** to **non-resident insurance corporations** (payments)

and

payments that **resident policy holders** receive from claims adjustment, capital payouts (one-off payment or monthly pension payments), repurchases (premature termination of insurance policies) from **non-resident insurance corporations** (receipts).

Where resident insurance corporations pass on collection premiums to non-resident insurers, a report must also be made under the codes listed below; the same applies to premium and claims payments from leading and coinsurance business.

400 Life insurance
including private pension insurance

401 Secondary life insurance market
ongoing premium payments as well as capital payouts for/from second-hand life-insurance policies at maturity

Note

- 139** Expenditure of banks for the **acquisition** of life insurance policies in the secondary life insurance market; **insurer is not resident in Germany**
- 239** Expenditure of enterprises and households for the **acquisition** of life insurance policies in the secondary life insurance market; **insurer is not resident in Germany**
- 440** **Expenditure** for the **acquisition** of life insurance policies in the secondary life insurance market; **insurer is resident in Germany**
- 179** **Receipts** by banks from the **sale** of life insurance policies in the secondary life insurance market; **insurer is resident in Germany**
- 279** **Receipts** by enterprises and households from the **sale** of life insurance policies in the secondary life insurance market; **insurer is resident in Germany**
- 400** **Receipts** from the **sale** of life insurance policies in the secondary life insurance market; **insurer is not resident in Germany**

410 Transport insurance for German imports and exports

420 Other insurance transactions

The class of insurance must be stated.

Note

854 Premium refunds

523 Brokerage commission for insurance contracts

Resident insurance corporations

Direct insurance contracts with non-residents

Premium income of **resident insurance corporations**

and

claims payouts (including cost of loss prevention, general average contributions, survey and expertise costs and the like), capital payouts, pension payments and payments due to the repurchase of direct insurance contracts with **non-resident policy holders**; moreover, premium and claims payments from leading and coinsurance business

440 Life insurance

including private pension insurance

441 Transport insurance for German imports and exports

442 Other insurance transactions

The class of insurance must be stated.

Note

854 Premium refunds

523 Brokerage commission for insurance contracts

Direct insurance contracts with residents

Payments to non-residents from **insurance contracts with residents**

443 Life insurance

including private pension insurance

444 Transport insurance for German imports and exports

445 Other insurance transactions

The class of insurance must be stated.

Other types of insurance include, first and foremost, claims payments from obligatory insurance policies such as, for example, third-party motor vehicle liability insurance.

Note

By contrast, claims payments resulting from comprehensive and other non-obligatory insurance must not be listed here. Instead, the codes for the service being insured should be applied, for instance

017 Reimbursement of repairs to private motor vehicles as a result of comprehensive insurance as well as the cost of hospital stays

514 Lawyers' fees (legal expenses insurance)

560 Reimbursement of repairs to transport equipment as a result of comprehensive insurance

580 Insurance policies in connection with construction and assembly work

600 Guarantees in connection with export business

Receipts from and expenditure on reinsurance

This includes, in particular, clearing balances, advance claims payments, payments arising from excess of loss contracts, salvages and brokerage commission.

450 Outgoing business

Receipts from and expenditure on risks transferred to non-resident reinsurers

451 Incoming business

Receipts from and expenditure on risks assumed from resident reinsurers

Other income

460 This includes, for instance, receipts from recoveries, as a result of knock-for-knock agreements and from fee payments for assistance in settling claims.

Receipts of transport insurers

The receipts of transport insurers from premium payments by residents for insuring goods transactions with non-residents can be submitted formlessly or using the form that is available

from the Gesamtverband der Deutschen Versicherungswirtschaft e.V., Wilhelmstrasse 43/43G, 10117 Berlin. A breakdown by country is not necessary (Bundesbank notice no 8001/2007, published in the Federal Gazette no 82 of 3 May 2007).

Insurance brokers

Where resident brokers receive or are made payments by non-residents for the account of resident insurance companies, only the direct payments by the brokers in transactions with non-residents need to be reported. The insurance corporations are therefore exempt from their reporting requirements in this point (section 64 read in conjunction with section 58c of the Foreign Trade and Payments Regulation).

Where resident brokers accept payments from non-resident insurance corporations and pass these on to non-resident insurance corporations, these payments are considered transit items that do not need to be reported. However, the commission foreign brokers pay for these transactions must be reported.

Where an insurance contract exists with a non-resident insurer and the premium and claims payments are settled via a non-resident broker, the insurer's home country must always be given as the creditor or debtor country in the reports.

4 Miscellaneous services

Acquisition, sale and utilisation of copyrights, inventions, processes and other rights

This item comprises ongoing licence payments, payments for the acquisition or sale of protected or unprotected inventions and processes (patents and know-how), payments for trademarks, utility patents and industrial design (models, design) as well as franchise fees.

501 Artistic copyrights

(eg musical compositions, royalties, literary copyrights, industrial design, design)

502 Patents, licences, inventions, processes

(technical know-how)

503 Other rights

(eg trademarks, franchise fees, marketing rights and rights to use a name, the purchase and sale of addresses, rights to sporting events etc)

Note**510** Film licences**513** IT licences**514** Patent lawyers' fees**519** Fees paid to foreign authorities for registering and maintaining rights**Tax payments in connection with licences**

In Germany, income from licences is subject to income tax. If a German enterprise acquires a licence from a non-resident who does not have a notice of exemption from the foreign tax office, the German enterprise is obligated to deduct tax from the licence payment and transfer it to the German tax office. The actually invoiced amount should be reported rather than the licence payment less the tax deduction.

Similarly, German enterprises are, as licensors, liable to tax in various countries. The licensee pays tax to the non-resident financial authority and only pays the amount less taxes.

The receipts must be reported gross (excluding the foreign withholding tax deduction) as licences, while the tax withheld abroad has to be reported as a payment under code 810. If this tax is refunded, the incoming payment must also be listed under code 810.

507 Emissions rights

The purchase and sale of emissions certificates, for example in EU emissions trading (EU allowances) and in international emissions trading (assigned amount units) must be reported here.

510 Film and television industry

This includes incoming and outgoing payments for the production (including artists' pay) and the rental of feature films, documentaries and television films as well as the production of DVDs and the like; moreover, payments for the purchase and sale of licences to television and cinema films.

Note**540** Fees for the production of advertising films**511 Research and development**

Fees for basic research, applied research and the experimental development of new products and procedures as well as scientific consultancy services (excluding IT services, see code 513)

512 Engineering and other technical services as well as architects' fees
Fees for engineering and construction services, architects' fees, maintenance and inspection work, technical advice and planning

513 IT services
Charges for data processing, analysis, planning and programming of plug-and-play systems (including the development and design of websites) and technical software consultancy, web hosting (allocation of server storage capacity on the internet for clients' websites), development, production, delivery and documentation of customer-specific software including customer-specific operating systems, maintenance and other support services, such as training as part of consultancy services. Basic IT research and development including licence payments

Note

If so-called standardised software in the form of data media (CD-Roms, disks, DVDs etc) is imported or exported, the value of the software and the data media must be recorded in the foreign trade statistics. Where programmes are transmitted online, these charges must be reported as an IT service.

514 Freelance work
This encompasses fees, for instance, for lawyers, consultants, translators, auditors, tax advisors, artists, journalists and royalties.

Note

501 Royalties for artistic copyrights

516 Commercial, organisational and administrative services
Management, organisation and administration fees, payments to supervisory boards, marketing, market research and promotional services if they do not have to be reported as advertising expenses under code 540.

517 Personnel leasing
Charges for leasing personnel and the percentage share of personnel costs

518 Communications services
Charges for communications, for instance telephone, cable and satellite services, internet, SWIFT messaging and the cost of access to external databases and remote data transmission

Note

591 Postal and courier services

519 Payments for other entrepreneurial work

Fees for entrepreneurial services that cannot be clearly assigned to another category. This includes, amongst others, official fees (eg for registration of patents and court fees). The type of work must be described in detail under purpose of payment in order to avoid further enquiries.

Disposal services

534 Payments for disposing of rubbish, raw materials, materials that can no longer be used etc, including activities in relation to cleaning up and rehabilitating the environment

Note

Reprocessing services are exempt; if goods are recycled abroad and returned to the economic territory, payments relating to the reimport are exempt from reporting requirements.

997 If reprocessed goods remain abroad, the payments for reprocessing must be reported as payments under item 534, while revenues from the sale of goods that remain abroad must be reported as receipts under Other trade in goods (see p 120 f).

Compensation of employees

521 Compensation of employees includes the compensation of resident employees from employment relationships with non-residents as well as the compensation of non-resident employees from employment relationships with residents (including wage tax, social security, voluntary payments, bonus payments etc).

Wage payments to **cross-border workers** should be marked as such.

Note

510 Payments to persons employed in the film industry

525 Wage and salary payments to non-German employees with diplomatic and consular missions abroad

712 Wage and salary payments to German employees with diplomatic and consular missions abroad

540 Wage and salary payments in connection with trade fairs and exhibitions abroad

- 580 Wage and salary payments which resident construction, assembly and similar firms pay in relation to their activities for the account of non-residents abroad
- 854 Payments in connection with severance pay

Commission fees

523 This item includes incoming and outgoing payments for the brokerage of goods transactions and services as well as the refund of expenses and other payments to salespeople or those employed in a similar function (eg commission in relation to the brokering of insurance contracts).

This further includes non-residents' share in additional export revenues and revenue sharing payments in connection with joint goods transactions based on commission-sharing agreements provided they do not fall under goods transactions (for instance for a pro rata goods delivery) and are not pure credit transactions.

Note

- 250 Commissions in merchanting
- 533 Charges for financial services

Fees for brokering transport services, see p 15 ff.

Financial services

533 Financial services include financial service providers' charges for commissions and similar fees, for instance brokerage and bank commission (including commission on guarantee/*del credere* commission provided they are not booked as interest expenditure or income) and other commission fees, safe custody and account fees, costs of financial consultancy, asset management and credit brokering, fees for investment companies, information agencies as well as similar costs, which are listed as financial services and require reporting.

Note

Interest and similar income and expenditure should be listed under financial transactions (see p 99 ff).

Overhead expenses of parent companies as well as subsidies to subsidiaries, branches and operating plants

This comprises overhead expenses which subsidiaries, branches and operating plants pay to their parent company/holding company for pro rata expenditure and payments to subsidiaries, branches and operating plants in connection with the reimbursement of indirect cost components.

530 This item includes **payments to subsidiaries, branches and operating plants for services** that are assumed directly by the parent/holding company as flat-rate indirect cost components.

Note

Transactions for services for which the subsidiary invoices the parent company must be reported under the underlying transaction. Similarly, outlays that resulted from subsidiaries, branches or operating plants at the request of the parent/holding company and reimbursed should be reported under the item applicable to the outlay (eg advances of advertising costs by a branch – code 540).

Payments to settle balance sheet losses or subsidies to cover losses carried forward from earlier business years must be reported under the appropriate financial transactions codes (see p 46 ff and p 67 ff).

By contrast, payments made to avoid losses being carried forward should be listed under investment income (see p 99 ff).

Payments to branches and operating plants that are used in whole or mainly to finance investments such as payments for prospecting for and exploiting oil, natural gas and other mineral deposits should be reported under the appropriate financial transactions codes (see p 46 ff and pp 67 ff).

Where non-resident drilling and similar companies are involved, for instance as members of a consortium on development work carried out by resident enterprises **on account of non-residents** in foreign economic territories, this must, like all other costs incurred abroad in connection with construction, assembly and similar services abroad be reported under the following codes:

- 570** Receipts from construction work abroad
- 580** Expenditure on construction work abroad on account of non-residents

531 Overhead costs include **payments by the subsidiaries to their parent/holding company** for their flat-rate percentage share in the costs of the subsidiaries advanced and invoiced by the parent company (group cross charges).

Note

Where the subsidiary pays for certain services, these must be reported under the underlying transaction, for example

502 Patents, licences, know-how

511 Research and development

513 Software

Advertising and trade fair expenses

540 This includes incoming and outgoing payments for advertising in newspapers, magazines, on the radio, film, television and in the internet.

Costs incurred in connection with exhibitions and trade fairs abroad (including personnel costs), receipts by residents in connection with trade fairs and exhibitions, membership fees for trade and professional associations

Note

997 Payments for printed materials sold abroad must be reported as payments under Other trade in goods. Where printed materials are imported, there are no reporting requirements for payments made for imported goods (see p 115 f).

516 Marketing, market research and promotional services

Repairs to transport equipment, to buildings and to goods that are exported and imported for the purpose of repair

This item relates only to **receipts by residents** from repairs on goods owned by non-residents that are **located in, or were taken to, Germany** and only to **expenditure of residents** for repairs by non-residents of goods that are **located or have been taken abroad**. Charges for spare parts must be included in the reports.

560 Repairs to transport equipment

This includes **receipts** from the repair, for example, of aircraft, ships or trucks owned by non-residents which are located in Germany while providing transport services and which are in need of repair.

Expenditure constitutes the payment of repairs on transport equipment owned by residents that are carried out **abroad** while providing transport services.

Note

017 Repairs to private motor vehicles during foreign travel, see Travel (p 14)

512 Receipts from and expenditure on services rendered by sub-contractors in connection with the maintenance/repair of, for example, ships and aircraft in Germany and abroad as well as receipts from the maintenance/repair of foreign transport equipment abroad should be reported under charges for technical services.

In addition, receipts from **regular maintenance work** on, for instance, foreign aircraft in Germany as well as expenditure for this work on domestic aircraft abroad must be reported under this code.

561 Repairs to buildings and other immovables

This encompasses, for instance, the maintenance and repair of real estate.

562 Repairs to goods exported and imported for the purpose of repair

If, for example, engines are imported under maintenance contracts and then exported again after the inspection has been carried out, receipts from such services must be reported under code 562. Expenditure on the repair/inspection and the like of goods that were exported and then re-imported for this purpose must also be listed under this item.

Note

Repairs which require **resident enterprises abroad** and **non-resident enterprises within Germany** to become temporarily active at construction, assembly and similar sites must be reported under the following codes:

570 Receipts from construction work abroad

580 Payments for construction work abroad on account of non-residents

570 Payments for construction work in Germany

580 Receipts from deliveries of goods and services to non-resident firms that temporarily carry out construction work for resident contractors in Germany.

The construction of own buildings, production plants and the like represents an **investment**. The relevant payments must be reported under financial transactions (see p 46 ff and p 67 ff).

Construction services

Construction work, assembly of fixed installations and repairs by resident firms in foreign economic territories – construction sites abroad

570 Receipts

This item is to be used for reporting receipts from resident construction, assembly and similar firms (eg firms active in plant construction) commissioned by non-residents as remuneration for their **construction and assembly work in foreign economic territories** (also for development work), less export revenues.

This revenue is to be reported including the countervalue of the expenditure(costs) on **deliveries from foreign countries** reported under code 580, for instance of machinery and materials as well for wages and salaries.

The country in which the construction site is located must be specified as the **debtor country**.

In addition to receipts from foreign contractors, this also includes payments from **international institutions**, eg the EU in the context of infrastructure measures, and **resident institutions** – especially the **Kreditanstalt für Wiederaufbau (KfW)** and the **Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)** – for the account of non-residents (eg from development aid loans to foreign states).

Fees for machinery and materials exported as **deliveries from Germany** are **not to be reported** and should be deducted from the receipts from construction services. These fees relate to export revenue that need not be reported, as it is already recorded through registration for foreign trade statistics.

580 Expenditure

This item includes all costs (machinery, materials, wages and salaries) which arise for resident firms in connection with construction, assembly and similar services (eg development work) as well as through plant construction **for foreign accounts in foreign economic territories**, ie also expenditure on deliveries from the country in which the construction or assembly site is located as well as for direct deliveries from third countries.

The country in which the construction site is located must be specified as the **creditor country**.

Note

If construction and assembly work (including development work) are carried out abroad for non-resident subsidiaries, branches or permanent establishments, related payments are to be reported under code 580. Incoming payments are to be reported under code 570. However, if the fee remains with the foreign subsidiary, branch or permanent establishment, then – depending on the legal title – an outgoing payment is also to be reported as a service rendered for a **capital contribution** (allotted capital) or as a **loan** (provided its maturity exceeds 12 months) (see p 46).

Expenditure on construction and assembly work in foreign economic territories carried out for one's **own account** (or for the account of other residents) constitutes investment (see p 46), for example

- 211 Construction work as a result of investment in foreign economic territories
- 237 Development work in own concession areas with the participation of non-resident drilling and similar companies

Construction work, assembly of fixed installations and repairs by non-resident firms in Germany – construction sites in Germany

580 Receipts

This refers to receipts by resident firms from deliveries of goods and services to non-resident firms that temporarily carry out construction work, assembly and repairs for resident contractors in the economic territory.

Note

Revenue of resident construction firms for construction work, assembly and repairs in Germany commissioned by non-residents, by contrast, constitute investment of the non-resident investor (see p 67), for instance

- 251 Construction work as a result of investment in Germany

570 Expenditure

This item constitutes payments to **non-resident firms** for construction, assembly and repair work **in Germany**.

Expenditure on **deliveries from foreign economic territories** (imports of goods) are **not subject to reporting requirements**.

591 Postal and courier services

This includes incoming and outgoing payments in connection with external transactions for the transport of postal items or parcels as well as fees for courier services.

Note

518 Communications services

594 Rents/operational leasing

Fees for the leasing of machinery, apparatus and other movable property, in so far as the goods are booked on the balance sheet of the **lessor**, including carriers without crew as well as similar costs. This also includes **rental income from real estate in Germany** as well as charges for rentals of **real estate abroad**.

Note

Rental expenses for real estate in Germany as well as **rental income from real estate abroad** are to be shown under the codes for financial transactions 180, 280 or 380 (see p 110).

217 Electricity transmission (usage fees for power supply lines)

Goods that are booked on the balance sheet of the **lessee** as part of a hire purchase are to be reported under the codes for financial transactions (see p 46 and p 67).

The leasing of **carriers with crew** is to be reported with the corresponding code as passenger transport or as transport of goods (see p 15).

595 Other services

Fees for services that cannot be clearly assigned to another category. The type of service is to be described in detail under purpose of payment in order to avoid further enquiries.

5 Incidental payments for merchandise and service transactions

This includes reimbursements and repayments from warranties and due to contractual agreements, such as price reductions (including discounts), price surcharges as well as the settlement and refund of import duties (customs duties, taxes etc) in connection with the import and export of goods.

600 Fees for warranties, reimbursements and repayments as well as price reductions in connection with the **import and export of goods**. This includes *inter alia* payments as a result of incorrectly delivered goods or for a good that is of poor quality and does not correspond to the stipulations of the contract. These represent a **subsequent reduction** of the product value reported in the foreign trade statistics; if a corresponding correction report was submitted for inclusion in the foreign trade statistics, no report is to be made concerning this transaction.

Note

854 Penalty charges that are to be regarded as independent of the product values reported in the foreign trade statistics, such as a contractual penalty for late deliveries (see p 42)

602 Fees for price surcharges in connection with the **import and export of goods**, which effect a **subsequent increase** of the product values reported in the foreign trade statistics; if a corresponding correction report was submitted for inclusion in the foreign trade statistics, no report is to be made concerning this transaction.

601 **Import duties** in connection with the **import and export of goods** (customs duties, import turnover tax and the like)

610 Fees for warranties, reimbursements and repayments, discounts and price reduction payments **in connection with service transactions** with non-residents. This payment item should be used **only in exceptional cases**, specifying the receipts or payments reported previously.

As a general rule, these transactions are to be shown as a **correction of the original report** (see p 9).

Note

Repayments, for example owing to duplicate credit transfers and misdirected payments as well as repayments of advance payments in connection with goods and services transactions, repayments of collateral security and the like, must be reported under code 900, exactly stating the underlying transaction (import, export, merchanting and/or the type of service).

250 Incidental services in **merchanting**

997 Incidental services in **other trade in goods**

Freight rebates are assigned to the **transport sector** and recorded as subsidiary costs for transport.

Interest payments in connection with transactions in goods and services, for example interest on advance payments and interest relating to credit terms, see p 101.

6 Receipts and expenditure of general government

Expenditure on pensions

526 Pensions
Payments from compulsory social security as a result of contributions from previous employment

527 Pension benefits
Payments as a result of claims from previous employment

528 War victims' pensions and related benefits
Payments to non-resident disabled veterans and surviving dependants

Note

720 General government indemnification payments

723 General government indemnification payments arising from agreements concluded with other countries and international organisations

724 Indemnification payments by private sector entities, such as enterprises, associations and the like

529 Other pensions
Other payments (eg accident benefits) to non-residents as well as repayments of paid contributions

German tax revenue and tax refunds

The codes apply to tax revenue as well as tax refunds by general government and are therefore only to be used in the **reports of Regional Finance Offices and tax offices**.

762 Income tax and solidarity surcharge

763 Investment income tax and corporation tax

764 Value-added tax

765 Trade tax

790 Refund of Federal taxes

791 Refund of state government taxes and local authority taxes

Federal government payments to German diplomatic missions

710 Central government payments to diplomatic missions abroad to cover regular operating costs

712 Wage and salary payments to German employees at German embassies and consulates

525 Wage and salary payments to non-German employees at German embassies and consulates

Expenditure on indemnification payments

720 General government indemnification payments

723 General government indemnification payments arising from agreements concluded with other countries and international organisations

Note

724 Indemnification payments by private sector entities, such as enterprises, associations and the like

Contributions to international organisations; budget transactions with international organisations

740 These include, in particular, payments for membership fees as well as payments arising from budget transactions of international organisations and voluntary payments in connection with multilateral aid measures, such as refugee support and emergency aid. Repayments of corresponding contributions can be reported as revenue under the same code.

Note

854 Contributions to umbrella organisations

540 Membership fees of enterprises to industry and professional organisations

Expenditure in connection with development aid

The expenditure of general government in connection with development aid – excluding bilateral and multilateral capital injections (see p 46 ff) – also includes any Federal government funds spent and forwarded by church bodies and other organisations. It further includes any payments made to resident enterprises and households for goods and services financed by public development aid funds for the account of non-resident recipients of development aid.

750 Central government development aid

753 Development aid from state governments, local authorities and other public bodies

Other receipts and expenditure of general government

700 Receipts and expenditure of the Federal armed forces for services

760 Federal government receipts and expenditure for unrequited services (public transfers). This also includes educational endowments (scholarships) as well as defence expenditure including payments for community programmes (but excluding payments in connection with cross-border transactions in goods, see p 113). Moreover, payments in connection with the deployment of German armed forces abroad and foreign armed forces in Germany including infrastructure payments are also included.

Transactions that cannot be clearly assigned must be reported under code 760, specifying the details as precisely as possible (stating the chapter and title number of the budget plan, if applicable).

Note

740 Payments from/to international organisations

750 Central government development aid

761 Receipts and expenditure of state governments, local authorities and other public bodies for unrequited services (public transfers), eg for community projects with other countries or bordering regions

Note

740 Payments from/to international organisations

753 Development aid from state governments, local authorities and other public bodies

725 Report of outgoing payments as debt relief granted by central government, with simultaneous report of the incoming payment under code 321 (see p 63) as redemption. Debt relief need only be reported if a contractual waiver has been agreed with the debtor country under bilateral agreements or the Paris Club negotiations.

7 Goods and services supplied to foreign troops stationed in Germany

The reports are to be made either using form "Annex Z 4 to the Foreign Trade and Payments Regulation" or by supplying the third copy of the delivery bills.

770 Receipts from deliveries of goods; invoicing in euro

780 Receipts from deliveries of goods; invoicing in foreign currency

775 Receipts from services provided; invoicing in euro

785 Receipts from services provided; invoicing in foreign currency

8 Private transfers

The term "private transfers" includes real and financial services of **enterprises and organisations** (societies, foundations, associations, professional and other private organisations, trade unions, guilds, chambers of industry and commerce and others) as well as **households and pluralities of people** (eg communities of heirs), but not international organisations for which there is no direct service in return.

Note

Replacements of goods or services due to contractual agreements (guarantees) do not constitute transfers. Should any payments or settlements arise from warranties or contractual agreements, these are to be reported, for instance, under codes 580 or 600.

Receipts and expenditure arising from transactions with foreign authorities

810 This includes, in particular, expenditure on **foreign taxes on income** directed to non-resident fiscal authorities as well as any repayments thereof, contributions to international organisations, receipts from benefit payments, compensation and the like by foreign authorities.

Tax payments in connection with licences, see p 24.

Note

Payments and repayments of **turnover tax** are to be assigned to the underlying transaction, eg VAT for

- 601 Imports and exports
- 250 Merchanting
- 997 Transactions in other trade in goods
- 512 Technical services
- 232 Real estate purchases abroad

VAT payments relating to **construction services abroad** must be reported under code **580** and corresponding repayments under code **570**.

Receipts from services or the delivery of goods, by contrast, are not to be reported here, but under the relevant payment items (see p 23 and p 113).

Receipts from deliveries of goods and the provision of services to foreign troops stationed in Germany, see codes 770, 775, 780 and 785.

812 Incoming payments for **subsidies** received from the European Union

Note

If the payment is used to finance specific projects commissioned by the EU, such payments must be reported under the corresponding codes, eg fees for research and development – code 511.

Receipts from EU subsidies to general government are to be reported under code 740 (see p 36).

Payments arising from inheritances, legacies, donation, restitution, immigration and emigration

850 Payments from emigrants to residents or vice versa and payments from immigrants to non-residents or vice versa, which are based on transactions that took place prior to the act of immigration or emigration (eg payment of outstanding invoices of a private nature, proceeds from the sale of household articles), may be quite difficult to assign to a certain item in the coding list.

Hence, payments of this kind can be reported with a detailed explanation of the situation under code 850, just as payments arising from inheritances, legacies, donation and restitution.

Support payments and alimony, other unrequited payments

522 Pensions and similar social security payments resulting from previous employment. This also includes company pensions and associated contributions and reimbursements.

Pensions from private insurance contracts, see p 21

724 **Indemnification payments** by private sector entities, such as enterprises and associations

Note

720 General government indemnification payments

723 General government indemnification payments arising from agreements concluded with other countries and international organisations

727 **Debt relief granted by the private sector**

Debt relief need only be reported if a contractual waiver has been agreed with the debtor under bilateral agreements or the London Club negotiations.

This code should also be used in cases of debt relief or a waiver of claims between enterprises, households and MFIs. However, debt relief should be strictly distinguished from write-downs and value adjustments that are not based on bilateral contractual agreements. **Write-downs and value adjustments are not subject to reporting requirements** as payments within the meaning of the Foreign Trade and Payments Regulation.

Note

Parallel to this, it is necessary to submit a report on an incoming redemption payment (see p 46).

851 Code 851 refers not only to private support payments and alimony but also to contribution payments and donations to/from non-commercial non-resident organisations.

Note

854 Gambling revenue (eg lottery, lotto, sweepstakes, bets on races,) as well as lumpsum severance payments and payments of sport clubs for buying or selling players

Prize money, by contrast, is to be reported depending on the type of service, for example

512 Prize money for scientific achievements

514 Prize money for literary, artistic or sporting achievements

General government expenditure, see p 35.

852 **Outgoing payments** as a result of private development aid, for example by church bodies or private aid organisations as well as **incoming payments** of private aid organisations for forwarding to developing countries (eg from the EU)

Note

750 Central government development aid

753 Development aid from state governments, local authorities and other public bodies

854 **Other transfers**

These include, in particular, penalties or warranty payments, lump-sum severance payments, gambling revenues, such as the lottery, lotto, sweepstakes, bets on races, as well as payments by sport clubs for buying or selling players. Also included are contributions to umbrella organisations as well as premium refunds from insurance transactions.

861 Payments sent by foreign workers to their home countries for the purpose of supporting family members. This includes inpayments by foreign workers at domestic monetary institutions to be transferred to the home country. Correspondingly, outpayments to foreign workers must be reported by the domestic monetary institutes as incoming payment.

- 862** Payments sent by foreign workers to their home countries for the purpose of acquiring buildings or undertaking other capital investments

9 Other payments not attributable to financial transactions or trade in goods

- 900** Code 900 should be used, in particular, to record those incoming and outgoing payments for which **no suitable code** can be found. In these cases, the **purpose of the payment is to be described in detail**, so that the relevant transactions can be assigned to the relevant balance of payment items. In this way, further enquiries can be avoided.

Cancellations, misdirected payments, double payments and repayments of advance payments are to be reported as such, preferably under the **originally reported code**, specifying the **purpose of the payment**. Notifications of cancellations, misdirected payments and the like are **absolutely** necessary (see also correction reports, p 9).

With respect to payments resulting from the **claim of guarantees** (tender guarantees, delivery guarantees, advance payment guarantees and the like) and **sureties**, which are often reported under code 900, it is absolutely necessary to indicate whether the **claim being made** is for the account of **residents or non-residents**.

(a) Outgoing payments to non-residents

If the domestic guarantor pays for the **account of residents**, the respective underlying transaction of the principal debtor is to be explained in detail as the purpose of the payment; in this way, further enquiries can generally be avoided. If the underlying transaction is not known, it is absolutely necessary to specify the guaranteed creditor or the warrantee.

If **domestic guarantors with regard to non-residents** make payments to **non-residents** for long-term loans, the transactions are to be reported with a corresponding note under the codes for financial transactions (see p 46).

(b) Incoming payments from non-residents

If the payment is made for the account of **non-residents**, the **person subject to reporting requirements** must report the incoming payment in accordance with the purpose of the payment under the respective item of the coding list.

If liabilities of **domestic principal debtors** with regard to **foreign guarantors** are booked as long-term loans, these liabilities are to be reported under the codes for financial transactions (see p 68).

Note

By contrast, incoming and outgoing payments in connection with **warranties**, for instance for imported and exported goods, are to be reported under code 600, while those arising from construction services abroad or in Germany must be reported under the corresponding codes for construction services.

Financial transactions and investment income

I Investments of residents in foreign economic territories

Investments in foreign economic territories are

- Foreign securities
- Direct investments
- Loans to non-residents and deposits with non-resident banks
- Foreign mezzanine capital
- Land and buildings and the rights to these
- Other capital investments

Payments for the **purchase** of these investments from non-residents must be reported as outgoing payments and the **sale** and **redemption** of these investments as incoming payments. Similarly, the granting of loans and establishment of deposits must be reported as outgoing payments and the redemptions and repayments as incoming payments.

Netting and settlement as well as payments processed by means of direct debit are payments within the meaning of this chapter.

1 Foreign securities

Foreign securities are defined as securities **issued by non-residents**. The balance of payments statistics differentiates between

- Bonds
- Money market instruments
- Shares
- Investment fund shares

Purchases and sales

Where domestic financial institutions are involved in purchases and sales of securities (due to principal broking services or the like), they are to submit the relevant reports pursuant to section 69 (2) sentence 1 of the Foreign Trade and Payments Regulation. Resident enterprises, households and general government are, however, themselves subject to reporting requirements under section 59 of the Foreign Trade and Payments Regulation, inasmuch as they conclude

transactions directly with non-residents, eg with non-resident banks. Both banks and other parties subject to reporting requirements can submit their reports on securities and financial derivatives electronically or using a form (Z 10).

The payments are to be reported stating the international securities identification number, ISIN, the exact securities description and the total amount.

In addition, the nominal value in thousand units of the currency of issue or the number of securities is to be given.

The residence country of the issuer determines the **country allocation**. An up-to-date list of country codes and of the special code numbers for international organisations can be found on the Bundesbank website (www.bundesbank.de.)

With respect to securities transactions conducted on foreign or German stock exchanges with central counterparties (CCPs), payments between resident and non-resident counterparties are likewise subject to reporting requirements. The following parties are classified as non-resident counterparties: foreign customers, trading participants, clearing participants and the foreign CCP. Such bilateral payments are to be reported gross, irrespective of whether their effective processing occurs wholly or partially in the course of settlement netting.

Redemptions

It is the responsibility of the final investors to report incoming payments when foreign bonds and money market instruments mature. If banks submit such a report, they are obliged to advise customers of this fact in appropriate form (eg on the securities settlement statement).

Repurchase agreements (repos and sell/buy-back transactions), securities lending with foreign securities, provision of securities collateral

As a general rule, securities transactions in genuine repos, securities lending and securities transferred as collateral are not to be reported as securities transactions.

Only the domestic transferor, lender or provider of collateral, who is considered the final investor, is required to report securities **which mature** during the term of genuine repos and lending transactions and for securities received or deposited as collateral for transactions between residents. Conversely, for transactions between residents and non-residents the following requirements apply.

- (a) Resident transferees can report incoming redemptions on foreign securities. It is immaterial whether they receive such payments from residents (resident depository) or from non-residents. If these payments are reported then their forwarding to the non-resident transferor must be reported, too.
- (b) Resident transferors report the repayments on pledged foreign securities received from non-resident transferees. Where redemptions in favour of customers are also reported, a note to that effect should be provided, eg on the securities settlement statement.
- (c) The country of the non-resident issuer has to be specified.

The provisions contained in sections (a) to (c) also apply to lending transactions and securities as collateral.

Schematic overviews of the reporting regulations for bilateral and chained transactions can be found on page 124 and 125 of the Annex.

Bonds

Foreign bonds are defined as debt securities and other negotiable debt instruments issued by non-residents with an originally agreed maturity of more than 12 months.

Bonds also include floating rate debt securities, zero-coupon bonds and convertibles. Moreover, this item is to be used for reporting reverse exchangeable bonds, negotiable certificates (eg structured bonds, equity- or index-linked certificates and the like); asset-backed securities and collateralised debt obligations (CBOs and CLOs), where these are deemed debt instruments pursuant to section 793 of the German Civil Code.

However, borrower's note loans ("Schuldscheindarlehen") and registered debt instruments ("Namenspapiere") such as savings bonds, registered mortgage bonds and registered debt securities are classified **not** as bonds but as loans (for more information on registered debt securities, see p 59 ff).

Note

- Foreign D-Mark bonds are defined as those bonds of non-resident issuers that were issued before 1999 and denominated in DM. Redemption yields on foreign D-Mark bonds need not be reported. Foreign D-Mark bonds that were converted to euro after 1 January 1999 are also exempt from the reporting requirements. However, entities

subject to reporting requirements that do not wish to exploit this exemption may include such payments in their report.

- Euro bonds are defined as all bonds except for foreign D-Mark bonds issued in euro or EMU-currencies.
- Bonds that were not issued in euro or EMU currencies but, for example, in US dollar, Swiss francs or pound sterling are defined as foreign currency bonds.

Characteristics

- If foreign bonds are repaid through the provision of shares, the bond redemption is to be reported as an incoming payment (in the amount of the market value of the shares) and the shares “purchase” as an outgoing payment (likewise to the market value of the shares). The report must contain the bond’s ISIN and the corresponding class of shares.
- The same procedure is to be observed with respect to the redemption of bonds or certificates through the provision of securities other than shares and for convertible bonds. In the case of the latter, the payment amount is defined as the conversion rate plus premium.

(a) Bonds issued by the foreign public sector

These include bonds and other debt securities issued directly by a foreign state, a province or a municipality as well as bonds of international organizations, with an original maturity of more than 12 months. An up-to-date list of the special code numbers for international organisations is available on the Bundesbank website at <http://www.bundesbank.de>. By contrast, bonds deriving from supranational banks and international development banks are classified as bonds issued by the foreign private sector.

100 **Foreign D-Mark bonds** which residents buy from or sell to non-residents for their own account or that of a third party

701 **Euro bonds** which residents buy from or sell to non-residents for their own account or that of a third party

101 **Foreign currency bonds** which residents buy from or sell to non-residents for their own account or that of a third party

(b) Bonds issued by the foreign private sector

These include bonds and debt securities issued by non-resident banks (including supra-national and international development banks, such as the BIS, the EIB and the World Bank) and by other enterprises, with an original maturity of more than 12 months.

- 103** Foreign D-Mark bonds which residents buy from or sell to non-residents for their own account or that of a third party
- 702** Euro bonds which residents buy from or sell to non-residents for their own account or that of a third party
- 102** Foreign currency bonds which residents buy from or sell to non-residents for their own account or that of a third party

Money market instruments

Foreign money market instruments, irrespective of its designation, are defined as debt instruments **issued by non-residents**, with an original maturity of **up to 12 months**. This includes, for instance, Treasury bills and Federal Treasury notes issued by the foreign public sector; commercial paper and certificates of deposit.

Borrowers' note loans and trade bills (see p 58 ff) do **not** count as money market instruments but as loans.

- 105** Money market instruments which residents buy from or sell to non-residents for their own account or that of a third party

Shares

This item includes stakes in **non-resident enterprises** securitised as **shares** provided they do not count as direct investment. This is the case when 10% or more of the shares or voting rights in a non-resident enterprise are directly attributable to the resident or when more than 50% are directly and indirectly attributable (see p 52 ff). Payments for acquisition and sale of **subscription rights** are also to be reported here.

Further, this item includes payments for the acquisition and sale of **ADRs**, American Depository Receipts, or similar instruments that securitise claims on foreign shares.

Note

- Dividend payments of non-resident issuers within the context of stock dividends are to be reported as incoming payments in the case of income on shares (see codes 185 and 985, p 104 f) and as outgoing payments for the acquisition of foreign shares, specifying the ISIN. The amount to be reported for incoming and outgoing payments is the market value of the underlying securities.
- The free of charge allocation of bonus shares is not subject to reporting requirements.

- 104** Shares which residents buy from or sell to non-residents for their own account or that of a third party, provided these do not constitute direct investments

Investment fund shares

This item includes payments for purchase and sale of share certificates in foreign investment funds and in foreign enterprises, eg SICAVs, that are comparable to German investment stock corporations (Investmentaktiengesellschaften). Operating on the principle of risk-spreading, the object of these corporations is to collectively invest capital raised from the public in transferable securities and/or in other liquid financial assets. These include securities funds, open-end real estate funds, money market funds, funds of funds, mixed funds, hedge funds, umbrella hedge funds, derivatives funds, pension mutual funds and exchange traded funds (ETFs).

Non-negotiable share certificates and those through which the investor has no right to return his shares (eg shares in foreign closed-end funds) should not be reported here but instead included under Other capital investments abroad (see p 65 f). Units in closed-end real estate funds are to be reported under Land and buildings (see p 64 f)

If the share in an open-end or closed-end fund is 10% or more, the transaction is not to be reported here but under Direct investments (see p 54 f)

(a) Money market funds

- 606** Shares in foreign money market funds with earnings distribution, which residents buy from or sell to non-residents for their own account or that of a third party (also where there is the choice between a cash dividend and earnings retention)

- 607** Shares in foreign money market funds with earnings retention, which residents buy from or sell to non-residents for their own account or that of a third party

(b) Other investment funds

- 106** Shares in foreign investment funds with earnings distribution, which residents buy from or sell to non-residents for their own account or that of a third party (also where there is the choice between a cash dividend and earnings retention)
- 129** Shares in foreign investment funds with earnings retention, which residents buy from or sell to non-residents for their own account or that of a third party

2 Direct investments in foreign economic territories

Direct investments in foreign economic territories refer to **shares in the capital and reserves** of non-resident enterprises, branches and permanent establishments where 10% or more of the shares or voting rights are directly attributable to the investor, or directly and indirectly more than 50% are attributable to the resident investor. For the definition of affiliated enterprises according to the balance of payments statistics, see chart 1 on p 56.

Loans between affiliated resident and non-resident enterprises are also classified as direct investments.

(a) Shares in the capital and reserves of non-resident enterprises, branches and permanent establishments

This item is used to report payments for the purchase and sale of shares in foreign enterprises, where this substantiates direct investments or increases, liquidates or reduces such investments.¹ The same applies to capital contributions for corporate start-ups.

Shares in enterprises include eg:

- Shares in public limited companies, shares in private limited companies, limited partner's shares or cooperative society shares
- Participating interests in a general partnership
- Capital contributions of silent partners that are regarded as equity capital (atypical silent participation)

¹ For information on payments for shares in foreign enterprises below this participation threshold, see the sections on Foreign Securities, p 46 ff and other capital investments abroad, p 65.

If direct investments as mentioned above are substantiated, the following payment transactions must be reported under direct investments:

- Capital increases
- Capital repayments in connection with capital reductions or the liquidation of enterprises
- Payments for the purchase and sale of equity-type mezzanine capital (for information on non-negotiable, debt capital-type mezzanine capital, see direct investment loans, p 55 ff)

Furthermore, having reached or surpassed the aforementioned threshold, payments in connection with the following transactions must be reported as direct investments:

- Provision of branches or permanent establishments (including drilling sites) with endowment or working capital
- Capital injections to strengthen the reserves of an enterprise
- Coverage for losses carried forward and distribution of retained earnings from previous years
- Private withdrawals from amounts paid up on members' shares representing equity capital
- Payments to non-residents by resident firms for their own account or for the account of other residents for building, assembly, repairs and drilling activities in foreign economic territories. These payments are to be regarded as providing a permanent establishment with working capital.
- Payments in connection with development work relating to oil and gas deposits (including extraction royalties to the producing countries) inasmuch as these expenses have been recognised as assets and entered as endowment capital or equity capital in the books of the foreign enterprises or permanent establishments.¹
- Payments for property certificates of closed-end real estate funds in the form of limited partnerships

Note

Reports relating to payments of €1m and above must state the name and residence of the foreign direct investment enterprise. In the case of capital interests securitised by shares it is also necessary to specify the ISIN and number of securities.

¹ By contrast, if this expenditure is reported under long-term receivables, it must be listed as Loans, under code 222 (see p 58).

Shares in foreign public limited companies

- 107** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by **domestic MFIs**¹ from/to foreign, unlisted public limited companies.
- 827** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by **domestic MFIs**¹ from/to foreign, listed public limited companies
- 207** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by **domestic enterprises and households** and **general government** from/to foreign unlisted public limited companies
- 927** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by **domestic enterprises and households** and **general government** from/to foreign listed public limited companies
- 108** Inpayments by **domestic MFIs** accruing to the capital reserves of foreign public limited companies and repayments to the latter including grants for the reimbursement of reported losses carried forward
- 208** Inpayments by **resident enterprises and households** and **general government** accruing to the capital reserves of foreign public limited companies and repayments to the latter including grants for the reimbursement of reported losses carried forward

Shares in foreign non-public limited companies

- 111** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by domestic **MFIs** from/to foreign non-public limited companies
- Payments associated with the establishment and dissolution or purchase and sale of foreign branches and permanent establishments by domestic MFIs
- 211** Purchase and sale of capital interests, capital contributions, capital increases and capital reductions by **domestic enterprises and households** and **general government** from/to foreign non-public limited companies

¹ MFIs, ie monetary financial institutions, refers to all institutions that receive deposits and/or close substitutes for deposits (eg from the issuance of securities) and grant loans (also in the form of securities purchase) for their own account. They are contained in a list compiled by the European Central Bank and available at <http://www.ecb.int> under Statistics, Money banking and financial markets.

Payments associated with the establishment and dissolution or purchase and sale of foreign branches and permanent establishments by domestic **enterprises and households and general government**

- 112** Inpayments by domestic **MFIs** accruing to the capital reserves of foreign non-public limited companies and corresponding repayments to the latter including grants for the reimbursement of reported losses carried forward
- 212** Inpayments by domestic **enterprises and households and general government** accruing to the capital reserves of foreign non-public limited companies and corresponding repayments to the latter including grants for the reimbursement of reported losses carried forward
- 237** **Enterprises' and households'** exploration costs abroad

(b) Direct investment loans of resident direct investors

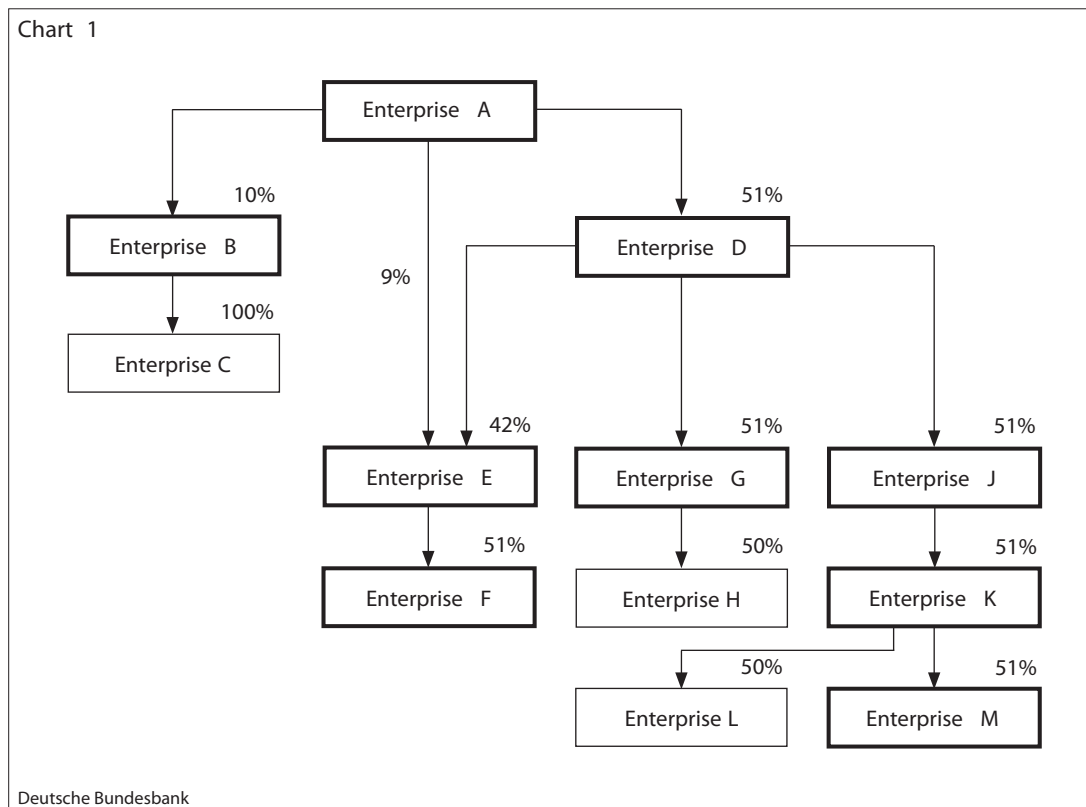
A loan arrangement between a resident and a non-resident enterprise is classified as a direct investment loan if both enterprises are considered affiliated within the meaning of the reporting regulation. This applies if:

- (a) 10% or more of the nominal capital or voting rights of the non-resident enterprise are attributable to the resident enterprise or
- (b) either indirectly or directly and indirectly taken together, more than 50% of the nominal capital or voting rights of the non-resident enterprise is attributable to the resident enterprise or¹
- (c) there is no direct or indirect stake linking the resident and the non-resident but both enterprises – directly or indirectly – share a common direct investor (“fellow companies”).

This is illustrated in chart 1 on page 56.

The enterprises in the boxes outlined in **bold** are considered to be affiliated within the meaning of the reporting regulation. Cross-border lending, borrowing and repayments between such enterprises are to be reported as direct investment loans.

¹ In such cases, the non-resident enterprise is considered to be a dependent enterprise of the resident enterprise. For more on the term “dependent enterprise”, see sections 56 (a) and 58 (a) of the Foreign Trade and Payments Regulation.



The chart shows a group of affiliated enterprises, known as a direct investment relationship (outlined in bold). Enterprises in which enterprise A has a direct stake of 10% or more are regarded as affiliated enterprises (B, D). Furthermore, enterprise D is also considered dependent on enterprise A as the latter has a stake of more than 50% in the former. Where such dependent enterprises have a stake of more than 50% in another enterprise, the latter is likewise considered to be a dependent enterprise of enterprise A (G, J, K, M) and is thus also part of the same direct investment relationship. Where more than 50% of another enterprise is attributable to one or more enterprises that are dependent on enterprise A or to enterprise A combined with its dependent enterprises, this enterprise (E) is also classified as being dependent on enterprise A ($9\%_{\text{direct}} + 42\%_{\text{indirect}} = 51\%$). Since enterprise E, as a dependent enterprise, has a stake of over 50% in enterprise F, the latter is likewise considered to be dependent on enterprise A and is thus part of the direct investment relationship headed by enterprise A.

Exception

As a general rule, loans in which an MFI participates as lender or borrower are not categorised as direct investment.

Characteristics

No payment reports are to be submitted in connection with short-term loans, short- and long-term trade loans and deposits (agreed maturity or period of notice up to and including 12 months) (section 59 (2) number 3 of the Foreign Trade and Payments Regulation) whereas interest generated by such transactions must be reported.

However, **residents** (with the exception of domestic MFIs, investment stock corporations, and investment companies for their special funds) are also required to submit a monthly report on stocks under section 62 of said Regulation, using forms Z 5 or Z 5a, if the sum of assets or liabilities amounts to more than €5m.

For information on long-term loans between non-affiliated enterprises see the section on Loans, p 59 ff.

Direct investment loans also encompass payments for development work relating to oil and gas deposits (including extraction royalties to the producing countries) inasmuch as these expenses have been recognised as assets and entered as long-term receivables.

Revenue generated from the sale of oil and gas is to be reported as repayment of long-term receivables, broken down into redemptions and interest calculated internally by the enterprise (item: "Interest on loans between resident and non-resident enterprises", see Code 289, p 107).

If a direct investment relationship is substantiated, any payments for the purchase and sale of non-negotiable debt capital-type mezzanine capital are to be reported under direct investment loans (for information on debt type negotiable mezzanine capital, see Bonds, p 48 f).

In an offsetting procedure, the resident shareholder's waiver of repayments on a granted loan is to be reported as an incoming redemption payment and an outgoing capital inpayment. (where the waiver is entered under "outcome of normal business activities", these payments are regarded as grants for the purpose of avoiding losses carried forward, see p 107)

Note

The name and domicile of the non-resident borrower or lender is to be given in reports for amounts of €1m and above.

- 222** Granting and repayment of loans with a maturity of more than 12 months by domestic **enterprises and households and general government** (as lenders) to non-resident enterprises in which they have a direct or indirect stake and to branches and permanent establishments (eg lending by a resident enterprise A to non-resident enterprises B, D, E, F, G, J, K or M; see chart 1 on p 56)
- 267** Raising and repayment of loans with a maturity of more than 12 months by domestic **enterprises and households and general government** (as borrowers) from/to non-resident enterprises, in which they have a direct or indirect stake and with non-resident branches and permanent establishments (eg loans from non-resident enterprises B, D, E, F, G, J, K or M to a resident enterprise A, see chart 1 on p 56)
- 269** Raising and repayment of loans with a maturity of more than 12 months by domestic **enterprises and households and general government** (as borrowers) from/to non-resident **financial subsidiaries** (special purpose entities, conduits, cash pooling centres, securitisation vehicles etc) in which they have a direct or indirect stake (eg loans from non-resident financial subsidiaries B, D, E, F, G, J, K or M to a resident enterprise A; see chart 1 on p 56)
- 228** Granting and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as lenders) to non-resident enterprises, in which they have no direct or indirect stake but with which they share, directly or indirectly, a common direct investor ("fellow companies"), (eg loans between a non-resident enterprise G and a resident enterprise B, see chart 1 on p 56)
- 268** Raising and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as borrowers) from/to non-resident enterprises, in which they have no direct or indirect stake but with which they share, directly or indirectly, a common direct investor ("fellow companies"), (eg loans between a non-resident enterprise G and a resident enterprise B, see chart 1 on p 56)

3 Loans to non-residents and deposits at non-resident banks

Loans to non-residents also include:

- Borrower's note loans and notes receivable from non-residents

- Registered debt securities (“Namensschuldverschreibungen”) and registered mortgage bonds (“Namenspfandbriefe”) of non-resident issuers which are not traded like bearer paper
- Stakes in non-resident enterprises in the form of contributions as a silent partner where these contributions are not recorded on the balance sheet as equity capital (typical silent participation)¹
- Granting of loans in the form of genuine repos with securities and other assets (ie the resident transferee does not report assets purchased from a non-resident under a resale agreement as its own assets)
- Leasing transactions in the form of hire purchase, ie the non-resident lessee records the leased items under its own asset²

Assigned claims must also be reported in the same manner as loans, depending on their design. More details on the **reporting requirements with respect to the assignment of claims** can be found in the **notice** “Erwerb und Veräußerung von Forderungen” (“Acquisition and sale of assets”, in German only - English version in process) published on the Bundesbank website (www.bundesbank.de.)

No payment reports are to be submitted (section 59 (2) number 3 of the Foreign Trade and Payments Regulation) for the granting and repayment of loans to non-residents with a **maturity of up to 12 months**. This also includes the assignment of claims vis-à-vis non-residents (external claims) with a maturity of up to 12 months and the establishment and repayment of credit balances (agreed maturity or period of notice up to and including 12 months). Interest payments resulting from such transactions must, however, be reported.

Monetary financial institutions are **exempt** from the reporting requirements covering the granting and repayment of loans to non-residents, the establishment and repayment of credit balances held at non-resident banks and the **assignment** of claims vis-à-vis non-residents (external claims **independent of their maturity**). The foreign status data of the banks (MFIs) are adequately reliable in providing relevant information for balance of payments statistics purposes. The aforementioned reporting exemptions do not apply to the following **exceptions**: transactions (including the assignment of claims) in connection with **long-term borrower’s note loans**, registered debt securities and similar non-negotiable securities.

¹ For information on atypical silent participation, see Other capital investments, p 65 ff and Direct investments, p 52 ff.

² Where hire purchase claims are recorded as trade credits, the notes relating to the reporting of trade credits on p 61 f are to be observed.

Interest payments from all credit operations are **subject to reporting requirements**, independent of their maturity and existing reporting exemptions attached to the underlying transactions. Furthermore, irrespective of the maturity status at the moment of **purchase or sale of external claims** that arise as a result of service exports to non-residents, there are additional **special circumstances** and reporting requirements which need to be observed for service transactions. More details on these reporting requirements can be found in the **notice** "Erwerb und Veräußerung von Forderungen" ("Acquisition and sale of assets", in German only-English version in process) published on the Bundesbank website (www.bundesbank.de.)

If the resident lender and the non-resident borrower are classifiable as affiliated companies within the meaning of the reporting regulation, loans are to be reported¹ under direct investments (see p 55). Where a credit institution is a lender or borrower, this regulation does not apply.

The following transactions are recorded under bank balances with non-resident banks: establishment and repayment of deposits with an agreed maturity or period of notice of more than 12 months, for instance in the form of

- Time deposits (including fixed-term deposits)
- And savings deposits

Note

Details of the reporting requirements for transactions in precious metals, precious metal accounts and coins that are not legal tender can be found in the notice "Precious metals transactions" published on the Bundesbank website (www.bundesbank.de.)

Loans and bank balances with an original maturity of up to 12 months (short-term loans and deposits)

No payment reports are to be submitted in connection with short-term loans and bank balances (agreed maturity or period of notice up to and including 12 months) (section 59 (2) number 3 of the Foreign Trade and Payments Regulation). Interest payments from such transactions are, however, subject to reporting requirements.

The following are also deemed to be short-term loans:

- Current account credits and overdraft facilities, as these can usually be reduced daily

¹ See chart 1 on p 56 for a definition of "affiliated company" within the meaning of the reporting regulation.

- Payments to replenish/cover a balance on settlement accounts frequently held as intercompany accounts between affiliated companies
- Payments in connection with discount credits if the maturity of the bill is no more than 12 months

However, pursuant to section 62 of the Foreign Trade and Payments Regulation, residents (with the exception of domestic MFIs, investment stock corporations and capital investment companies for their special funds) are required to submit a monthly portfolio report using forms Z 5 and Z 5a once the sum of assets or liabilities exceeds €5m. MFIs report short-term loans and deposits in the context of their external status.

Loans and bank balances with an original maturity of more than 12 months (long-term loans and deposits)

These include the granting and repayment of long-term loans to non-residents eg mortgage loans, municipal loans and borrower's note loans.

The reports must contain the following:

- An indication of whether the item refers to the granting or the **redemption** of a loan or the establishment or repayment of a bank balance.
- Clear confirmation that the loan or bank balance is long-term, ie the maturity is more than 12 months.

Responsibility for fulfilling the reporting requirements lies with

- The creditor and not the administering credit institution, in the case of administered loans granted to non-residents in the name and on behalf of third parties.
- The domestic trustor (= credit originator) and not the resident trustee, in the case of fiduciary loans through a domestic credit institution to a foreign final borrower.

Note

- The granting and repayment of trade loans is not subject to reporting requirements, irrespective of the maturity. Interest income from such transactions must, however, be reported. The status of claims and liabilities arising from trade credits is also to be reported monthly in the external status of enterprises (reporting form Z 5a)

- When reporting leasing operations, it is necessary to split leasing rates into interest and capital repayment.
- Debt rescheduling or changes to the maturity of a loan need only be reported if such adjustments involve a short-term loan becoming a long-term one or vice versa. The same holds for fixed-term deposits and time and savings deposits.
- Compensation payments to resident MFIs and exporters on loans which, for instance, are covered by the Euler Hermes Kreditversicherungs-AG do not have to be reported. By contrast, resident payees are obliged to report any redemption payments on the retained amount of a loan made by the non-resident borrower, even if the payments are initially transferred to Euler Hermes or any other credit insurance company.
- For loans disbursed with a discount, the nominal value of the loan is to be reported as an outgoing payment under this item and the discount as an incoming interest payment on a separate basis under codes 184, 284 and 384 (see p 109).
- For **borrower's note loans** redeemed through the tendering of securities their repayment is to be reported as an incoming payment (in the amount of the market value of the securities) and the purchase of the securities as an outgoing payment.

Assignment of claims:

For payments related to the assignment of claims vis-à-vis non-residents (external claims), the purpose of payment should specify the following information:

- (a) Description of the underlying transaction or the type of claim (trade credit, other book claim, borrower's note loan etc)
- (b) Original maturity of the claim: up to 12 months or more than 12 months
- (c) Type of assignment: disclosed or undisclosed assignment
- (d) Country of original debtor

For the purchase or sale of claims, the respective (actual) amount paid must be reported. If the value of claims is adjusted prior to assignment, a report must be compiled on the assignment of the value-adjusted amount. If, for the purchase price of a collateral claim, a discount is deducted from the nominal value or, for a claim previously subject to value

adjustment, a discount is deducted from the value-adjusted amount as a countervalue for interest income, then the value of the claim before deduction of the discount should be stated as a general rule. The discount amount, however, should be reported as an interest payment. Purchaser interest included in the total amount of export claims should also be reported as interest payments provided they are separately identifiable.

- Incoming payments from assignments of export claims sold directly by resident exporters to non-residents **need not be reported as lending business** as they represent advance export receipts. Where export claims arise as a result of services, incoming payments from the claim assignment are to be reported as income using the code of the underlying service. More details can be found in the **notice** "Erwerb und Veräußerung von Forderungen" ("Acquisition and sale of assets", in German only – English version in process) published on the Bundesbank website (www.bundesbank.de.)

The granting and repayment of loans to non-residents, the endowment and repayment of credit balances at non-resident banks and the assignment (**undisclosed or disclosed**) of external claims with a period to maturity of more than 12 months by

221 Enterprises and households

321 General government

Purchase and assignment (**disclosed or undisclosed**) and redemption of **borrower's note loans**, registered debt securities and registered mortgage bonds and similar non-negotiable securities of foreign issuers with a maturity of more than 12 months by domestic

123 MFIs

223 Enterprises and households

323 General government

4 Foreign mezzanine capital

Legally and economically speaking, mezzanine capital is a hybrid type of financing located between own funds and debt funds, and takes various different forms. It can be of an equity capital type, eg in the form of atypical silent participations. But it can also be akin to debt capital in the form of a subordinated loan or partners' loan.

What has to be decided when reporting cross-border mezzanine capital transactions is whether the capital is more like equity capital or debts. As a rule, mezzanine capital should be regarded as equity capital when it is treated subordinately in the event of insolvency, its repayment is performance-linked and the capital participates fully in the loss. Furthermore, the capital must be placed with the investor on a long-term basis, ie for at least 5 years. As a basic standard, the Foreign Trade and Payments Regulation code can be selected in accordance with the allocation followed in the accounting standards of the party required to report:

Mezzanine capital that is reported on the balance sheet as equity or a comparable balance sheet item belongs on the assets side:

- inasmuch as it is securitised as negotiable securities: see chapter I.1 (see p 46 ff), foreign securities
- non-negotiable mezzanine capital: see chapter I.6 (see p 65 f), Other capital investments abroad.

Mezzanine capital that is reported on the balance sheet as **debt** or a comparable balance item belongs on the **assets side**:

- inasmuch as it is securitised as negotiable securities: see chapter I.1 (see p 46 ff), foreign securities
- non-negotiable mezzanine capital: see chapter I.3 (see p 58 ff), Loans to non-residents and credit balances at non-resident banks (MFIs).

5 Land and buildings and titles to these in foreign economic territories

Payments in connection with the following transactions are recorded under this item:

- Purchase and sale of land and buildings in foreign economic territories
- Purchase and sale of stakes in closed-end real estate funds in the form of limited partnerships in which an investor acquires a participating interest of less than 10%.

Note

- Payments for the purchase or sale of enterprises, the object of which is the commercial use of land and buildings (eg hotels, restaurants, farms and the like) are not recorded here but under direct investments instead.

- The information in the report must clearly show that the land or buildings are located abroad or that foreign real estate funds are involved.

	Purchase and sale of property and land abroad and purchase and sale of units in closed-end real estate funds by domestic
132	MFIs
232	Enterprises and households
332	General government

6 Other capital investments abroad

Shares in non-resident enterprises, where they are not securitised or to be reported under direct investments

This item is to be used for recording payments connected with the purchase and sale of foreign holdings in enterprises that do not count as securities or direct investments.¹ These payments include units in closed-end foreign funds where these are not tradable.

The following transactions must be reported as well, provided the aforementioned preconditions have been met:

- Capital contributions for corporate startups
- Capital increases
- Capital repayments following on from capital reductions or the liquidation of enterprises
- Atypical silent participations

	Purchase and sale of capital interests, capital contributions, capital increases and capital reductions of corporate stakes that are not securitised by shares by resident
136	MFIs

¹ Reportable as a direct investment for stakes of 10% or above.

236 Enterprises, households and general government

Other capital investments abroad

Where the payments to be reported for the purchase or sale of capital investments abroad cannot be assigned to one of the items already described above the following collective codes can be used. In particular, transactions concerning used life insurance (secondary market) are to be reported here.

The purchase and sale of moveable goods abroad is to be reported under Other goods transactions - code 997 - (see p 120)

Note

Details of the reporting requirements applying to transactions in precious metals, precious metal accounts and coins that are not legal tender can be found in the notice "Precious metals transactions" published on the Bundesbank website (www.bundesbank.de.)

Other capital investments abroad by domestic

139 MFIs

239 Enterprises, households and general government

II Investments by non-residents in the economic territory

Investments in the economic territory comprise

- Domestic securities
- Direct investments
- Loans of non-residents and deposits of non-residents with resident banks
- Domestic mezzanine capital
- Land and buildings and titles to these
- Other capital investments

Payments for the **sale** of these investments to non-residents are to be reported as incoming payments while payments for their **purchase** from non-residents and **redemption payments** rendered to non-residents must be reported as outgoing payments; the granting of loans and establishment of deposits by non-residents should be reported as incoming payments and any redemptions and repayments as outgoing payments.

Netting and settlement as well as payments processed by means of direct debit are payments within the meaning of this chapter.

1 Domestic securities

Securities issued **by residents** are defined as domestic securities. The balance of payments statistics differentiates between:

- Bonds
- Money market instruments
- Shares
- Participation certificates (“Genussscheine”)
- Investment fund shares

Purchases and sales

If domestic credit institutions are involved in purchases and sales of securities (as part of principal broking services or the like), they are to submit the relevant reports pursuant to section 69 (2)

sentence 1 of the Foreign Trade and Payments Regulation. Resident enterprises, households and general government are, however, themselves subject to the reporting requirements under section 59 of the Foreign Trade and Payments Regulation when they conclude transactions directly with non-residents, eg with non-resident banks. Both banks and other parties subject to reporting requirements can submit their reports on securities and financial derivatives electronically or using a form (Z 10).

The payments are to be reported stating the international securities identification number, ISIN, the exact security description and the total amount.

In addition, the nominal value in thousands of units of the currency of issue or the exact number of units is to be given.

The country of residence of the foreign counterpart determines the **country allocation**. A current list of country codes and of the special codes for international organisations may be viewed on the Bundesbank website (www.bundesbank.de).

With respect to securities transactions conducted on foreign or German stock exchanges with central counterparties (CCPs), payments between resident and non-resident counterparties are likewise subject to reporting requirements. The following parties are classified as non-resident counterparties: foreign customers, trading participants, clearing participants and the foreign CCP. Such bilateral payments are to be reported gross, irrespective of whether their effective processing occurs wholly or partially in the course of settlement netting.

Redemptions

Redemptions made by a domestic issuer to non-residents, for instance to the foreign depository, are to be reported as outgoing payments. Likewise, payments from a foreign depository to domestic depository banks have to be reported by the first domestic entity which receives the payment. Any onward transfers of repayments destined for non-residents must be reported as outgoing payments.

If domestic securities belonging to German final investors are kept at foreign depository banks, the repayment sums received have to be reported, even if they flow into a non resident account.

Repos and sell/buy-back transactions, securities lending with domestic securities, provision of securities collateral

As a general rule, securities transactions in genuine repos, securities lending and securities transferred as collateral are not to be reported as securities transactions.

However, securities **which mature** during the term of genuine repos and lending transactions and securities accepted or deposited as collateral must be reported as follows:

- (a) Resident transferees are obliged to report incoming redemption payments on domestic securities arriving from foreign depositaries if they are the first domestic entity to receive the payments directly from a non-resident. Any onward transfers of the repayment to the non-resident transferor must be reported as outgoing payments.

Conversely, repayments received from domestic depositaries on domestic securities need only be reported as outgoing payments when they are forwarded directly to a non-resident.

- (b) Resident transferors report any repayments on domestic securities that are forwarded to them by non-resident transferees.
- (c) The country to which the securities are allocated is determined by the country of domicile of the non-resident depositary or of the non-resident transferor (a) or the transferee (b).
- (d) The provisions contained in sections (a) to (c) also apply to lending transactions and securities serving as collateral.
- (e) Schematic overviews of the reporting regulations for bilateral and chained transactions can be found on pages 124 and 125 of the annex.

Bonds

Domestic bonds are defined as debt securities **issued by residents** as well as other negotiable paper **with an original agreed maturity of more than 12 months**.

Bonds also include negotiable certificates (eg structured bonds, certificates on equities or indexes and the like); floating-rate debt securities, zero-coupon bonds and options and convertibles. Moreover, this item is to be used for reporting equity-linked bonds, nego-

tible certificates, asset-backed securities and collateralised debt obligations (CBOs and CLOs), where these are debt instruments pursuant to section 793 German Civil Code.

Emissions certificates (eg AAU, EUA) are to be reported as emissions rights using code 507 (see p 24).

However, borrower's note loans ("Schuldscheindarlehen") and registered debt instruments ("Namenspapiere") such as savings bonds, registered mortgage bonds and registered debt securities are classified not as bonds but as loans (for more information on registered debt securities, see Loans, p 81 ff)

Note

- Bonds that already at the time of issue had tiered interest (eg Federal savings notes, "Bundesschatzbriefe") are not classified as floating-rate but as "normal" fixed-rate bonds.
- Euro bonds are defined as all bonds issued in euro or EMU currencies.
- Bonds that were not issued in euro or EMU currencies but, for example, in US dollar, Swiss francs or pound sterling are defined as foreign currency bonds.

Characteristics

- If bonds are repaid through the provision of shares, the bond redemption is to be reported as an outgoing payment (in the amount of the market value of the shares) and the shares "sale" as an incoming payment (likewise to the market value of the shares). The report must contain the bond's ISIN and the corresponding class of shares.
- The same procedure is to be observed with respect to the redemption of bonds or certificates through the provision of securities other than shares and for convertible bonds. In the case of the latter, the payment amount is defined as the conversion rate plus premium.

(a) Bonds issued by the domestic public sector

These include all bearer bonds, Treasury notes and Federal Treasury financing paper issued by the Federal Republic of Germany, its special Federal funds, the former Treuhand agency, and the former Deutsche Bundespost as well as by state and local government with an original maturity of more than 12 months.

- 140 **Federal Treasury notes** (*Schätze*) with a maturity of two years which residents buy from or sell to non-residents for their own account or that of a third party.
- 141 **Fixed-interest bonds** issued by general government which residents buy from or sell to non-residents for their own account or that of a third party.
- 641 **Floating-rate bonds** issued by general government which residents buy from or sell to non-residents for their own account or that of a third party.
- 133 **Principal strips** of strippable Federal bonds which residents buy from or sell to non-residents for their own account or that of a third party.
- 134 **Coupon strips** of strippable Federal bonds which residents buy from or sell to non-residents for their own account or that of a third party.
- 143 **Foreign-currency bonds issued by general government and funding bonds** which residents buy from or sell to non-residents for their own account or that of a third party.

(b) Bonds and debt securities issued by the domestic private sector

These include the debt instruments of domestic credit institutions and other enterprises with an original maturity of more than 12 months (bank bonds and corporate bonds)

Savings bonds and **certificates** are to be reported under this item only where they have been issued in the form of bearer securities or order paper.

- 142 **Fixed-interest euro bonds** which residents buy from or sell to non-residents for their own account or that of a third party
- 642 **Floating-rate euro bonds** which residents buy from or sell to non-residents for their own account or that of a third party
- 149 **Fixed-interest foreign currency bonds** which residents buy from or sell to non-residents for their own account or that of a third party
- 649 **Floating-rate foreign currency bonds** which residents buy from or sell to non-residents for their own account or that of a third party

Money market instruments

Domestic money market instruments, irrespective of its designation, are defined as any debt instruments of **resident issuers** with an original maturity up to **12 months**.

Borrowers' note loans and trade bills (see p 81 ff) are **not** defined as money market instruments, but as loans.

The balance of payments statistics distinguishes between the following categories of money market instruments:

- 145** Securities issued by MFIs
- 245** Securities issued by enterprises (commercial paper, etc)
- 344** Federal Treasury discount paper (Bubills)
- 345** Other money market instruments issued by general government (eg Federal Treasury financing paper and Treasury discount notes issued by the Länder)

Shares

These include stakes in **domestic enterprises** securitised as **shares** provided they do **not** count as direct investments. This is the case when 10% or more of the shares or voting rights in a resident enterprise are directly attributable to the non-resident or when more than 50% are directly and indirectly attributable (see p 74 ff).

Payment for the purchase and sale of **subscription rights** are also to be reported here. Also included under this item are payments for the acquisition and sale of **ADRs**, (American Depository Receipts), or similar instruments that securitise claims on domestic shares.

The free of charge allocation of bonus shares is not subject to reporting requirements.

- 144** Bank shares which residents buy from or sell to non-residents for their own account or that of a third party
- 258** Non-bank shares which residents buy from or sell to non-residents for their own account or that of a third party

Participation certificates (“Genussscheine”)

These comprise negotiable bearer and order paper based participation certificates of **domestic issuers**. Non-negotiable participation certificates and registered participation rights are to be reported as loans to residents or other domestic capital investments, depending on how they have been classified (equity funds or debt funds or a comparable asset-side item on the balance sheet) in the accounts of the entity subject to reporting requirements.

- 155** Participation certificates which residents buy from or sell to non-residents for their own account or that of a third party

Investment fund shares

This item includes payments for the purchase and sale of share certificates in domestic investment funds and stakes in domestic investment stock corporations (“Investment-aktiengesellschaften”). These include securities funds, open-end real estate funds, money market funds, funds of funds, mixed funds, hedge funds, umbrella hedge funds, derivatives funds, pension mutual funds and exchange traded funds (ETFs).

Non-negotiable certificates and those through which the investor has no right to return his shares (eg shares in domestic closed-end funds) should not be reported here but instead included under Other domestic capital investments (see p 88). Units in closed-end real estate funds are to be reported under Land and buildings (see p 87)

If the share in an open-end or closed-end fund is 10% or more, the transaction is to be reported not here but under Direct investments (see p 76 f)

(a) Money market funds

- 646** **Domestic money market fund shares with earnings distribution** which residents purchase from non-residents or sell to them (also where there is the choice between a cash dividend and earnings retention)
- 647** **Domestic money market fund shares with earnings retention** which residents buy from or sell to non-residents for their own account or that of a third party

(b) Other investment funds

- 146** Shares in other domestic investment funds with earnings distribution which residents buy from or sell to non-residents for their own account or that of a third party (also where there is the choice between a cash dividend and earnings retention)
- 157** Shares in other domestic investment funds with earnings retention which residents buy from or sell to non-residents for their own account or that of a third party

2 Direct investments in the economic territory

Direct investments in the economic territory refer to shares in the capital and reserves of resident enterprises, branches and permanent establishments where 10% or more of the shares or voting rights are directly attributable to the investor, or directly and indirectly more than 50% are attributable. For the definition of affiliated enterprises according to the balance of payments statistics, see chart 2 on p 79.

Loans between affiliated non-resident direct investors and resident direct investment enterprises are also classified as direct investments.

(a) Shares in the capital and reserves of resident enterprises, branches and permanent establishments

This item is used to report payments for the purchase and sale of shares in domestic enterprises, where this substantiates a direct investment or increases, liquidates or reduces such investment activity.¹ The same applies to capital contributions for corporate start-ups.

Shares in enterprises include eg:

- Shares in public limited companies, shares in private limited companies, limited partner's shares or cooperative society shares
- Participating interests in a general partnership
- Capital contributions of silent partners that are regarded as equity capital (atypical silent participation)

¹ For information on payments for shares in foreign enterprises below this participation threshold, see the sections on Domestic securities, p 67 ff and Other domestic capital investments, p 88 f.

If direct investments as mentioned above are substantiated, the following payment transactions must be reported under direct investments:

- Capital increases
- Capital repayments in connection with capital reductions or the liquidation of enterprises
- Purchase and sale of and repayments on negotiable bearer and order paper based participation certificates of domestic issuers. Non-negotiable participation certificates and registered participation rights are to be reported depending on how they have been classified in the accounts of the entity subject to reporting requirements (equity funds or debt funds, or participating interest or direct investment loan)
- Payments for the purchase or sale of equity-type mezzanine capital (for information on non-negotiable, debt capital-type mezzanine capital, see direct investment loans, p 77 ff)

Furthermore, having reached or surpassed the aforementioned threshold, payments in connection with the following transactions must be reported as direct investments:

- Provision of branches or permanent establishments with endowment or working capital
- Capital injections to strengthen the reserves of an enterprise
- Coverage for losses carried forward and distribution of retained earnings from previous years
- Private withdrawals from amounts paid up on members' shares representing equity capital
- Payments made to resident firms for their own account or for the account of other non-residents for building, assembly, repairs and drilling activities in the economic territory. These payments are to be regarded as providing a permanent establishment with working capital.

- Payments for property certificates of closed-end real estate funds in the form of limited partnerships¹

Note:

The **name and domicile of the domestic investment object** are to be specified in reports for amounts of €1m and above. For capital interests securitised by shares the **ISIN** and exact number of securities are also to be given.

Shares in domestic public limited companies**Shares in domestic MFIs in the legal form of a public limited company**

- 147** Purchase or sale of capital interests in domestic unlisted **MFIs** in the legal form of a public limited company and capital contributions, capital increases and reductions in the form of domestic shares issued by unlisted MFIs.
- 847** Purchase or sale of capital interests in domestic listed **MFIs** in the legal form of a public limited company and capital contributions, capital increases and reductions in the form of domestic shares issued by listed MFIs
- 148** Inpayments accruing to the capital reserves of domestic **MFIs** in the legal form of a public limited company and repayments to the latter including grants for the reimbursement of reported losses carried forward

Shares in domestic enterprises in the legal form of a public limited company

- 247** Purchase or sale of capital interests in domestic unlisted **enterprises** in the legal form of a public limited company and capital contributions, capital increases and reductions in the form of domestic shares issued by unlisted enterprises.
- 947** Purchase or sale of capital interests in domestic listed **enterprises** in the legal form of a public limited company and capital contributions, capital increases and reductions in the form of domestic shares issued by listed enterprises.
- 248** Inpayments accruing to the capital reserves of domestic **enterprises** in the legal form of a public limited company and repayments to the latter including grants for the reimbursement of reported losses carried forward

¹ If the stake is less than 10% it is recorded under Land and buildings (see p 87).

Shares in domestic non-public limited companies

Shares in domestic MFIs in a legal form other than that of public limited company

- 151** Purchase or sale of capital interests in domestic **MFIs** which are not public limited companies and capital contributions, capital increases and reductions with respect to these domestic MFIs. Payments associated with the establishment and dissolution or purchase and sale of domestic branches and permanent establishments of foreign banks which constitute domestic MFIs.
- 152** Inpayments accruing to the capital reserves of domestic **MFIs** in the legal form of a non-public limited company and repayments to the latter including grants for the reimbursement of their reported losses carried forward

Shares in domestic enterprises in a legal form other than that of public limited company

- 251** Purchase or sale of capital interests in domestic **enterprises** which are not public limited companies and capital contributions, capital increases and reductions with respect to those domestic enterprises. Payments associated with the establishment and dissolution and purchase and sale of domestic branches and permanent establishments of foreign enterprises and households.
- 252** Inpayments accruing to the capital reserves of domestic **enterprises** which are not public limited companies as well as repayments to these enterprises including grants for the reimbursement of their reported losses carried forward.

(b) Direct investment loans of resident direct investment enterprises, branches and permanent establishments

A loan arrangement between a resident and a non-resident enterprise is classified as a direct investment loan if both enterprises are considered affiliated within the meaning of the reporting regulation. This applies if:

- (a) 10% or more of the nominal capital or voting rights of the resident enterprise are attributable to the non-resident enterprise or

- (b) either indirectly or directly and indirectly taken together, more than 50% of the nominal capital or voting rights of the resident enterprise is attributable to the non-resident enterprise¹ or
- (c) there is no direct or indirect stake linking the resident and the non-resident but both enterprises – directly or indirectly – share a common direct investor (“fellow companies”).

This is illustrated in chart 2 on p 79.

The enterprises in the boxes outlined in **bold** are considered to be affiliated within the meaning of the reporting regulation. Cross-border lending, borrowing and repayments between such enterprises are to be reported as direct investment loans.

The chart shows a group of affiliated enterprises, known as a direct investment relationship (outlined in bold). Enterprises in which enterprise A has a direct stake of 10% or more are regarded as affiliated enterprises (B, D). Furthermore, enterprise D is also considered dependent on enterprise A as the latter has a stake of more than 50% in the former. Where such dependent enterprises have a stake of more than 50% in another enterprise, the latter is likewise considered to be a dependent enterprise of enterprise A (G, J, K, M) and is thus also part of the same direct investment relationship. Where more than 50% of an enterprise is attributable to one or more enterprises that are dependent on enterprise A or to enterprise A combined with its dependent enterprises, this enterprise (E) is also classified as being dependent on enterprise A ($9\%_{\text{direct}} + 42\%_{\text{indirect}} = 51\%$). Since enterprise E, as a dependent enterprise, has a stake of over 50% in enterprise F, the latter is likewise considered to be dependent on enterprise A and is thus part of the direct investment group headed by enterprise A.

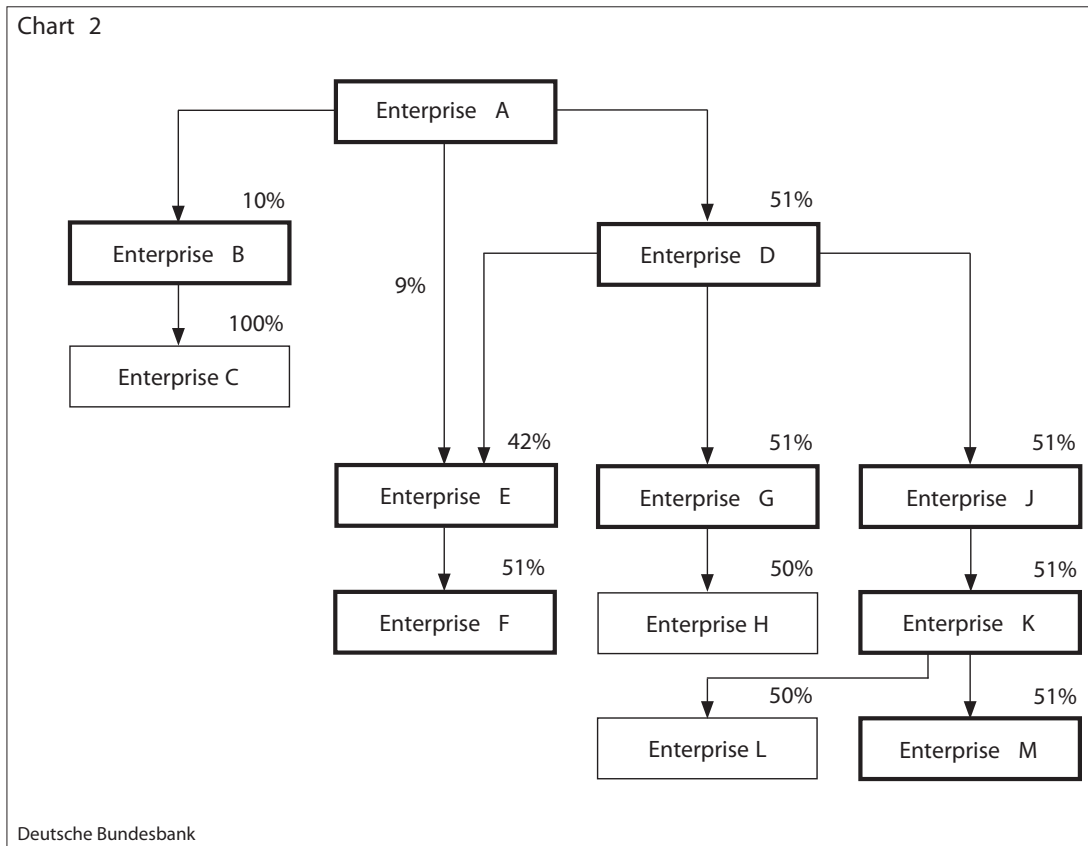
Exception:

As a general rule, loans in which an MFI participates as lender or borrower are not categorised as direct investment.

Note

No payment reports are to be submitted in connection with short-term loans, short- and long-term trade loans and deposits (agreed maturity or period of notice up to and including 12 months) (section 59 (2) number 3 of the Foreign Trade and Payments Regulation) whereas interest generated by such transactions must be reported.

¹ In such cases the non-resident enterprise has a direct or indirect stake in the resident enterprise. For more on the term “controlled enterprise”, see sections 56a and 58a of the Foreign Trade and Payments Regulation.



However, **residents** (with the exception of domestic MFIs, investment stock corporations, and investment companies for their special funds) are also required to submit a monthly report on stocks under section 62 of said regulation, using forms Z 5 or Z 5a, if the sum of assets or liabilities amounts to more than €5m.

For information on long-term loans between non-affiliated enterprises see the section on loans to residents, p 81 ff.

If a direct investment relationship is substantiated, the following are also counted as direct investment loans:

- The purchase and sale and redemption of non-negotiable participation certificates and borrowed funds-type registered profit-sharing rights
- Payments for the purchase and sale of other non-negotiable debt-type mezzanine capital (for equity-type mezzanine capital, see p 74 ff)

The waiver by a non-resident shareholder of repayment of a granted credit is to be reported as an outgoing redemption payment and as an incoming capital inpayment as part of a settlement. (Where the waiver is entered under "outcome of normal business activities", this payment is deemed a provision for covering losses, see p 108)

Note

The name and domicile of the non-resident borrower or lender is to be given in reports for amounts of €1m and above.

262 Raising and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as borrowers) from/to non-resident enterprises which hold an indirect or direct stake in said domestic enterprises and borrowing by resident branches and permanent establishments from their non-resident head offices (eg lending by a non-resident enterprise A to resident enterprises B, D, E, F, G, J, K or M; see chart 2 on p 79)

227 Granting and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as lenders) to non-resident enterprises which hold an indirect or direct stake in said domestic enterprises and loans that domestic branches and permanent establishments grant to their non-resident head offices (eg loans of resident enterprises B, D, E, F, G, J, K or M to a non-resident enterprise A, see chart 2 on p 79)

219 Granting and repayment of loans with a maturity of more than 12 months by affiliated resident **financial subsidiaries** (special purpose entities, conduits, cash pooling centres, securitisation vehicles etc) (as lenders) to non-resident enterprises and households which hold an indirect or direct stake in them eg lending by affiliated resident **financial subsidiaries** B, D, E, F, G, J, K or M to a non-resident enterprise A; see chart 2 on p 79)

228 Granting and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as lenders) to non-resident enterprises, which do not hold direct or indirect stakes in them but with which they share, directly or indirectly, a common direct investor ("fellow companies", eg loans between a non-resident enterprise G and a resident enterprise B, see chart 2 on p 79)

268 Raising and repayment of loans with a maturity of more than 12 months by domestic **enterprises** (as borrowers) from/to non-resident enterprises which do not hold direct or indirect stakes in them but with which they share, directly or indirectly, a common direct investor ("fellow companies", eg loans between a non-resident enterprise G and a resident enterprise B, see chart 2 on p 79)

3 Loans to residents and deposits at resident banks

Loans to residents also include:

- Borrower's note loans and bill-based claims on non-residents
- Registered debt securities ("Namenschuldverschreibungen"), registered mortgage bonds ("Namenspfandbriefe") and registered participation certificates ("Namensgenussscheine") of domestic issuers which are not traded like bearer paper
- Stakes of non-residents in domestic enterprises in the form of contributions as a silent partner where these contributions are not recorded on the balance sheet as equity (typical silent participation)
- Granting of loans in the form of genuine repos with securities and other assets (ie the resident transferee continues to report the assets purchased under a resale agreement as its own assets)¹
- Leasing transactions in the form of hire purchase, ie the resident lessee records the leased items under its own assets²

Assigned claims must also be reported in the same manner as loans, depending on their design. More details on the **reporting requirements with respect to the assignment of claims** can be found in the notice "Erwerb und Veräußerung von Forderungen" published on the Bundesbank website (www.bundesbank.de.)

Pursuant to section 59 (2) number 3 of the Foreign Trade and Payments Regulation, **no payment reports need be submitted** for raising and repayment of loans from/to non-residents with a **maturity of up to 12 months** or for the establishment and repayment of non-resident credit balances (agreed maturity or period of notice up to and including 12 months). Interest payments resulting from such transactions must, however, be reported.

Monetary financial institutions are **exempt** from the reporting requirements covering the raising and repayment of loans with non-residents, the establishment and repayment of credit balances of non-residents and the **disclosed assignment** of claims vis-à-vis resident monetary financial

¹ However, if the pledged assets are recorded under the assets of the non-resident transferee (representing a non-genuine repo agreement) the transactions are to be reported as a purchase or sale of the assets concerned.

² Where hire purchase claims are recorded as trade credits, the notes relating to the reporting of trade credits on p 83 are to be observed.

institutions (domestic claims) **independent of their maturity**. The foreign status data of the banks (MFIs) are adequately reliable in providing relevant information for balance of payments statistics purposes. The aforementioned reporting exemptions do not apply to the following **exceptions**: transactions (including the assignment of claims) in connection with **long-term borrower's note loans**, registered debt securities and similar non-negotiable securities.

Interest payments from all credit operations are **subject to reporting requirements** independent of their maturity and existing reporting exemptions attached to the underlying transactions. Furthermore, irrespective of the maturity status at the moment of **purchase or sale of domestic claims** that arise as a result of service imports, there are additional **special circumstances** and reporting requirements which need to be observed for service transactions. More details on these reporting requirements can be found in the **notice "Erwerb und Veräußerung von Forderungen"** ("Acquisition and sale of assets", in German only - English version in process) published on the Bundesbank website (www.bundesbank.de.)

Where the non-resident lender and the resident borrower are classifiable as affiliated companies within the meaning of the reporting regulation, loans are to be reported¹ under direct investments (see p 75). If a credit institution is lender or borrower, this regulation does not apply.

Recorded under bank balances with resident MFIs are the establishment and repayment of deposits with an agreed maturity or period of notice of more than 12 months.

Note

Details of the reporting requirements for transactions in precious metals, precious metal accounts and coins that are not legal tender can be found in the notice "Precious metals transactions" published on the Bundesbank website (www.bundesbank.de.)

Characteristics

Savings deposits with a maturity or period of notice of more than 12 months are exempt from the reporting requirements pursuant to an exception under section 64 of the Foreign Trade and Payments Regulation.

Loans and bank balances with an original maturity of up to 12 months (short-term loans and deposits)

No payment reports are to be submitted in connection with short-term loans and bank balances (agreed maturity or period of notice up to and including 12 months) (section 59

¹ See chart 2 on p 79 for a definition of "affiliated company" within the meaning of the reporting regulation.

(2) number 3 of the Foreign Trade and Payments Regulation). Interest payments from such transactions are, however, subject to reporting requirements.

The following are also deemed to be short-term loans:

- Current account credits and overdraft facilities, as these can usually be reduced daily
- Payments to replenish/cover a balance on settlement accounts frequently held as inter-company accounts between affiliated companies
- Payments in connection with discount credits if the maturity of the bill is no more than 12 months

However, pursuant to section 62 of the Foreign Trade and Payments Regulation, residents (with the exception of domestic MFIs, investment stock corporations and capital investment companies for their special funds) are required to submit a monthly portfolio report using forms Z 5 and Z 5a once the sum of assets or liabilities exceeds €5m. MFIs report short-term loans and deposits in the context of their external status.

Loans and bank balances with an original maturity of more than 12 months (long-term loans and deposits)

These include the granting and repayment of long-term loans to residents, eg mortgage loans, municipal loans and borrower's note loans.

The reports must contain the following:

- An indication of whether the item refers to the granting or the redemption of a loan or the establishment or repayment of a bank balance
- Clear confirmation that the loan or bank balance is long-term, ie the maturity is more than 12 months

Note

- When reporting leasing operations, it is necessary to split leasing rates into interest and capital repayment.
- Irrespective of their maturity, the avilment and redemption of trade credits is not subject to reporting requirements. Interest from such transactions must, however, be

reported. The status of claims and liabilities arising from trade credits is also to be reported monthly in the external status of enterprises (reporting form Z 5a)

- For **loans disbursed with a discount**, the nominal value of the loan is to be reported as an incoming payment under this item and the discount as an incoming interest payment on a separate basis under codes 184, 284 and 384 (see p 109 ff).
- For fiduciary loans of a non-resident credit institution (= non-resident trustor) to a domestic final borrower, the reporting requirement has to be fulfilled by the domestic borrower.
- Debt rescheduling or changes to the maturity of a loan need only be reported if such adjustments involve a short-term loan becoming a long-term one or vice versa. The same holds for fixed-term deposits and time and savings deposits.
- In the case of borrower's note loans that are settled like securities, it is necessary to report the actual amount.

Assignment of claims

- In the case of undisclosed assignments the payments in question are to be reported irrespective of their maturity.
- For payments related to the assignment of claims vis-à-vis resident entities (domestic claims), the purpose of payment should specify the following information:
 - (a) Description of the underlying transaction or the type of claim (trade credit, other book claim, borrower's note loan, etc)
 - (b) Original maturity of the claim up to 12 months or more than 12 months
 - (c) Type of assignment: disclosed or undisclosed assignment
 - (d) For domestic claims: country of the non-resident purchaser or seller and the economic sector of the resident borrower (MFIs (banks), enterprises and households, general government)

For the purchase or sale of claims, the respective (actual) amount paid must be reported. If the value of claims is adjusted prior to assignment, a report must be compiled on the assignment of the value-adjusted amount. If, for the purchase price of a collateral claim, a discount is deducted from the nominal value or, for a claim previously subject to value adjustment, a

discount is deducted from the value-adjusted amount as a countervalue for interest income, then the value of the claim before deduction of the discount should be stated as a general rule. The discount amount, however, should be reported as an interest payment. Purchaser interest included in the total amount of import claims should also be reported as interest payments provided they are separately identifiable.

- Outgoing payments from assignments of import claims sold directly by non-resident exporters to residents **need not be reported as lending business** as they represent advance import receipts. Where import claims arise as a result of services, outgoing payments from the claim assignment are to be reported as expenditure using the code of the underlying service. More details can be found in the **notice** “Erwerb und Veräußerung von Forderungen” (“Acquisition and sale of assets”, in German only – English version in process) published on the Bundesbank website (www.bundesbank.de.)

Granting and repayment of loans (and the disclosed assignment of domestic claims) with a maturity of more than 12 months to resident

261 Enterprises and households

351 General government

New issues and disclosed assignment and repayment or repurchase of long-term borrower’s note loans, registered bonds and similar non-negotiable securities on the part of residents.

163 Issued by MFIs

263 Issued by enterprises

366 Issued by general government

Undisclosed assignment and repayment of long-term domestic claims and borrower’s note loans, registered debt securities and similar non-negotiable securities (maturity of more than 12 months) by residents, broken down by the following domestic debtor groups

176 MFIs

276 Enterprises

352 General government

Undisclosed assignment and repayment of short-term domestic claims and borrower's note loans, registered debt securities and similar non-negotiable securities (maturity of up to 12 months) by residents, broken down by the following domestic debtor groups:

175 MFIs**275** Enterprises**373** General government**4** Domestic mezzanine capital

Legally and economically speaking, mezzanine capital is a hybrid type of financing located between own funds and debt funds, and takes various different forms. It can be of an equity capital type, eg in the form of atypical silent participations. But it can also be akin to debt capital in the form of a subordinated loan or partners' loan.

What has to be decided when reporting cross-border mezzanine capital transactions is whether the capital is more like equity capital or debts. As a rule, mezzanine capital should be regarded as equity capital when it is treated subordinately in the event of insolvency, its repayment is performance-linked and the capital participates fully in the loss. Furthermore, the capital must be placed with the investor on a long-term basis, ie for at least 5 years. As a basic standard, the Foreign Trade and Payments Regulation code can be selected in accordance with the allocation followed in the accounting standards of the party required to report:

Mezzanine capital that is reported on the balance sheet as **equity** or a comparable balance sheet item belongs on the **assets side**:

- inasmuch as it is securitised as negotiable securities: see chapter II.1 (see p 67 ff), Domestic securities
- non-negotiable mezzanine capital: see chapter II.6 (see p 88 f), Other domestic capital investments.

Mezzanine capital that is reported on the balance sheet as **debt** or a comparable balance item belongs on the **assets side**:

- inasmuch as it is securitised as negotiable securities: see chapter II.1 (see p 67 ff), Domestic securities
- non-negotiable mezzanine capital: see chapter II.3 (see p 81 ff), Loans to residents and credit balances at resident banks (MFIs).

5 Land and buildings and titles to these in the economic territory

Payments in connection with the following transactions are recorded under this item:

- Purchase and sale of domestic land and buildings by non-residents
- Purchase and sale of stakes in closed-end real estate funds in Germany in the form of limited partnerships, in which an investor acquires a stake of less than 10%.¹

Note

- Payments for the purchase or sale of enterprises, the object of which is the commercial use of land and buildings (eg hotels, restaurants and the like) are not recorded here but under direct investments instead (see p 74 ff).
- The information in the report must clearly show that the land or buildings are located in Germany or that domestic real estate funds are involved.

Purchase and sale of property and land in Germany and of shares in closed-end real estate funds floated in the economic territory by

172	MFIs (proprietary business)
272	Enterprises and households
372	General government

¹ Stakes of 10% and above are recorded under direct investments (see p 74 ff).

6 Other domestic capital investments

Shares in resident enterprises, where they are not securitised or to be reported under direct investments

This item is to be used for recording payments connected with the purchase and sale of domestic holdings in enterprises that do not count as securities (see p 67 ff) or direct investments (see p 74 ff).¹

These payments include units in closed-end domestic funds where these are not tradable.

The following transactions must be reported as well, provided the aforementioned pre-conditions have been met:

- Capital contributions for corporate startups
- Capital increases
- Capital repayments following on from capital reductions or the liquidation of enterprises
- Sale (or repurchase) of units of closed-end domestic funds vis-à-vis non-residents
- Atypical silent participations

Purchase and sale of capital interests, capital contributions, capital increases and reductions of corporate stakes, not securitised by shares, in resident

178 MFIs

278 Enterprises

Other domestic capital investments

If the payments to be reported for the purchase or sale of domestic capital investments cannot be assigned to one of the items already described above the following collective codes can be used. In particular, transactions concerning used life insurance are to be reported here.

¹ Where the participating interest is 10% or above, they are to be reported as direct investments.

The purchase and sale of domestic moveable goods is to be reported under Other goods transactions – code 997 – (see p 120)

Note

Details of the reporting requirements applying to transactions in precious metals, precious metal accounts and coins that are not legal tender can be found in the notice “Precious metals transactions” published on the Bundesbank website (www.bundesbank.de.)

Other domestic capital investments with resident

179	MFIs
279	Enterprises and households
379	General government

III Financial derivatives

These include:

- Exchange-traded financial derivatives such as
 - Financial futures
 - Options
- Largely instruments traded over the counter, eg
 - Forward rate agreements
 - Interest and currency swaps
 - Equity swaps
 - OTC options (including swaptions, caps, floors and collars)
 - Credit default swaps and total return swaps
- Other financial derivatives

Note

- Credit-linked notes do not count as financial derivatives but as bonds or money market instruments. The value of the embedded credit derivative does not have to be reported separately.
- Credit-linked notes are structured debt securities, the redemption of which depends on the occurrence of defined credit events. If such an event occurs, and in line with the terms of the bond issue, either the reduced redemption amount or, if the reference asset is delivered, the redemption of the bond and purchase of the reference asset (each in the amount of the reference asset market value) are to be reported.

1 Financial futures

All payments in connection with exchange-traded financial futures are to be reported under this item. Options on futures are not to be reported here but under the codes for options.

The **payments subject to reporting requirements** are either the respective variation margins or the final gains or losses upon closure of the position.

The settlement of financial futures by cash settlement (eg for commodity or index futures) is to be reported using the code for futures on domestic or foreign futures exchanges.

Settlement through physical delivery of securities must be reported as securities transactions together with the corresponding details.

The delivery of commodity futures (eg power and metal futures) is to be reported using code 997, provided the physical goods remain, as hitherto, within Germany (see p 121).

Additionally, any fees and commissions are to be reported (see p 27).

The report must contain the description of the futures contract (product name and/or symbol) and the name of the exchange.

The monthly payments are to be calculated gross in such a way that the payments per counterparty and account, per exchange, per underlying asset and expiry date and per business day are grouped separately by incoming and outgoing payments. The resulting incoming and outgoing payments are to be indicated in the reports in condensed form by country, exchange and underlying asset.

Initial margin payments (pay-ins) do **not have to be reported** as they are characterised as short-term loans. The same applies to collateral deposited in lieu of initial margins, eg securities. By contrast, payments in connection with the above-mentioned securities, eg interest on the margin accounts, safe custody fees, compensation payments etc are subject to reporting requirements.¹

Country classification

The country of the non-resident counterparty is to be given for payments between residents and non-residents arising from financial futures that are processed with the **domestic clearing house as central counterparty (CCP)** of a futures exchange. In line with this, the resident CCP is required to report payments processed with non-resident clearing participants (general clearing members and direct clearing members). Resident trading participants or resident clearing participants are required to notify payments which they make to non-resident customers or receive from them. If the payments take place between resident trading participants and non-resident clearing participants, it is the resident trading participant who must report these payments. Resident clearing participants are to report payments that occur between resident

¹ Give-up/take up trades need only be reported if margin settlements occurred up to the time of the transaction. If this is the case, the "give-upper" has to report margin or profit/loss payments as daily variation margin, as if the trade had been concluded. The "take-upper" is required to report subsequent payments as daily variation margins or profit/loss, based on the settlement price as the underlying figure. It may also be necessary to report any compensation payment made at the time of the transaction.

clearing participants and non-resident trading participants. Domestic enterprises or households thus have to report payments from or to non-resident financial institutions through which futures exchange transactions are processed.

Where possible, the residence country of the CCP should be specified for payments between residents and foreign counterparties (eg clearing participants, customers) arising from financial futures that are processed with the foreign clearing house as central counterparty (CCP) of a futures exchange. However, in cases of uncertainty, it is also admissible to state the counterparty's country of residence, given that the increasing complexity of institutional ties has made country classification an exceptionally difficult task in some cases.

(a) Foreign futures exchanges

882 Payments between residents and foreign counterparties arising from financial futures which are settled with the foreign clearing house (CCP) of a futures exchange

(b) Domestic futures exchanges

842 Payments between residents and foreign counterparties arising from financial futures which are settled with the domestic clearing house (CCP) of a futures exchange and payments between the Eurex Clearing AG and a foreign clearing house (CCP) of a futures exchange

2 Options

All payments related to exchange-traded options including options on futures are to be reported here. Commodity options are also to be recorded here, inasmuch as their execution involves cash payments.

Any premium and marginal payments arising in connection with options on futures exchanges are to be regarded as payments subject to the reporting requirement.

If there is **physical delivery** of the options, eg in the form of securities, these deliveries are to be reported as securities transactions together with the corresponding details (under the code for the corresponding security). Delivery in the form of foreign currency however, need not be reported as this represents an exchange of short-term claims in different currencies. Payments for the physical delivery of other underlying assets (eg commodities) are included under trade in goods (see 114 ff).

In the case of options on futures, it is either the variation margins paid or received each day that have to be reported **or one of the following alternatives** is to be chosen:

- At the time when the futures position is **closed out**, the premium at the time the position was opened and the premium for closing out the contract are reported.
- At the time a contract is **exercised**, the premium at the time the position was opened and the subsequent result ie the difference between exercise price and settlement price are reported.
- At the time the option **expires**, the premium at the opening of the position is reported.

Country classification

The above comments on financial futures also apply to the following options:

(a) Foreign futures exchanges

821 Payments between residents and foreign counterparties arising from options which are settled with the foreign clearing house (CCP) of a futures exchange

(b) Domestic futures exchanges

831 Payments between residents and foreign counterparties arising from options that are settled with the domestic clearing house (CCP) of a futures exchange and payments between Eurex Clearing AG and a foreign clearing house (CCP) of a futures exchange

3 Forward rate agreements (FRAs)

FRAs are individually agreed, ie non-standardised and non-exchange traded interest rate forward contracts.

Only the interest compensation payments on the settlement date are subject to reporting requirements. However, as these payments do not constitute payment for the actual provision of capital the corresponding amounts are not viewed as interest or similar payments.

The underlying capital amounts do not have to be reported as they serve only as a basis for calculating the compensation payment and are not paid out themselves.

Country classification

The country to be specified is the country of domicile of the non-resident counterparty.

898 FRA interest compensation payments which residents have received or made

4 Interest rate and currency swaps

Interest rate swaps are transactions in which, for instance, floating-rate interest obligations are swapped for fixed-rate ones or differently-based interest obligations are swapped for each other.

The currency swaps include all transactions in which the currency of the capital amount and of the interest on it are swapped without the calculation formula for the interest changing.

Interest rate/currency swaps are defined as a combination of the two above-mentioned types of swap transaction.

Interest rate swaps and interest rate/currency swaps are **subject to reporting requirements**. Only the interest received and paid and the compensation payments need to be specified, each as gross figures. It is also necessary to report upfront payments and close-end fees as well as compensation payments for inflation swaps.

The capital amounts that are swapped (eg in currency swaps) do not need to be reported as they are merely an exchange of mainly short-term claims in different currencies at an agreed price.

The residence country of the swap counterparty has to be specified.

584 Swap interest and compensation payments received or made by residents

5 Equity swaps

These include agreements on the exchange of interest rates for dividend payments on shares or an underlying stock index. The netting of price gains/losses for bonds, shares or stock indices is also possible.

All payments from equity swaps are **subject to reporting requirements**, in each case on a gross basis (eg interest payments, dividend payments, capital increases, changes in the value of the securities in question).

If the underlying paper is in fact swapped, the securities transactions are also to be reported.

In a synthetic equity swap, the values involved serve only as a basis for calculation. No swap of this paper occurs. Hence, no securities transaction report is necessary.

In the case of equity swaps the residence country of the counterparty **has to be specified**.

984 Equity swap payments received or made by residents

6 OTC options

These also include:

- Swaptions
- Caps, floors and collars

OTC-traded options on credit risks (eg credit default options, credit default swaptions and credit spread options) must also be given here.

Any premium and marginal payments arising in connection with OTC options are subject to the reporting requirement.

If OTC options involve physical delivery, eg in the form of securities or precious metals, these are to be reported with the corresponding details as securities or precious metals transactions.

By contrast, the contractual performance of exercised **currency options** in the form of delivery of the currency in question is not to be reported as this represents an exchange of short-term claims in different currencies.

If no physical delivery occurs, the relevant compensation payments have to be reported.

Commodity option trades for which cash payments occur at contract maturity in place of commodity deliveries are likewise to be reported under the codes for options.

Country classification

The country of domicile of the non-resident option writer is to be reported for OTC transactions with non-resident writers; for OTC trades involving resident writers, the country of domicile of the non-resident counterparty is to be reported.

- 820** Premium and marginal payments between residents and foreign writers of OTC options
- 830** Premium and marginal payments between resident writers and foreign counterparties of OTC options

7 Credit default swaps

Credit default swaps (CDS) are individually designed transactions where the risk seller (protection buyer) makes a periodic premium payment to the risk buyer (protection seller) and receives a payoff from the risk buyer in case of a defined credit event.

The residence **country** of the counterparty **should be specified**.

The payments subject to reporting requirements are the respective premium payments and the compensation payments. If, however, there is physical delivery of securities upon occurrence of the credit event, these securities are to be reported as securities transactions in the amount of the compensation payment, along with the corresponding details

- 840** Premium payments made and received, upfront payments and compensation payments from credit default swaps with non-resident counterparties

8 Total return swaps

In the case of total return swaps, the protection buyer transfers not only the default risk but also the capital gain on the underlying financial instrument. The protection seller makes periodic interest payments and has to pay any negative price changes in the reference asset. The country to be specified here is the residence country of the counterparty. The interest and compensation payments received and paid are subject to reporting requirements, in each case as gross figures.

- 584** Interest and compensation payments and special payments received or made by residents

9 Warrants

While warrants are legally classified as securities they are nonetheless allocated to financial derivatives in the balance of payments statistics if they fail to meet the requirements of section 793 of the German Civil Code.

The allocation of resident/non-resident warrants is determined by the country of residence of the warrant issuer (and not the residence of the issuer of the underlying item).

However, if a warrant is physically settled, for instance by means of securities, then these securities must be reported as securities transactions, using the code for the corresponding security. By contrast, delivery by means of currency is not subject to reporting requirements, as this represents an exchange of short-term claims in different currencies. If no physical delivery occurs, the corresponding compensation payments (marginal payments) are to be reported.

In the case of non-resident issuers, country classification in the report is determined by the country where the issuer is domiciled whereas for resident issuers it is determined according to the country of domicile of the counterparty.

(a) Warrants of foreign issuers

110 Warrants of foreign issuers purchased or sold abroad by residents for their own account or that of a third-party

(b) Warrants of resident issuers

150 Warrants of resident issuers purchased or sold abroad by residents for their own account or that of a third-party

10 Other OTC forward-type contracts

For individually agreed, ie non-standardised forward trades the gains or losses at expiry date or at close-out are subject to reporting requirements. The incoming and outgoing payments are to be reported in condensed form by country, counterparty and underlying asset.

In particular, it is necessary to report any payment obligations arising from final price gains or losses from forward contracts which relate solely to a change in market prices, with no obligation to deliver the underlying asset. These include CFDs, non-deliverable forwards, variance swaps

and swaps on metals, oil and other commodities. Gains or losses generated by TBAs must also be reported. Currency swaps associated with forward transactions do not have to be reported.

Country classification

The country of domicile of the non-resident counterparty has to be specified.

883 Payments received or made by residents in connection with OTC forward transactions.

IV Investment income (receipts and expenditure)

Investment income includes receipts from residents arising from investments in foreign economic territories as well as interest income on loans granted to non-residents and owing to credit balances at non-resident banks.

Receipts from residents' domestic investments, which are received via foreign depositories or custodian banks must also be reported.

Residents' payments on non-residents' investments in the economic territory are also reported under this item, as are residents' interest expenditure on loans raised in foreign economic territories and interest payments to non-residents on their deposits at domestic banks.

1 Receipts from securities

This item includes

- Interest on bonds and money market instruments
- Dividend payments and income from participation certificates
- Income from investment fund shares (including certificates for open-end real estate funds)

The end investor is responsible for reporting received investment income from securities of non-resident issuers. Financial institutions can, if granted an exemption, report payments – for example, interest payments – on behalf of **households by way of undisclosed agency using the relevant codes for enterprises and households from the Foreign Trade and Payments Regulation**. These reports should contain the usual address details of the report's author and be marked "report for household". By contrast, **corporations** are expected to submit their **own reports or reports by way of disclosed agency**. If financial institutions accept reports by way of disclosed or undisclosed agency, they inform their customers of this fact in a suitable manner (eg on the income statement).

The amounts must be stated as follows in the **report**/the report must contain the following information:

- Foreign investment income must always be reported in gross terms, ie excluding foreign withholding tax. The tax deducted abroad is to be reported as a payment under code 810. If this tax is refunded, the incoming payment must also be listed under code 810. More information

can be found in the notice "Investment income and investment income tax" on the Bundesbank website (www.bundesbank.de).

- If domestic investment income is distributed, the percentage rate of domestic withholding tax should be stated under the purpose of payment.
- It must be clear whether the securities were issued by residents or non-residents.
- Reports of receipts from domestic investments distributed to residents via foreign entities should be recognised as such (ie contain the relevant codes).

The same procedure should be followed for securities transactions where the coupon is not delivered in compliance with the invoice and receipt of payment has then to be regulated separately. The person responsible for reporting this transaction is the resident who entered into the transaction with the non-resident in his/her own name.

Income on securities during the term of repurchase agreements and security lending transactions as well as during the custody of collateral abroad

Securities issued by non-residents

Securities receipts from foreign securities must, in the case of transactions between residents, be reported only by the domestic transferor, lender or provider of collateral, who is considered the end investor. By contrast, the following applies for transactions between residents and non-residents:

Resident transferees can report incoming payments of receipts from foreign securities. It is immaterial whether these payments are received from residents (resident depository) or non-residents. If these payments are reported, the onward transfer of the payment of receipts to the non-resident transferor must also be reported.

Resident transferors report payments of receipts from foreign securities under repurchase agreements which are received from non-resident transferees. If payments of receipts in favour of customers are also reported, reference is made to this effect, for example on the securities contract note.

The country of the non-resident issuer has to be specified.

Payments of receipts in connection with lending transactions with non-residents or from securities held as collateral abroad are to be treated the same way.

Schematic overviews of the reporting regulations for bilateral and chained transactions can be found on pages 124 and 125 of the annex.

Securities issued by residents

Resident transferees must report incoming payments of receipts from domestic securities from **non-resident depositories** if they are the first domestic instance to receive the payments directly from a non-resident. The onward transfer of the receipts payments to the non-resident transferor is to be reported as an outgoing payment.

By contrast, payments of receipts from domestic securities received from **resident depositories** should be reported as outgoing payments only if transferred directly to a non-resident.

Resident transferors report incoming payments on domestic securities which are transferred to them from non-resident transferees.

The country to be specified is the country of the non-resident depository or the non-resident transferor or transferee.

Payments of receipts in connection with lending transactions or from securities received or held as collateral are to be treated the same way.

Schematic overviews of the reporting regulations for bilateral and chained transactions can be found on pages 124 and 125 of the annex.

(a) Interest on securities

In the case of securities where interest payments become due periodically, the actual interest paid or credited must be reported.

Note

For the repayment of compound securities (eg Federal savings notes type B) and discounted securities (eg zero bonds, Federal Treasury financing paper), the interest contained in the redemption amount must not be reported separately.

Interest on securities issued by the public sector¹

- 182** Interest on securities issued by the foreign public sector, which is collected by domestic MFIs
- 282** Interest on securities issued by the foreign public sector, which is collected by domestic **enterprises and households**
- 782** Interest on securities issued by the foreign public sector, which is collected by **domestic general government**
- 382** Interest on securities issued by the domestic public sector, which is paid to non-residents or which residents are the first domestic instance to receive from non-resident depositories (report should contain the following note: "Receipts from domestic securities issued by the public sector held by foreign depositories".)

Interest on securities issued by the private sector¹

- 583** Interest on securities issued by the foreign private sector, which is collected by domestic MFIs
- 283** Interest on securities issued by the foreign private sector, which is collected by domestic **enterprises and households**
- 783** Interest on securities issued by the foreign private sector, which is collected by **domestic general government**
- 183** Interest on securities issued by the domestic private sector, which is paid to non-residents or which residents are the first domestic instance to receive from non-resident depositories (report should contain the following note: "Receipts from domestic securities issued by the private sector held by foreign depositories".)

¹ For definitions of public and private issuers, see the sections on Foreign and Domestic securities, bonds, p 46 ff and 67 ff.

(a) Dividends, income from participation certificates and investment fund shares

If the shareholder or holder of the investment fund shares holds 10% or more of the shares or voting rights in an enterprise, the earnings should not be reported here, but under Direct investments instead (see p 104 ff).

Receipts

- Dividend payments from foreign public limited companies to residents
- Payments of receipts from foreign participation certificates to residents
- Dividend payments on foreign investment fund shares from investment and open-end real estate funds to residents¹
- Dividends on domestic shares and income from domestic participation certificates and investment fund shares paid to residents via foreign paying agents (eg a custodian bank in Luxembourg)

Expenditures

- Dividend payments from domestic public limited companies to non-residents
- Payments of receipts from domestic participation certificates to non-residents
- Dividend payments on domestic investment fund shares from investment and open-end real estate funds to non-residents

Note

- Contrary to other regulations, dividend expenditures by resident public limited companies must be reported net, ie after the deduction of withholding tax.
- Interim profits and retained earnings from investment fund shares need not to be announced separately.

Characteristics

Dividend payments of non-resident issuers within the context of stock dividends are to be reported as incoming payments in the case of receipts from shares and as outgoing payments in the case of acquired foreign shares, specifying the ISIN (see code 104, p 51). The amount to be reported for incoming and outgoing payments is the market value of the underlying securities.

¹ For more information on receipts from closed-end real estate funds, see the sections on Direct investment, p 104, and Leasing and rents on land, p 110 ff.

- 185** Receipts from foreign shares or participation certificates, which are collected by domestic **MFIs**
- 985** Receipts from foreign shares or participation certificates, which are collected by domestic **enterprises, households and general government**
- 285** Receipts from domestic shares or participation certificates, which are paid to non-residents or paid to residents via foreign depositories (report should contain the following note: "Receipts from domestic shares held by foreign depositories".)
- 585** Receipts from foreign investment fund shares, which are collected by domestic **MFIs**
- 885** Receipts from foreign investment fund shares, which are collected by domestic **enterprises, households and general government**
- 685** Receipts from domestic investment fund shares, which are paid to non-residents or received by residents from non-resident depositories (report should contain the following note: "Receipts from domestic investment fund shares held by foreign depositories".)

2 Receipts from direct investment

If the capital stake is 10% or more, the following earnings distributions and interest payments are recorded under receipts from direct investment:

- Dividends
- Other earnings distributions
- Interest on loans between affiliated companies
- Grants for avoiding losses carried forward

The year to which the dividends, earnings and similar gains or losses relate must be stated in the report.

Note

Dividend payments from profits carried forward from previous years are not disclosed under investment income, but under Direct investments instead (codes 107 ff, p 54, Foreign direct investment or 147 ff, p 76, Direct investment in Germany).

Receipts from shares

This item includes dividend payments of foreign public limited companies (incoming payments) or domestic public limited companies (outgoing payments) for the current and respective previous year, provided the shareholder holds 10% or more of the nominal capital.

Dividend payments must also be reported if, by way of shareholder resolution, they are used to increase the nominal capital. Any such capital increase must be reported concurrently under Direct investments (see p 52 ff, Foreign direct investment or p 74 ff, Direct investment in Germany).

Dividend payments of non-resident issuers within the context of stock dividends, see section on receipts from securities, shares, p 104.

188 Receipts from shares in public limited companies, which are collected or paid by domestic MFIs

288 Receipts from shares in public limited companies, which are collected or paid by enterprises and households

Receipts from other stakes

This item includes:

- Earnings distributions for the current and respective previous year from other business and capital investments in enterprises such as
- Shares in private limited companies (GmbH)
- Shares in limited partnerships
- Shares in cooperatives
- Shares in general partnerships

Earnings distributions from business and capital investments must also be reported if, by way of shareholder resolution, they are used to increase the nominal capital. Any such capital increase must be reported concurrently under Direct investments (see p 52 ff, Foreign direct investment or p 74 ff, Direct investment in Germany).

- Earnings distributions for the current and respective previous year from branches and operating plants

- Receipts from silent partners' deposits
 - Earnings distributions on investment fund shares (eg open-end funds) and certificates in closed-end funds, provided the investor holds 10% or more of the shares.
- 186** Receipts from shares in other corporations (eg shares in private limited companies), which are collected or paid by domestic **MFIs**
- 286** Receipts from shares in other corporations (eg shares in private limited companies), which are collected or paid by domestic **enterprises and households**
- 187** Receipts from other business and capital investments (eg shares in private partnerships) as well as branches, which are collected or paid by domestic **MFIs**
- 287** Receipts from other business and capital investments (eg shares in private partnerships) as well as branches, which are collected or paid by **enterprises and households**

Interest on direct investment loans¹

Interest and similar receipts or payments from direct investment loans are reported under this item – regardless of the agreed maturity.

These include

- long-term financing loans
- granting of a credit term and advance payments for goods transactions (known as trade credits)
- short-term intercompany loans
- balances on settlement accounts

Note

As a general rule, loans in which a financial institution participates as a lender or borrower are not categorised as direct investment. If interest from direct investment loans to non-resident enterprises or from non-resident lenders exceeds €1m, the name and residence of the non-resident borrower or lender must be stated in the report.

¹ For definitions of the terms affiliated company and direct investment loan, see the explanations in the sections on Direct investment, p 52 ff and p 74 ff.

- 289** **Loans from direct investors to subsidiaries¹:** interest on lending by resident direct investors to their non-resident subsidiaries as well as interest on resident subsidiaries' borrowing from their non-resident direct investors
- 689** **Loans from subsidiaries¹ to direct investors:** interest on lending by resident subsidiaries to their non-resident direct investors as well as interest on resident direct investors' borrowing from their non-resident subsidiaries
- 789** **Loans between affiliated companies:** interest on lending by affiliated companies, between which there exists no direct or indirect holding, but which directly or indirectly have the same direct investor
- 889** **Loans from financial subsidiaries¹ to direct investors:** interest on lending by resident financial subsidiaries to their non-resident direct investors as well as interest on resident direct investors' borrowing from their non-resident financial subsidiaries

Grants for avoiding losses carried forward

Investment income in the balance of payments statistics includes grants for avoiding losses carried forward (loss cover or loss transfer in the current year) at banks and enterprises, including their establishments and branches, provided that they are included in "outcome of normal business activities".

This item does not include

- grants for covering losses carried forward from previous years and grants for avoiding losses brought forward, in as much as they are not included in the "outcome of normal business activities". These should be disclosed under Direct investments (codes 107 ff, p 54, Foreign direct investment or 147 ff, p 76, Direct investment in Germany).
- Payments between affiliated companies, including branches and operating plants for which services are transferred as a flat-rate share in costs (codes 530 and 531, p 28 f)

- 190** Grants collected or paid by **MFIs** to avoid losses carried forward or annual losses as well as the assumption of negative operating results of branches and permanent establishments in so much as they are included in the "outcome of normal business activities".

¹ Subsidiaries within the meaning of direct or indirect stakes (see p 52 ff and 74 ff).

290 Grants collected or paid by **enterprises and households** to avoid losses carried forward or annual losses as well as the assumption of negative operating results of branches and permanent establishments in as much as they are included in the "outcome of normal business activities".

3 Interest on loans and bank balances (deposits)

Lending rates also comprise the following receipts and payments:

- Discounts on the purchase of receivables and granting of loans
- Purchaser interest on the purchase of export claims
- Interest on goods and services transactions such as interest on advance payments and credit terms
- Mortgage discounts when granting mortgage loans
- Discounts on the purchase of bills of exchange
- Interest on the granting of loans as part of repurchase transactions (repo interest)

In accordance with classification in the profit and loss account, these also include receipts and payments similar to interest, provided they are not recorded as charges for financial services such as

- Loan, commitment and overdraft fees in lending business
- Acceptance and reimbursement fees
- Forfeiting and del credere charges for the assignment of claims

Deposit rates also include the following payments:

- Interest on registered debt securities such as savings bonds
- Bonus payments in connection with savings deposits

Note

- **For discounted and compound deposits or savings bonds**
If interest is disclosed on an accrual basis, ie recorded as both a claim (possibly as a liability) and with an effect on income in the income statement, it is to be reported at the time of the booking.
- **Annuity loans**
The following simplified reporting procedures are permitted.

(a) Instalments are initially recorded in full as redemption payments in line with the booking. In the month in which the interest is deducted from the borrower's account, an interest payment and an adjustment of the same amount for the originally overstated redemption payment should be shown.

(b) Insofar as it proves difficult to divide the instalments exactly into redemption payments and receipts, it is also possible to divide instalments into redemption and interest payments using a constant average.

– **Instalment loans**

The following simplified reporting procedure can be used for instalments loans for which the total amount of interest is added to the loan amount at the beginning on a contractually agreed basis and for which a direct division of the borrower's incoming instalments into redemption and interest payments proves difficult: At the time of loan disbursement, the total amount of interest is added to the loan amount and, at the same time, also reported as interest income and lending. All subsequent instalments are then to be shown in full as redemptions.

– **The conversion of interest claims into credit claims** (eg in connection with debt rescheduling) is also to be reported as interest receipts or payments.

– **Interest compensation payments** to resident financial institutions and exporters on loans covered by Euler Hermes Kreditversicherungs-AG are not to be reported.

By contrast, **interest paid** by a non-resident borrower **on the retained amount of a loan** must always be reported, even if the interest is initially transferred to Euler Hermes Kreditversicherungs-AG which then transfers the amounts to the domestic interest creditor.

– **Interest** in connection with interest rate swaps and compensation payments from caps, floors and collars is recorded under financial derivatives (see p 91 ff).

184 Interest receipts and payments of **MFIs** arising from bank balances, loans etc

284 Interest receipts and payments of **enterprises and households** arising from bank balances, loans etc

384 Interest receipts and payments of **general government** arising from bank balances, loans etc

4 Rents on land

On the receipts side, this item includes leasing and rental payments received by residents from non-residents in connection with the leasing and rent of their foreign land and buildings.

On the expenses side, rental and leasing payments made by residents to non-residents for the use of domestic land and real estate are to be reported under this item.

The purpose of payment specified in the report should show clearly whether the land in question is in Germany or abroad.

Note

- Receipts from closed-end real estate funds are included under this item if the investor has direct ownership status and holds a capital share of less than 10%.¹
- Royalties in connection with the use of drilling rights are only allocated to this item if they are not recognised under fixed assets.
- For details of the allocation to fixed assets, see our comments in the section on Direct investment in foreign economic territories section, p 52 ff.
- Rental receipts from real estate in Germany and rental payments for real estate abroad are to be reported under Services (code 594, see p 33).

180 Leasing and rental receipts and payments from domestic **MFIs**

280 Leasing and rental receipts and payments from domestic **enterprises and households**

380 Leasing and rental receipts and payments from **general government**

5 Revenues from other capital investment

This item includes earnings from company shares which are not securitised by shares and for which the underlying capital share is less than 10% of the nominal capital of the enterprise in question.

¹ If the stake is 10% or more, the relevant receipts are to be recorded under Receipts from direct investment (see p 104).

- 197 Receipts and expenditures of **MFIs** arising from other company shares in foreign or domestic non-public limited companies which are not backed by securities

- 297 Receipts and expenditures of **enterprises and households** as well as **general government** arising from other company shares in foreign or domestic non-public limited companies which are not backed by securities

Trade in goods

1 Exports of goods

Incoming payments for exports of goods (export revenues) are not subject to reporting requirements (section 59 (2) no 2 of the Foreign Trade and Payments Regulation). Exports of goods are the transfer of assets and electricity from Germany to another economic territory. Goods also include precious metals and coins which are not legal tender.

Repayments in the case of returned goods are also considered to be export revenues.

Export revenues also include income from deliveries of goods for the requirements of foreign ships and aircraft.

Income from inward processing should also be considered as export revenue.

Payments for commodity futures transactions for which goods are supplied upon maturity/exercise of the contract (physical settlement) and transferred to a foreign economic territory also constitute export revenues. This does not apply, however, if the transactions are settled as merchandising transactions (see p 116 ff).

Note

- 362** Supplying goods to meet the needs of foreign inland shipping and land transport equipment (eg fuel)
- 598** Withdrawals from cross-border commission processing
Receipts from the sale of goods exported for outward processing and, after processing, entirely or partially not re-imported. The purchase price of the finished products, as stated in the invoice, should be reported.
- 570** If goods are exported, for example, in connection with the delivery of a turnkey plant, only the value of the cross-border goods should be declared in the foreign trade statistics (intratrade/extratrade). Charges arising from the assembly of the plant on site are to be reported as receipts under construction and assembly work in foreign economic territories (code 570).
- 770** Supplying goods to foreign armed forces in Germany, invoicing in euro
- 780** Supplying goods to foreign armed forces in Germany, invoicing in foreign currency

The **statistical value** of the charges for exports of goods is **adjusted** in the foreign trade statistics,

600 as a result of outgoing payments for, for example, warranties, price reductions or discounts; this is a **subsequent reduction** of the product value reported in the intratrade/extratrade statistics.

602 if payments are received for price surcharges; the product value reported in the intratrade/extratrade statistics is **subsequently increased**.

If the party required to report has already submitted a correction report for the foreign trade statistics, the transactions in question need not be reported.

2 Imports of goods

Outgoing payments for imports of goods (charges for imported goods) are not subject to reporting requirements. Imports of goods are the transfer of assets and electricity from foreign economic territories to Germany; imports also include transfers from free trade areas, bonded warehouses or free warehouses into free trade in the economic territory if the assets were transferred from foreign economic territories to the free trade areas, bonded warehouses or free warehouses. Goods also include precious metals and coins which are not legal tender.

Repayments in the case of returned goods are also considered to be imports of goods.

In addition payments for outward processing should also be treated as charges for imported goods.

Payments for commodity futures transactions for which goods are actually supplied upon maturity of the contract and transferred from foreign economic territories to the economic territory also constitute remuneration for imported goods. This does not apply, however, if the transactions are settled as merchanting transactions (see p 116 ff).

Note

361 Payments by resident airlines for the purchase of goods such as fuels, on-board catering, on-board sales

598 Withdrawals from cross-border commission processing
Expenses for the purchase of goods imported for inward processing and, after processing,

not entirely or partially exported. The purchase price of the finished products, as stated in the invoice, should be reported.

The **statistical value** of the charges for imports of goods is **adjusted** in the foreign trade statistics

600 if payments are received for, for example, warranties, price reductions or discounts; this is a **subsequent reduction** of the product value declared in the intratrade/extratrade statistics.

602 as a result of outgoing payments for price surcharges; the product value reported in the intratrade/extratrade statistics is **subsequently increased**.

If the party required to report has already submitted a correction report for the foreign trade statistics, the transactions in question need not be reported.

3 Merchancing

Merchancing in the sense of the reporting regulations pursuant to sections 59 to 61, section 63 and section 66 of the Foreign Trade and Payments Regulation are transactions of goods with non-residents where the purchased goods remain abroad and are resold to non-residents. These also include commodity forward contracts involving physical deliveries.

The following distinctions should be made in reports.

001 **Direct merchancing** is constituted by transactions in which residents purchase goods outside the economic territory or goods which have entered the economic territory, but have yet to obtain import clearance (customs bonded warehouses/free trade areas/free warehouses) from non-residents and resell them immediately to non-residents.

The **resident merchant trader** must report the purchase price paid as an **outgoing** payment and the received or expected sale proceeds as an **incoming** payment marked with "Tr" on the form Annex Z 4 to the Foreign Trade and Payments Regulation.

To rule out errors, incoming and outgoing payments should be entered in separate lines on form Z 4.

If the purchase price is paid in instalments, the total proceeds from the resale of the goods must be reported upon payment of the first instalment. All the other outgoing partial payments should be entered under incoming as "bereits gemeldet am ..." (already reported on -month/year-).

002 **Indirect merchanting** is constituted by transactions in which residents purchase goods outside the economic territory or goods which have entered the economic territory, but have yet to obtain import clearance (bonded warehouses/free trade areas/free warehouses) from non-residents and sell them to other residents, before they resell the goods to non-residents.

If the seller (first purchaser) knows that the resident buyer will clear the goods pursuant to import law, no report is required.

The **resident first purchaser** must report the purchase price paid as an **outgoing** payment marked with "gebr. Tr" and specify the name and address of the subsequent resident buyer on form Z 4.

The **resident subsequent buyer** reports the received sales proceeds upon subsequent resale of the goods to non-residents as an **incoming** payment marked with "gebr. Tr" and specifies the name and address of the resident previous buyer on form Z 4.

Provided the goods obtain import clearance via the first purchaser or a resident subsequent buyer, the **resident first purchaser** must report a "Stornierung im Transit-handel" (cancellation of merchanting) on form Z 4.

003 In the case of **warehouse transactions**, goods purchased in merchant trading are initially stored in a warehouse abroad. They are then resold to non-residents at a later date.

The **resident merchant trader** reports the purchase price paid as an **outgoing** payment marked with "Kauf auf Lager Ausland" (purchase for warehouse abroad).

Upon subsequent resale to non-residents, the received sales proceeds must be reported as an **incoming** payment marked with "Verkauf aus Lager Ausland" (sale ex-warehouse abroad).

If the goods in storage have obtained import clearance and thus enter the economic territory, a report on "Stornierung im Transithandel" (cancellation of merchanting transaction) pursuant to section 66 (2 and 3) of the Foreign Trade and Payments Regulation must be submitted.

250 **Incidental costs incurred and their reimbursement in connection with merchanting**

Incidental costs include freight, insurance premiums, VAT, commissions, cash discounts, warranties, warranty payments, price surcharges and other incidental payments.

Merchanting reports must always contain the following information:

Purpose of payment (“Tr”, “gebr. Tr”, “Kauf auf Lager Ausland” - purchase ex-warehouse abroad or “Verkauf aus Lager Ausland” - sale ex-warehouse abroad), **designation of goods** and **two-digit chapter number** of the international trade classification statistics and the **country of purchase** and/or **country of buyer**.

The following points should be considered when specifying countries:

The **country of purchase** is the country in which the non-resident seller of the goods is resident. The **country of buyer** is the country in which the non-resident buyer of the goods is resident.

Payments via paperless exchange of data media (DTAZV)

Reporting direct merchanting transactions

Merchants giving orders for outgoing payments to their bank via the paperless exchange of data media procedure (DTAZV) can report their transactions by forwarding the Z 1 form. The form must show the outgoing payment alongside the expected sales proceeds. In that case, no Z 4 form needs to be completed.

Reporting indirect merchanting transactions or warehouse transactions

If payments are recorded using the paperless Z 1 report, the received sales proceeds are to be reported as incoming payments in Annex Z 4 to the Foreign Trade and Payments Regulation (see above “indirect merchanting” and “warehouse transactions”).

Cancellation of merchanting

If merchanting transactions are cancelled, form Z 4 must be submitted by the resident who submitted the report on the outgoing merchanting payment.

The report must contain the following information in addition to the note “Stornierung im Transithandel” (cancellation of merchanting transaction): **month** of payment, **designation of goods** and **two-digit chapter number** of the international trade classification statistics, the **country of purchase** and the **amount reported** preceded by a **minus sign** (in the case of a partial reclassification, only the amount accounted for by the part of the goods that is being imported).

Note

If goods originally intended for import, for which no report is required, are reclassified as a merchanting transaction, the corresponding transaction type must be entered under the current transaction month on form Z 4. If the merchanting transaction involves the buying and reselling

of various types of goods, the partial amounts to be assigned to each chapter number must be specified in the reports. If a precise breakdown is not possible, partial amounts can be estimated.

Reporting commodity forward transactions as financial derivatives (no physical delivery)

Payments on exchange-traded futures and commodity options as well as payments on OTC commodity derivatives on goods (eg premiums, marginal payments and variation margins) in which goods are not delivered upon maturity or exercise of the contract should be reported exclusively under the relevant codes for derivative transactions.

Form Z 10 is to be used to report derivative transactions. Detailed information on country classification and how to determine the payments to be reported can be found in the section on financial derivatives, p 90 ff.

Commodity forward transactions – reporting of merchanting upon delivery

Transactions in which residents purchase goods from non-residents (eg on a foreign or domestic exchange) on a forward date or sell goods to non-residents on a forward date and, upon maturity of the contracts, goods located abroad are delivered or received.

Depending on whether, in connection with forward **purchases**, the goods are then sold to non-residents or initially to residents or stored abroad, the contracts should be treated on maturity as direct transactions, indirect transactions or warehouse transactions.

The same applies to forward **sales** in which goods are purchased by non-residents or residents or taken out of storage abroad.

String or series transactions

These are a special category of commodity forward purchases and sales where goods are bought on a fixed date and then resold to a series of subsequent buyers. Since goods are actually delivered when the contracts mature, these transactions are to be reported as merchanting transactions if the transactions are related to goods located abroad that will remain there. String and series transactions are characterised by the fact that, when the contracts mature, it is not the agreed purchase and selling prices between the individual buyers and sellers of goods which have to be paid out but residual balances which arise from the multilateral offsetting of the claims of the parties to the series transactions. Each resident party to a string and series transaction who purchases the goods from a non-resident or sells them to a non-resident must report as incoming and outgoing payments in merchanting trade in accordance with section 59 of the Foreign Trade and Payments Regulation the buying and selling prices originally agreed and not the differential amounts paid out. To avoid double recording, it is important to note that the differential amounts to be paid out are not to be reported.

Purchasing goods abroad which are invoiced to a non-resident buyer alongside export goods

These transactions are to be treated as **direct merchanting transactions**, i.e. the price of the delivery to be paid by the non-resident buyer (if it cannot be ascertained yet, the amount paid to the non-resident supplier) is to be reported – at the same time as the outgoing payment – as an incoming payment.

Deliveries from non-residents (machinery, materials etc) in connection with construction and assembly work, assemblies and repairs by resident firms abroad

The relevant payments must be reported under code 580 (see p 31 f).

Purchasing spare parts and the like in connection with guarantees on export goods

The relevant payments must be reported under code 600 (see p 34).

Purchasing capital goods abroad for transfer to non-resident subsidiaries

If assessed to capital contributions, the payments are reported under the codes for financial transactions, see p 46 ff “Investments of residents in foreign economic territories”.

4 Other trade in goods

997 Receipts from other trade in goods

In particular, incoming payments from the sale of goods (including precious metals) to non-residents are to be reported under this code,

(a) which are situated in Germany and not exported.

If the seller of the goods chooses not to charge VAT, it must generally be assumed that the goods are exported and are therefore recorded in the foreign trade statistics (intra-trade and extratrade); no Z 4 report should therefore be made.

(b) which are abroad or were manufactured abroad on behalf of the party required to report.

Sales proceeds from moveable objects (such as aircraft, tank wagons, containers and horses) which are situated abroad and used there primarily by third parties on a rental, charter or leased basis should be reported here, as should receipts from the sale of ships smaller in length than 15 metres which are to remain abroad and, at the time of the sale, were not entered in the German ship register.

(c) Receipts from sales of gas and electricity, for instance due to transactions on the EEX spot and futures market, must also be shown under code 997.

The physical delivery of other commodity futures must only be reported in cases where the goods delivered to non-residents remain in the economic territory.

The information provided under purpose of payment must clearly show the type of good and the details specified under (a) to (c).

Note

If goods are exported for outward processing and not entirely or partially re-imported, receipts from the goods sold abroad (including cross-border commission processing costs) are to be reported as withdrawals from outward processing under code 598 (see p 122).

Sales proceeds for supplying goods to foreign armed forces stationed in the economic territory, see codes 770 and 780 (see p 38)

Sales proceeds for goods which were purchased abroad and, without being used, resold to non-residents, are to be reported as merchanting transactions (see pp 116 ff).

997 Payments for other trade in goods

This item includes, in particular, outgoing payments to non-residents for the purchase of goods (including precious metals),

(a) which are situated in Germany as they were purchased from non-residents in Germany or produced in Germany at the request of non-residents.

The purchase of goods imported by non-residents need not be reported since the import of goods is recorded in the foreign trade statistics (intratrade and extratrade).

(b) which are situated abroad, are not imported and are intended primarily for resident purchasers' own use.

Payments for the purchase of moveable goods (such as aircraft, tank wagons, machinery, containers and horses) which are situated abroad and rented, chartered or leased to third parties there should also be reported under this item.

The purchase of ships which remain abroad must be disclosed if the ship is not entered in a German ship register.

(c) which are produced abroad on behalf of the party required to report, not imported, but transferred directly to a non-resident purchaser abroad. This includes transactions

incurred in connection with the manufacture of goods abroad, such as manufacturing costs and the purchase of commodities abroad.

(d) which are made available to firms abroad for the manufacture of goods (cost of tools).

(e) Payments made to non-residents for the purchase of electricity and gas, for example because of transactions on the EEX spot and futures market, are to be reported under code 997.

The physical delivery of other commodity futures must only be reported in cases where the goods delivered were already situated in the economic territory and were not imported.

The information provided under purpose of payment must clearly show the type of good and the details specified under (a) to (e).

Note

If goods are transferred to the economic territory for inward processing, processed and not re-exported, the purchases of these goods should be shown as withdrawals from inward processing under code 598.

Payments for the purchase of goods which are situated abroad and, without being used, resold to non-residents, are to be reported as merchanting transactions (see p 116 ff).

5 Cross-border commission processing

598 Withdrawals from cross-border commission processing

Inward processing applies to goods which remain in Germany and outward processing to goods which remain abroad. In both cases, the value of the goods including cross-border commission processing costs should be reported.

With inward and outward processing, imports and exports are to be included in the foreign trade statistics at their statistical value. Receipts from inward processing and payments for outward processing must not be shown.

Annexes

Reporting requirements for bilateral securities trading

Repos, reverse repos, sell/buy-back transactions, securities lending transactions, collaterals reporting requirements for securities maturities and coupon compensation payments

1. Securities issued by non-residents

Securities donor		Securities recipient	
non-resident	...	resident	either incoming and outgoing payments, or no report
resident	incoming payment	non-resident	...
resident	incoming payment	resident	no report

2. Securities issued by residents/domestic depositories

Securities donor		Securities recipient	
non-resident	...	resident	outgoing payment
resident	incoming payment	non-resident	...
resident	no report	resident	no report

3. Securities issued by residents/foreign depositories

Securities donor		Securities recipient	
non-resident	...	resident	incoming and outgoing payments
resident	incoming payment	non-resident	...
resident	no report	resident	incoming payment

Explanatory notes

- For 1, 2 and 3 (Compensation) payment is made by securities recipient to securities donor.
For 1 Securities recipient receives a payment from a non-resident or from a domestic or foreign depository.
... No reporting requirement pursuant to the Foreign Trade and Payments Regulation, as counterparty is non-resident

Reporting requirements for chain-linked securities trading

Repos, reverse repos, sell/buy-back transactions, securities lending transactions, collaterals reporting requirements for securities maturities and coupon compensation payments

1. Securities issued by non-residents

Securities donor		Securities recipient as well as securities donor		Securities recipient	
non-resident	...	resident	either incoming and outgoing payment or no report	non-resident	...
non-resident	...	resident	either incoming and outgoing payment or no report	resident	no report
resident	incoming payment	resident	either incoming and outgoing payment or no report	non-resident	...
resident	incoming payment	resident	either incoming and outgoing payment or no report	resident	no report

2. Securities issued by residents/domestic depositories

Securities donor		Securities recipient as well as securities donor		Securities recipient	
non-resident	...	resident	incoming and outgoing payment	non-resident	...
non-resident	...	resident	outgoing payment	resident	no report
resident	no report	resident	incoming payment	non-resident	...
resident	no report	resident	no report	resident	no report

3. Securities issued by residents/foreign depositories

Securities donor		Securities recipient as well as securities donor		Securities recipient	
non-resident	...	resident	incoming and outgoing payment	non-resident	...
non-resident	...	resident	outgoing payment	resident	incoming payment
resident	no report	resident	incoming payment	non-resident	...
resident	no report	resident	no report	resident	incoming payment

Explanatory notes

For 1, 2 and 3 (Compensation) payment is made by (last) securities recipient to securities donor.
... No reporting requirement pursuant to the Foreign Trade and Payments Regulation, as counterparty is non-resident

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Investment	Sector of the resident purchaser or seller / investor / creditor	
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2 Direct investment in foreign economic territories	MFIs	Enterprises and households as well as general government
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Raising (and repayment) of loans with a maturity of more than 12 months from non-resident fellow companies			268
3 Loans to non-residents as well as deposits at foreign banks (with maturities of more than 12 months in each case)	MFIs	Enterprises and households	General government
Granting and repaying loans and deposits with a maturity of more than 12 months		221	321
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4 Land and land rights in foreign economic territories			
Purchase and sale of real estate and land abroad	132	232	332
5 Other capital investment abroad			
Purchase and sale of shares in foreign enterprises unless reported under items 1 or 2	136	236	236
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II Investment of non-residents in Germany

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Floating rate notes	641
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Money market fund shares issued by domestic borrowers with earnings retention	647		
Other domestic mutual fund shares with earnings distribution	146		
Other domestic mutual fund shares with earnings retention	157		
2 Direct investment in Germany	Sector of domestic direct investment enterprises		
2.1 Shares in capital and in reserves	MFIs	Enterprises	
Shares in domestic unlisted public limited companies	147	247	
Shares in domestic listed public limited companies	847	947	
Capital reserves of domestic public limited companies	148	248	
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4 Land and land rights in Germany	MFIs	Enterprises and households	General government
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IV Investment income (receipts and expenditure)

1 Income from securities	MFIs	Enterprises and households	General government
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Interest on securities issued by resident public sector	382		
Interest on securities issued by foreign private sector	583	283	783
Interest on securities issued by resident private sector	183		
Dividends and other income from foreign equities	185	985	985
Dividends and other income from domestic equities	285		
Income from foreign mutual fund shares	585	885	885
Income from domestic mutual fund shares	685		
2 Income from direct investment	Sector of resident investor or of domestic direct investment enterprise		
	MFIs	Enterprises and households	
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Income from participating interests in other corporations	186	286	
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Interest on loans from financial subsidiaries to direct investors		889	
Grants for avoiding losses carried forward	190	290	
3 Interest on loans and bank balances	Sector of the resident investor or debtor		
	MFIs	Enterprises and households	General government
Interest income and expenditure arising from bank deposits, loans etc	184	284	384
4 Leasing and rents on land			
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