

December 13, 2019

## **CHANGES FOR THE 2019 BE-10, BENCHMARK SURVEY OF U.S. DIRECT INVESTMENT ABROAD**

The changes to the benchmark survey include the addition, deletion, and modification of specific data items on the survey forms. The changes are intended to minimize respondent burden while considering the needs of data users. The changes to the BE-10 survey are described below. In addition, BEA will make improvements to question wording, instructions, and formatting to elicit more complete and correct responses and to make the survey more consistent with other BEA surveys. There will be no change to the reporting thresholds of the survey from the previous benchmark survey in 2014.

### Additions and modifications

The following questions will be added to, or modified on, the 2019 BE-10 survey. Draft text of the new or modified questions is provided on pages 4-8 of this document.

1. The form of organization question for the U.S. reporter (item 2 on the BE-10A form) will be modified to include more options: corporations (except for S corporations), partnerships, S corporations, limited liability companies (LLC), individual, estate, or trust, and other (specify). This information will help BEA to produce economic statistics by sector.
2. A question will be added to collect the 20-digit Legal Entity Identifier of each U.S. parent and foreign affiliate on the BE-10A, BE-10B, and BE-10C forms. This information will assist in matching entities across databases, enabling better verification of data and linking to other surveys and publicly available data.
3. For each publicly traded company, the stock exchange on which it is listed and the ticker symbol will be collected on the BE-10A form. This information will assist in matching entities across databases, enabling better verification of data and linking to other surveys and publicly available data.
4. The income statement item on income from equity investments (item 44) on the BE-10A form will be modified to separately collect income from unconsolidated U.S. investments and from foreign investments. This will aid in resolving discrepancies between the BE-10 and the BE-577 surveys.
5. Item 73 on the BE-10A and item 127 on the BE-10B forms collect the amount of restatement in a company's property, plant, and equipment. This question will be modified to separately collect restatement due to "change in entity" and due to "change in accounting methods or principles." A checkbox question will be added to the BE-10A and BE-10B forms asking if the change in accounting methods or principles is due in whole or in part to implementation of FASB ASU No. 2016-02, Leases (Topic 842). This information will allow BEA to assess the impact on BEA's statistics of the change in accounting standards on leases.
6. Questions will be added to collect sales, employment, and costs and expenses (excluding compensation) on the BE-10A form, and sales on the BE-10B form, related to the provision of selected services generally recognized as prevalent in the digital economy. These selected services are 1) cloud computing, and 2) digital intermediation services on both the BE-10A and BE-10B forms, and 3) advertising on the BE-10B form. In addition, checkboxes will be added to

the BE-10A and BE-10B forms to collect the percentage of the respondent's sales of services delivered remotely, sales of services that were digitally ordered, and sales of goods that were digitally ordered, along with checkboxes to identify if this information was sourced from accounting records or from recall/general knowledge. These questions will contribute to BEA's efforts to measure the digital economy.

7. A checkbox question will be added to the BE-10B and BE-10C forms to capture whether the affiliate serves as a regional headquarters. This information will support research into the role and impact of regional headquarters in the operations of multinational enterprises.
8. A checkbox question will be added to the BE-10B forms to collect information on the value of R&D performed by the U.S. parent for the foreign affiliate under a collaborative R&D agreement, such as a cost-sharing agreement. This question will help BEA follow the production and use of intellectual property in global value chains and their impacts on economic statistics.
9. A section will be added to the BE-10 Claim for Not Filing to be filled out for those foreign affiliates for which BEA contacts the reporter but do not meet the reporting requirements of the survey. This section will make it easier for reporters to indicate to BEA which affiliates should be removed from the survey.
  - a. The section would include a private funds exemption option. This is a change to prior reporting requirements for all BEA direct investment surveys that became effective in 2017 and exempts certain private funds that were previously required to report.
  - b. There would also be an option to select if the U.S. reporter no longer owns the foreign affiliate and if this was due to the affiliate being sold or liquidated, or because the U.S. reporter's ownership interest in the affiliate fell below 10 percent.

#### Data items to be removed/consolidated

BEA will eliminate or consolidate the following items from the benchmark survey:

1. Item 8 on the BE-10A, which asks if the U.S. reporter is a bank, will be removed. This question was used in the past when reporting requirements for direct investment surveys were different for banks than other industries but is no longer needed.
2. Questions on contract manufacturing services will be deleted (items 33-35 on the BE-10A form). The data collected been burdensome for companies to provide and have not been widely used by data users. Alternative methods are being developed to measure and study contract manufacturing.
3. The petroleum and mining exploration and development expenditures item will be removed from the BE-10A form (item 80) and BE-10B form (item 135). This item was used to calculate the current cost adjustment to the direct investment statistics in the international transactions accounts (ITAs) but is not used in the current methodology.
4. The trade in goods by world region questions (items 99-104 and 109-114) on the BE-10A form will be removed. The data collected have been burdensome for companies to provide and have not been widely used by data users. BEA is exploring alternative methods to produce geographical detail on trade by U.S. multinational companies.
5. Option 2 of item 11 on the BE-10B form and item 8 on the BE-10C form, which collect information on why the affiliate will no longer continue to report, will be removed. This information will now be captured on the BE-10 Claim for Not Filing (as discussed in item 9 of the additions and modifications section above). U.S. reporters will no longer be required to fill out the rest of the BE-10B or BE-10C form with partial year information for foreign affiliates that were sold, merged or reorganized, liquidated, seized, or otherwise ceased to exist at some point

during, but before the end of, their fiscal year that ended in the calendar year covered by the benchmark survey.

6. Items 18 and 19 on the BE-10B form, and 14 and 15 on the BE-10C form, which collect the direct ownership interest held by “foreign persons in this affiliate’s country of location” and by “all other foreign persons” will be combined into one item on each of the forms.
7. Questions collecting information on sales by world region (items 105-110) and on sales to the top 5 countries outside of the country of location (items 111-116) on the BE-10B form will be removed. The data collected have been burdensome for companies to provide and have not been widely used by data users. BEA will continue to collect items 101-104 which allow sales to be disaggregated into goods and services and by whether the sales are to the United States, to the host country, or to other foreign countries. These items are more widely used.
8. Several items of Part V of the BE-10B form and Part III of the BE-10C form will be removed, except for the exceptions noted below. These data were used to validate the information collected on the quarterly survey, but data reported elsewhere in the BE-10 forms are sufficient for this purpose. The following items will be retained:
  - a. A question on reverse investment (item 167 on the BE-10B form).
  - b. Intercompany debt balances (items 63-65) for foreign affiliates with less than \$60 million in assets, sales, or net income will continue to be collected on the BE-10C form.

**2019 BE-10, Benchmark Survey of U.S. Direct Investment Abroad**  
**TEXT OF NEW OR MODIFIED QUESTIONS**

**1. Form of organization** (modification of BE-10A item 2)

Form of organization of U.S. reporter? – Mark (X) one

<input type="checkbox"/>	Corporation (except for S corporation)
<input type="checkbox"/>	Partnership
<input type="checkbox"/>	Limited Liability Company (LLC)
<input type="checkbox"/>	S Corporation
<input type="checkbox"/>	Individual, estate, or trust
<input type="checkbox"/>	Other—Specify <input style="width: 480px;" type="text"/>

**2. Legal Entity Identifier** (new item on BE-10A, BE-10B, and BE-10C)

Does this U.S. reporter/foreign affiliate have a Legal Entity Identifier (LEI)?

Yes If “Yes” — Enter the 20-digit LEI of the U.S. reporter/foreign affiliate

No

**3. Ticker Symbol for Publicly Traded Companies** (new item on BE-10A)

Is the U.S. reporter a publicly traded company?

Yes If “Yes” —

What stock exchange is the U.S. reporter listed on?

What is the U.S. reporter’s ticker symbol?


No

**4. Income from Equity Investments** (modification of BE-10A item 44)

Income from equity investments in unconsolidated U.S. business enterprises

Income from equity investments in foreign affiliates


### 5. Leases (modification of BE-10A item 73 and BE-10B item 127)

Give amount by which the net book value in (net PP&E) would be restated due to:

Change in entity (i.e., due to the acquisition of, or merger with, another company, or the divestiture of a subsidiary, change in fiscal year, etc.)


Change in accounting methods or principles

Is change in accounting methods due in whole or in part to implementation of FASB ASU No.2016-02, Leases (Topic 842)?

Yes, in whole.

Yes, in part.

No

### 6. Digital Economy (new items on BE-10A and BE-10B forms)

#### BE-10A

##### Cloud computing services

Cloud computing services are computing services that customers can access from a shared pool of configurable computing resources in a flexible and on-demand way, without active management by the customer. They offer a range of resources, such as access to processing, storage, and networks; platforms for customers to deploy their own applications; and readymade software.

What were the U.S. reporter's sales or gross operating revenues, excluding sales tax, for cloud computing services?	\$
How many employees were engaged in providing these services?	
What were the cost and expenses, excluding employee compensation, associated with providing these services?	\$

##### Digital intermediation services

A digital intermediary platform is an online interface that facilitates, for a fee, the direct interaction between multiple buyers and multiple sellers. The platform does not take economic ownership of the goods nor does it provide the services that are being sold.

What were the U.S. reporter's sales or gross operating revenues, excluding sales tax, for digital intermediation services? <u>Report fees and commissions generated from these services only.</u>	\$
How many employees were engaged in providing these services?	
What were the cost and expenses, excluding employee compensation, associated with providing these services?	\$

**Digitally ordered** pertains to the sale of a good or service conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders, negotiating terms of sales or price. This covers orders placed over an electronic data interchange (EDI), the Internet, mobile device, or any other online system.

**Digitally delivered** services are those that are delivered remotely over information and communications technology (ICT) networks—i.e. over voice or data networks, including the Internet, or in an electronically downloadable format.

	Check the appropriate percent range (check one for each question)							The information provided is based on (check one)	
	0%	1- 25%	26-49%	50-74%	75-89%	90-99%	100%	Accounting records	Recall/general knowledge of operations
Percentage of sales/revenues of services reported in 55 that were digitally delivered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Percentage of sales/revenues of services reported in 55 that were digitally ordered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Percentage of sales of goods reported in 54 that were digitally ordered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### BE-10B

What are the foreign affiliate's values for:	Sales or gross operating revenues, excluding sales tax?
<b>Cloud computing services</b> Cloud computing services are computing services that customers can access from a shared pool of configurable computing resources in a flexible and on-demand way, without active management by the customer. They offer a range of resources, such as access to processing, storage, and networks; platforms for customers to deploy their own applications; and readymade software.	\$
<b>Digital intermediation services</b> A digital intermediary platform is an online interface that facilitates, for a fee, the direct interaction between multiple buyers and multiple sellers. The platform does not take economic ownership of the goods nor does it provide the services that are being sold. <u>Report fees and commissions generated from these services only.</u>	\$
<b>Advertising</b> Report advertising revenue, including placement of ads in print, broadcast, or digital media.	\$

**Digitally ordered** pertains to the sale of a good or service conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders, negotiating terms of sales or price. This covers orders placed over an electronic data interchange (EDI), the Internet, mobile device, or any other online system.

**Digitally delivered** services are those that are delivered remotely over information and communications technology (ICT) networks—i.e. over voice or data networks, including the Internet, or in an electronically downloadable format.

	Check the appropriate percent range (check one for each question)							The information provided is based on (check one)	
	0%	1-25%	26-49%	50-74%	75-89%	90-99%	100%	Accounting records	Recall/general knowledge of operations
Percentage of sales/revenues of services reported in 103 that were digitally delivered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Percentage of sales/revenues of services reported in 103 that were digitally ordered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Percentage of sales of goods reported in 102 that were digitally ordered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 7. Regional Headquarters (new item on BE-10B and BE-10C)

Is this foreign affiliate a regional headquarter (RHQ)?

Regional headquarters are separate and independent entities, located in different geographical regions than the corporate headquarters, which have decision-making authority and direct other affiliates in their respective regions.

Yes

No

### 8. Collaborative R&D (new item on BE-10B)

Of the value included in 98, what was the share performed by the U.S. parent for the foreign affiliate under a collaborative R&D agreement such as a cost-sharing agreement?

Of the value included in 98, what was the share performed by the U.S. parent for the foreign affiliate under a collaborative R&D agreement such as a cost-sharing agreement?							The information provided is based on (check one)	
0%	1- 25%	26-49%	50-74%	75-89%	90-99%	100%	Accounting records	Recall/general knowledge of operations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 9. Claim for not filing (new items)

#### Part II. Basis of Claim for Not Filing for Foreign Affiliate(s)

A. Did this U.S. reporter have one or more foreign affiliates identified by BEA as required to file a 2019 BE-10B or BE-10C form but the U.S. reporter no longer owns or controls, directly or indirectly, 10 percent or more of the voting securities of the incorporated foreign business enterprise (or an equivalent interest in an unincorporated foreign business enterprise)?

Yes—Please complete page 3 of this Claim form for each of these foreign affiliates and check the corresponding box. Do not list foreign affiliates that BEA did not identify to file.

No

B. Did this U.S. reporter own one or more foreign affiliates identified by BEA as required to file a 2019 BE-10B or BE-10C form but for which ALL of the following apply: 1) the foreign affiliate is a private fund, AND 2) the private fund foreign affiliate does not own, directly or indirectly through another business enterprise, an “operating company” – i.e., a business enterprise that is not a private fund or a holding company— in which the consolidated U.S. reporter owns at least 10 percent of the voting interest, AND 3) If the U.S. reporter owns the private fund indirectly (through one or more other business enterprises), there are no “operating companies” between the consolidated U.S. reporter and the indirectly-owned foreign private fund? For more information regarding private funds visit [www.bea.gov/privatefunds](http://www.bea.gov/privatefunds).

Yes—Please complete page 3 of this Claim form for each of these foreign affiliates and check the corresponding box. The U.S. reporter’s investment in the foreign private fund may be required to be reported on Treasury International Capital (TIC) surveys, review reporting requirements for TIC surveys at [www.treasury.gov/tic](http://www.treasury.gov/tic). Do not list foreign affiliates that BEA did not identify to file.

No

Name of affiliate:	
Affiliate ID:	
<input type="checkbox"/>	This private fund affiliate meets the exemption criteria stated on page 2, Part II. B. (Answer to Part II. B has to be ‘Yes’.) DO NOT complete a.–d.
<input type="checkbox"/>	This affiliate was liquidated, seized, or the U.S. reporter’s direct and indirect ownership interest in the affiliate otherwise fell below 10 percent as of __/__/__.
<input type="checkbox"/>	This affiliate was sold on __/__/__. If it was sold to another U.S. entity, provide name and contact information for the new owner: Name: Address: