



Guideline for the Balance of Payments reporting

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1. GENERAL PRINCIPLES

Please use the **unconsolidated financial statements** when completing the report, **excluding the calculation of profit/loss** recorded in the tables "Investments in shares and equity with at least 10% of the voting rights and in the net assets of branches" and "Total gains/losses of previous financial years and the accounting year" (see the notes by the tables).

Prohibition of netting – netting (offsetting) of assets against liabilities or income against expenses is prohibited.

Accrual basis of accounting – the form must be completed using the accrual basis of accounting. Business transactions are recorded when they occur, regardless of when cash is received or paid for the transactions (Subsection 5 (2) of the Accounting Act).

Translation of foreign currency into euros and exchange rate spreads – all monetary amounts in the report must be presented in **euros**. Transactions in foreign currency are translated using the exchange rate on the day of the operation, and gains (+) or losses (-) from the revaluation of currency are shown in the column "Exchange rate changes", "Exchange rate and price changes", or "Other changes".

Non-resident – a legal or natural person that is registered abroad and whose country of residence is abroad. The branches and subsidiaries of non-resident companies that are located in Estonia are considered Estonian residents. Equally, the branches and subsidiaries of Estonian residents that are located abroad are considered non-residents. Non-residents include also the embassies of foreign countries and the representations of international organisations located in Estonia.

Resident – a person with permanent residence in Estonia or a legal person registered in Estonia. See also the [Definitions under External Sector Statistics](#).

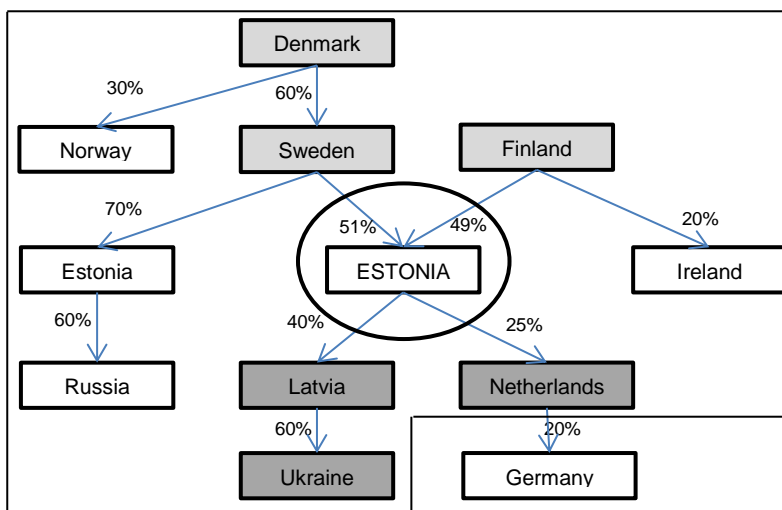
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2. DIRECT INVESTMENT

Direct investment – an investment by a resident of one country (the direct investor) in a company of another country (the direct investment enterprise) to an extent which gives control or significant influence over the management of the company. Under international standards, significant influence is achieved and a direct investment relationship created when an investor resident in one country owns at least 10% of the direct or indirect voting rights of a business resident in another country.

Direct investment group (in the balance of payments) – a group containing direct investors, direct investment enterprises and fellow enterprises. A natural person may also be part of a direct investment group as an investor. The illustration shows a direct investment group within the box.

Example of direct investment relations and recording of investment for an Estonian company:



The circled Estonian company has

- Three direct investors (in light grey): Sweden and Finland directly and Denmark indirectly. These three are the ascending enterprises in the direct investment group in the example given. Claims and liabilities to them are recorded in the tables of intra-group instruments by selecting "Parent or other ascending enterprise" under the field "Related party".
- Three direct investment enterprises (in dark grey): in Latvia and the Netherlands directly and in Ukraine indirectly. These three are the descending enterprises in the direct investment group. Claims and liabilities to them are recorded under "Subsidiary, associated enterprise or other descending enterprise" in the tables of intra-group instruments. The enterprise in Germany is not in the direct investment group, because it is the associate of an associate and claims and liabilities to it are recorded in the tables of extra-group instruments.
- Three fellow enterprises: through the Swedish direct investor in Russia, the Finnish direct investor in Ireland, and the Danish direct investor in Norway. Claims and liabilities to them are recorded under "Fellow enterprise" in the tables of intra-group instruments.

Parent or other ascending enterprise (Direct investor in the balance of payments) – a natural or legal non-resident who has a direct or indirect holding of at least 10% of the voting shares or equity.

Subsidiary, associated enterprise or other descending enterprise (Direct investment enterprise in the balance of payments) – a legal person of which the reporting company directly or indirectly owns at least 10% of the voting shares or equity. Branches abroad are also descending enterprises.

Fellow enterprise – a legal person in the same group as the reporting company, which may directly or indirectly own less than 10% of the voting rights of the reporting company, or of which the reporting company may directly or indirectly own less than 10% of the voting rights.

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3. SERVICES

Accounting, auditing and tax consulting services – the recording of commercial transactions; examination of accounting records and financial statements; business tax planning and consulting; and preparation of tax documents.

Agricultural and mining services – agricultural, forestry and fishery services such as harvesting, treatment of crops, pest control, animal breeding services, hunting, trapping, forestry and logging, fishing, and veterinary services. Mining services include drilling, derrick building, repair and dismantling services, mineral prospecting and exploration, and services that include design work and geological surveying.

Architectural and other engineering and technical services – design of buildings; development and utilisation of machines, materials, instruments, processes and systems; surveying; cartography; product testing and certification; and technical inspection services. **Does not include** surveying for mining engineering (Services incidental to mining and agriculture).

Audio-visual services – services relating to radio, television and cinematography (including purchase and sale of original manuscripts, films, sound recordings and other works, fees for downloadable products, television channel access fees, and performance fees and royalties for audio-visual products). **Does not include** fees or licences for reproduction or distribution of audio-visual products (Charges for the use of intellectual property) or sales transactions of exclusive rights (Sale and purchase of copyrights).

Business and management consulting and public relations services – consultation and management services including management fees; management auditing; market management, human resources, production management and project management consulting; reputation management; and public relations.

Charges for the use of intellectual property – fees for the use of proprietary rights (franchises, copyrights, and trademarks, results of research and development, patents, industrial technology and industrial design solutions etc.); charges for licences to reproduce and distribute originals or prototypes (books, manuscripts, computer software, films, sound recordings) and fees for related rights such as television, cable or satellite broadcasts.

Computer services – hardware or software-related services (hardware maintenance and repair; disaster recovery services; computer consultancy; programming and system analysis; software development and implementation; and web page development and design) and data-processing services. This also includes the sale and purchase of software ownership rights and fees for the use of software customised or non-customised without the right to reproduce or distribute it. **It does not**

include standard software products for permanent use in physical media (Goods), or charges for licences to reproduce or distribute software, which come under Charges for the use of intellectual property. Leasing of computers without an operator is included in Operating leasing.

Cultural and entertainment services – services associated with organisation of exhibitions and other cultural, sporting, gambling and recreational activities, except those consumed by persons outside their economy of residence (Travel services). **Does not include** winnings from lotteries or gambling (Other services and transactions).

Education and training services – tuition fees and other costs paid by students who are residents relating to studies abroad, and the same costs for non-residents studying in Estonia.

Electricity transmission services – fees for the international transmission of electricity. **Does not include** the cost of electricity itself (Goods) or distribution services to customers (Other business services).

Financial services – service fees for mediating and managing financial assets, including settlement fees; fines and penalties; bank card fees; fees for agreeing loans, deposits, finance leasing, letters of credit, factoring, guarantee agreements and securities accounts; securities underwriting fees; securities transactions fees; and fees for financial advice. **Does not include** insurance and pension fund services.

Fines and damages – fines levied by a court or other government institution and damages received or paid for accidents or damage to assets that are not covered under an insurance contract. This may include compensation required by a court or agreed out of court.

Freight services – income and expenses from the transport of goods by non-transport companies, not including supporting and auxiliary transport services.

Health-related services – services provided by medical staff or laboratory and other health services rendered remotely over the internet or similar or at the site of a service provider abroad. **Does not include** spending on health by travellers (Travel services).

Information services – database services (database conception, data storage and the dissemination of data and databases); web search portals and search engines; direct, non-bulk subscriptions to newspapers and periodicals, whether by mail or electronic transmission; other online content provision services; and library and archive services. Downloaded content that is not software (Computer services) or audio and video (Audio-visual and related services) is included in information services.

Legal services – legal advisory and representation services in any legal procedures; drafting services of legal documentation; notarial counselling; estate administration; and arbitration and conciliation.

Maintenance and repair of machinery and equipment in Estonia/abroad – maintenance and repair work by residents on machinery, equipment, transport equipment and other goods that are owned by non-residents and by non-residents for residents. The repairs may be performed in the country of the company carrying out the repairs or elsewhere. The value of maintenance and repairs includes any parts or materials supplied by the repairer and included in the charges. Parts and materials charged separately are recorded under general merchandise. **Does not include** cleaning of transport equipment (Supporting and auxiliary transport services) or maintenance and repairs of buildings (Construction) or computers (Computer services).



Marketing and advertising services and public opinion polls – the design, creation and marketing of advertisements by advertising agencies; media placement, including the purchase, sale and rent of advertising space; exhibition services provided by trade fairs; the promotion of products abroad; market research; and telemarketing.

Membership fees for international organisations – fees paid for membership of foreign organisations.

News agency services – the provision of news, photographs, and feature articles to the media or the purchase of them from the media.

Operating leasing services – renting out of produced assets under arrangements that do not transfer the risks and rewards of ownership to the lessee. Includes the rent of buildings or equipment; rental of ships, aircraft and other transport equipment or bareboat charter; rental of other equipment (including computers and telecommunications equipment) without crew. **Does not include** licence payments for the right to use software and intellectual property (Computer services, Charges for the use of intellectual property); rental of telecommunications lines or capacity (Telecommunications services); rental of ships and aircraft with crew (Transport services); and rentals of transport incidental to travel in the country visited (Travel).

Paid insurance fees – sums paid or payable during the reporting period to an insurer under an insurance contract.

Pipeline transport services – the international transport of petroleum and related products, water and gas in pipelines. **Does not include** the value of the products transported (General merchandise) and distribution services to consumers (Other services and transactions).

Postal and courier services – the collection, transport, and delivery of letters, newspapers, periodicals and other printed matter, the collection of parcels and packages directly from the sender, their transport, and their delivery directly to the recipient, including door-to-door delivery, and post office counter and mailbox rental services. **Does not include** transport of post by transport companies (Freight services), storage of goods (Supporting and auxiliary transport services), postal sorting services (Other services and transactions) or financial services provided by post offices (Financial services).

Processing services – processing, assembling, labelling, packing, and similar of goods undertaken by a company who is not the owner of the goods. Purchase of processing services means that the owner of the goods is a resident of Estonia. Sale of processing services means the owner is a non-resident. Sale and purchase of processing services can take place in Estonia or abroad. Costs for processing services **do not include** the cost of the goods, but may include the value of materials that the processor has added to the goods. **Does not include** ready-to-use components such as assembly of factory-made constructions (Construction) or labelling and packaging for transport (Supporting and auxiliary transport services).

Purchase/sale of proprietary rights from R&D services – the sale and purchase of patents, copyrights and industrial processes and designs (including trade secrets) arising from basic or applied research and development.

Received insurance benefits – sums received or receivable from an insurer for an insurance event.

Research and development services – services that are associated with basic research, applied research, and the experimental development of new products and technical processes in the natural,

social and humanities sciences, and applied research related to electronics, pharmaceuticals, and biotechnology.

Purchase/sale of copyrights – payments for the purchase or waiver of copyrights (patents, trademarks, franchises, etc).

Supporting and auxiliary transport services – supporting and auxiliary services not directly related to passengers or freight, like freight handling; storage and warehousing; packing and repackaging during the processing of freight; towage; pilotage and navigation; air traffic control; cleaning of transport equipment performed in ports and airports; rescue operations; agency fees for passenger and freight transport; and freight forwarding and booking fees.

Telecommunication services – the transmission of sound, images or other information using telecommunication equipment including business network services, teleconferencing and support services. This also covers mobile telecommunication services and access fees for internet backbone services. It **does not include** installation services for telecommunication network equipment (Construction services) and database services (Information services).

Temporary employment agency services – fees for supplying workers abroad for limited periods of time. **Does not include** salaries paid to the workers.

Trade-related commission fees – commissions paid for goods and service transactions to merchants, commodity brokers and dealers. **Does not include** franchising fees (Charges for the use of intellectual property); brokerage on financial instruments (Financial services); and transport-related commission fees (Supporting and auxiliary transport services).

Travel services – accommodation and catering services, spa and health care services, local transport (or rent of local transport), guide and interpreter services, tour escort services, conference services and similar consumed abroad by residents or provided to non-residents within Estonia.

Waste treatment and de-pollution – waste collection and disposal, remediation, sanitation, and other environmental protection services.

Other services and transactions – other services and transactions not described above. Add a detailed explanation.

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4. TRANSPORT COMPANY SERVICES (FORM T)

International passenger transport service – income from the transport of non-resident passengers (cost of the tickets of non-residents), or from passenger transport operations purchased from non-resident carriers, and passenger transport included in package tours.

International passenger service – income from servicing non-resident passengers, includes the expenditure of non-residents on board a ship in restaurants, bars, stores, etc (may be an estimate).

Passenger ticketing service – amounts received from the distribution in Estonia of travel tickets of non-resident carriers or amounts paid to non-residents for the distribution of travel tickets of Estonian carriers.

Other travel services excluding transport – accommodation and catering services, spa and health care services, local transport (or rent of local transport), guide and interpreter services, tour escort services, conference services and similar consumed by residents during travel abroad or provided to non-residents within Estonia. **Does not include** passenger transport included in package tours.

Port and airport fees, tolls, storage services, loading and unloading services – support services related to the provision and organisation of transport services.

Operating leases of less than two years for vehicles and other equipment – provision of vehicles without crew for rent and provision of other equipment for rent. **Does not include** the rent of vehicles with crew for the transportation of freight or passengers (Freight or passengers transport), or travel services that include the rental of vehicles in the country visited (Travel services).

Other transport-related services – agency services, declarations and other transport services not described above.

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5. TRANSACTIONS RELATED TO INSURANCE (FORM K)

Direct insurance premiums – premiums or instalments received or receivable under an insurance contract with a due date within the reporting period.

Reinsurance premiums by a reinsurance taker or reinsurance provider – premiums paid or payable by a reinsurer taker. Reinsurance premiums received or receivable by a reinsurance provider.

Reinsurance-related commissions – commissions received by a reinsurance taker or commissions paid by reinsurance provider.

Transfer of life insurance or pension provisions – one-off transfer of foreign life insurance or pension contracts to the insurance company. The one-off transfer of life insurance or pension contracts of a resident client to a foreign country.

Claims on reinsurance – claims made on reinsurance.

Claims payable for direct insurance – claims made on direct insurance.

Other revenues or expenditures from insurance activities – any form of income or expense related to insurance activities that are not described above.

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