



**DIRECT TRANSACTIONS OF U.S. REPORTER WITH FOREIGN AFFILIATE MANDATORY – CONFIDENTIAL QUARTERLY REPORT**

1. If revised filing – Mark (X) here <input type="checkbox"/>				Affiliate ID	
2. <b>Quarter ending date</b> – For this report, choose the date range within which the foreign affiliate’s quarter ends. For example, for the quarter ending 12/31, choose the range 11/16–2/15. <i>Mark (X) one item below and enter the year.</i>					
2/16–5/15	5/16–8/15	8/16–11/15	11/16–2/15	2	0
				Year	

3. Name of U.S. Reporter

4. U.S. Reporter mailing address. Generally, each U.S. Reporter has a single address for all its BE-577 reports.

5. Name of foreign affiliate

6. Country of location (country where affiliate’s physical assets are located or primary activity is carried out) – *may differ from country of incorporation*

7. Foreign affiliate is incorporated in country of location  Yes  No

8. If affiliate’s industry classification has changed, or if this is an initial filing, enter correct ISI code. (See BE-577 Instructions, pages 4–5.)

9. If affiliate’s reporting status changed during period – Mark (X) one

<input type="checkbox"/> Initial report – Affiliate was not previously reported – <i>Complete Parts III and V.</i>	<input type="checkbox"/> Merged or reorganized – <i>Attach explanation.</i>	} <i>Also complete Part III.</i>
<input type="checkbox"/> Resumed report – Affiliate was previously reported but became temporarily exempt	<input type="checkbox"/> Sold or seized	
<input type="checkbox"/> Exempt – Affiliate fell below exemption level – <b>Complete Certification of Exemption (on reverse side).</b>	<input type="checkbox"/> Liquidated	
<input type="checkbox"/> Inactivated	<input type="checkbox"/> Exempt – Affiliate fell below exemption level – <b>Complete Certification of Exemption (on reverse side).</b>	For final report – <i>Specify date of status change</i> →

10. If the U.S. Reporter does not hold a direct equity interest in the foreign affiliate named in item 5, give the ID number of the foreign affiliate in this affiliate’s ownership chain that is directly owned by the U.S. Reporter. **Complete only Part II quarterly.**

11. Quarterly net income (loss) after provision for foreign income taxes

12. Included in item 11 – See Additional Instructions.

13. Not included in item 11, but taken to other comprehensive income, excluding translation adjustments for an incorporated affiliate, or to owners’ equity for an unincorporated affiliate – See Additional Instructions.

14. Change in balance sheet translation adjustment account during quarter

15. Dividends on common and preferred stock (exclude stock and liquidating dividends) of incorporated foreign affiliate or distributed earnings of unincorporated foreign affiliate – Gross amount

16. Tax withheld on dividends or distributed earnings reported in item 15

17. Dividends on common and preferred stock of incorporated foreign affiliate or distributed earnings of unincorporated foreign affiliate – Net amount (item 15 less item 16)

18. Interest on amounts reported in items 19 and 20, including interest on capital leases

19. Owed to U.S. Reporter by affiliate (U.S. Receivables)

20. Owed to affiliate by U.S. Reporter (U.S. Payables)

**MAIL REPORTS TO:** U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Washington, DC 20230

**OR**

**DELIVER REPORTS TO:** U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Shipping and Receiving Section, M-100, 1441 L Street, NW, Washington, DC 20005

**OR**

**FAX REPORTS TO:** 202– 606–5305

Public burden for this collection of information is estimated to average 1 hour per response (form). This burden includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate to Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project (0608-0004), Washington, DC 20503.

**CONTACT US FOR HELP:**

**Email:** be577@bea.gov

**Telephone:** 202–606–5557 between 8:00 a.m. and 4:30 p.m. eastern time

**Copies of form and instructions:** <http://www.bea.gov/surveys/diasurv.htm>

**IMPORTANT** – This report covers items received from, paid to, or entered into intercompany accounts with the foreign affiliate. Please read the BE-577 Instructions before completing this form. **DATA SHOULD BE BASED ON THE BOOKS OF THE U.S. REPORTER EXCEPT FOR ITEMS 11–14, AND 30–38, WHICH SHOULD BE BASED ON THE BOOKS OF THE FOREIGN AFFILIATE.**

**Part I U.S. REPORTER’S DIRECT EQUITY IN FOREIGN AFFILIATE’S**

Quarterly	Report amounts in thousands of U.S. dollars
11. Quarterly net income (loss) after provision for foreign income taxes	101
• For items 12 and 13: Certain realized and unrealized gains (losses) (excluding translation adjustments) after provision for foreign income taxes	111
12. Included in item 11 – See Additional Instructions.	121
13. Not included in item 11, but taken to other comprehensive income, excluding translation adjustments for an incorporated affiliate, or to owners’ equity for an unincorporated affiliate – See Additional Instructions.	131
14. Change in balance sheet translation adjustment account during quarter	141
15. Dividends on common and preferred stock (exclude stock and liquidating dividends) of incorporated foreign affiliate or distributed earnings of unincorporated foreign affiliate – Gross amount	151
16. Tax withheld on dividends or distributed earnings reported in item 15	161
17. Dividends on common and preferred stock of incorporated foreign affiliate or distributed earnings of unincorporated foreign affiliate – Net amount (item 15 less item 16)	

**Part II INTEREST RECEIPTS AND PAYMENTS (GROSS OF WITHHOLDING TAXES) BETWEEN U.S. REPORTER AND FOREIGN AFFILIATE**

Quarterly	Report amounts in thousands of U.S. dollars	
	U.S. Receipts – credited to U.S. Reporter or charged to foreign affiliate (1)	U.S. Payments – credited to foreign affiliate or charged to U.S. Reporter (2)
18. Interest on amounts reported in items 19 and 20, including interest on capital leases	171	172

**DEBT AND OTHER INTERCOMPANY BALANCES BETWEEN U.S. REPORTER AND FOREIGN AFFILIATE**

*Include current and long-term items, indebtedness resulting from a capital lease, and the net book value of equipment under a long-term operating lease. Do not net items 19 and 20. (For affiliates that are foreign banking affiliates of U.S. parents that are also banks, item 19 should reflect only those amounts that the U.S. Reporter considers to be permanent invested debt capital and item 20 should be blank.)*

	Report amounts in thousands of U.S. dollars	
	Beginning of quarter (1)	End of quarter (2)
19. Owed to U.S. Reporter by affiliate (U.S. Receivables)	221	222
20. Owed to affiliate by U.S. Reporter (U.S. Payables)	231	232

BEA USE ONLY	462	463	464	465
	466	467	468	469

<b>Part III</b> <b>Quarterly</b>		<b>CHANGE IN U.S. REPORTER'S EQUITY IN CAPITAL STOCK AND/OR ADDITIONAL PAID-IN CAPITAL OF INCORPORATED FOREIGN AFFILIATE OR EQUITY INVESTMENT IN UNINCORPORATED FOREIGN AFFILIATE</b>	
<p><i>Report transactions during the quarter that changed the U.S. Reporter's equity holdings in the foreign affiliate. <b>Include</b> equity changes due to treasury stock transactions with the U.S. Reporter and liquidating dividends. <b>Exclude</b> equity changes due to net income or (loss), stock and cash dividends, earnings distributions, balance sheet translation adjustments, treasury stock transactions with persons other than the U.S. Reporter and reorganizations in capital structure that do not affect total equity. <b>Report all amounts at transaction value, i.e., the value of the consideration given (received) by the U.S. Reporter.</b></i></p>		Amount paid or received Report amounts in thousands of U.S. dollars (1)	
<ul style="list-style-type: none"> <li>Increase in U.S. Reporter's equity interest in this affiliate</li> </ul>			
<b>21.</b> Establishment of affiliate or acquisition (partial or total) of equity interest in this affiliate by U.S. Reporter either from this affiliate or from other foreign persons		242	
<b>22.</b> Capital contributions and other transactions of the U.S. Reporter with foreign persons that increase equity in this affiliate – <i>Specify</i>		252	
<b>23.</b> Acquisition (partial or total) of equity interest in this affiliate by U.S. Reporter from other U.S. persons – <b>Give name and address of seller</b> →		262	
<ul style="list-style-type: none"> <li>Decrease in U.S. Reporter's equity interest in this affiliate</li> </ul>			
<b>24.</b> Liquidation of affiliate or sale (partial or total) of equity interest in this affiliate by the U.S. Reporter either to the affiliate or to other foreign persons		272	
<b>25.</b> Return of capital contributions and other transactions of the U.S. Reporter with foreign persons that decrease equity in this affiliate – <i>Specify</i>		282	
<b>26.</b> Sale (partial or total) of equity interest in this affiliate by U.S. Reporter to other U.S. persons – <b>Give name and address of new owner</b> →		292	
<ul style="list-style-type: none"> <li>For items 21 through 26 – Enter the amounts by which the transaction value —</li> </ul>		For acquisition (1)	For liquidation or sale (2)
<b>27.</b> Exceeds the value carried on the books of the affiliate		301	302
<b>28.</b> Is less than the value carried on the books of the affiliate		311	312
<b>Part IV</b> <b>Quarterly</b>		<b>PROVISION FOR LOAN LOSS OF FOREIGN BANK AFFILIATES – TO BE COMPLETED FOR AFFILIATES IN BANKING ONLY</b>	
<p><i>Report amounts based on the U.S. Reporter's percentage of direct equity interest in the foreign affiliate.</i></p>		Report amounts in thousands of U.S. dollars	
<b>29. Quarterly</b> provision for loan loss – Amount charged to the loan loss reserve account.		313	

<b>Part V</b> <b>Annual</b>		<b>SELECTED ANNUAL DATA – TO BE COMPLETED ONCE EACH YEAR</b>		
<p><i>Complete items below <b>once a year</b>, no later than the second report following the close of the fiscal year. <b>If an initial report</b>, complete items 30–38 as of the ending date of the quarter for the initial report.</i></p>		Month	Day	Year
<b>30.</b> Foreign affiliate's fiscal year (or, if an initial report, for quarter) ending date.		322		
<b>31.</b> U.S. Reporter's percent of direct ownership based on equity interest if an incorporated affiliate, or an equivalent interest in an unincorporated affiliate. <i>Round to the nearest percent.</i>		332		%
<b>Section A</b> <b>Annual</b>		<b>U.S. REPORTER'S EQUITY IN FOREIGN AFFILIATE'S ANNUAL NET INCOME</b>		
<p><i>Report amounts in thousands of U.S. dollars</i></p>		342		
<b>32.</b> U.S. Reporter's direct equity in affiliate's annual net income (loss) after provision for foreign income taxes				
<b>Section B</b> <b>Annual</b>		<b>U.S. REPORTER'S SHARE OF TOTAL OWNERS' EQUITY IN FOREIGN AFFILIATE AT YEAR END (OR QUARTER END IF AN INITIAL REPORT)</b>		
<p><i>Report amounts in thousands of U.S. dollars</i></p>		352		
<p><b>U.S. Reporter's direct equity in foreign affiliate as of the date given in item 30</b></p> <ul style="list-style-type: none"> <li>Incorporated foreign affiliate –</li> </ul>				
<b>33.</b> Total equity – <i>Equals the sum of items 34 through 37.</i>		362		
<b>34.</b> Capital stock and additional paid-in capital		372		
<b>35.</b> Retained earnings (deficit)		382		
<b>36.</b> Accumulated other comprehensive income (loss): Translation adjustment component		392		
<b>37.</b> All other components including other comprehensive income		402		
<b>38. • Unincorporated foreign affiliate</b> – U.S. Reporter's share of total owners' equity. (In calculating owner's equity, assets, or liabilities of the affiliate carried on any owners', as well as those carried on the affiliate's, books should be included. Owner's equity should include cumulative earnings not distributed.)				

<b>CERTIFICATION OF EXEMPTION</b>		Amount – Report amounts in thousands of U.S. dollars (1)	Amounts in 39, 40, and 41 are for affiliate's fiscal year ending (2)		
			Month	Day	Year
<b>A.</b> The affiliate is exempt because none of the three items listed below was greater than \$40 million (positive or negative) at any time during the affiliate's fiscal year.		481	502		
<b>39.</b> Total assets,		491			
<b>40.</b> Annual sales or gross operating revenues, excluding sales taxes, and		501			
<b>41.</b> Annual net income after provision for foreign income taxes.					
<b>B.</b> <input type="checkbox"/> The affiliate is exempt because it is <b>indirectly</b> owned <b>and</b> neither of the following items exceeds \$1 million.					
<ul style="list-style-type: none"> <li>Item 19, column (2) (foreign affiliate's end-of-quarter payables to the U.S. Reporter)</li> <li>Item 20, column (2) (foreign affiliate's end-of-quarter receivables from the U.S. Reporter)</li> </ul>					

## DIRECT TRANSACTIONS OF U.S. REPORTER WITH FOREIGN AFFILIATE

**Purpose** – Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad for inclusion in the U.S. international transactions and the national income and product accounts.

**Authority** – This survey is being conducted under the International Investment and Trade in Services Survey Act (P.L.94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108 as amended) – hereinafter "the Act", and the filing of reports is mandatory under Section 5(b) (2) of the Act (22 U.S.C. 3104). The implementing regulations are contained in Title 15, CFR, Part 806.

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

**Penalties** – Whoever fails to report may be subject to a civil penalty of not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (22 U.S.C. 3105.) Civil penalties are subject to inflationary adjustments. Those adjustments are found in 15 CFR 6.4.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number; such a control number (0608-0004) is displayed at the top of the first page of this form.

**Confidentiality** – The Act provides that your report is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

**Assistance** – For assistance, telephone 202-606-5557 between 8:00 a.m. and 4:30 p.m., eastern time, fax 202-606-5305, or e-mail [be577@bea.gov](mailto:be577@bea.gov).

### DEFINITIONS

**United States**, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

**Foreign**, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

**Person** means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government), and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency.

**U.S. person** means any person resident in the United States or subject to the jurisdiction of the United States.

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

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

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

**U.S. Reporter** means the U.S. person that has direct investment in a foreign business enterprise, including a branch. If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise, which is defined as: (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation whose voting securities are more than 50 percent owned by the U.S. corporation above it. This consolidation excludes foreign branches and all other foreign affiliates.

**Banking** covers business enterprises engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, savings and loans, savings banks, bank holding companies, and financial holding companies.

**Lease** is an arrangement conveying the right to use property, plant, or equipment (i.e., land and/or depreciable assets), usually for a stated period of time.

- 1. Capital lease** – A long-term lease under which transfer of ownership is recognized at the inception of the lease. These may be shown as lease contracts or accounts receivable on the lessor's books. The asset would not be considered to be owned by the lessor.
- 2. Operating lease** – Generally a lease with a term which is less than the useful life of the asset and in which a transfer of ownership is not contemplated.

### GENERAL INSTRUCTIONS

**Report currency amounts** in U.S. dollars rounded to thousands. If an amount is between + or – \$500.00, enter "0". Use parentheses to indicate negative numbers.

**Base data on the books of the U.S. Reporter except for items 11-14 and 30-38, which should be based on the books of the foreign affiliate.**

**Estimates** – Reasonable estimates may be used in order to file a timely report when data are not available from customary accounting records or precise data could not be obtained without undue burden. Estimates should be labeled as such.

**Revisions** – File revisions to any prior period data either by letter if the revisions are minimal, by noting changes on a file copy of the previously completed form, or by completing a revised form in its entirety and refiling it.

### REPORTING REQUIREMENTS

**Who must report** – A Form BE-577 is required from every U.S. person that had direct transactions or positions with a foreign business enterprise in which it had a direct and/or indirect ownership interest of at least 10 percent of the voting stock if an incorporated business enterprise or an equivalent interest if an unincorporated business enterprise at any time during the reporting period, except as exempted below. Reports are required even though a foreign affiliate may have been established, acquired, seized, liquidated, expropriated, sold, or inactivated during the reporting period.

**Coverage** – All transactions or positions with the foreign affiliate by all U.S. domestic subsidiaries, divisions, etc., which constitute the U.S. Reporter, as defined, must be combined on one Form BE-577.

**Basic requirement** – A Form BE-577 must be filed for each foreign affiliate for which any one of the following three items was greater than \$40 million (positive or negative) at any time during the affiliate's fiscal year:

1. Total assets,
2. Annual sales or gross operating revenues, excluding sales taxes, or
3. Annual net income after provision for foreign income taxes.

**Other requirements** – An indirectly owned foreign affiliate must be reported if the basic requirement above is met and an intercompany debt balance with the U.S. Reporter (item 19 or 20) exceeds \$1 million.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a foreign affiliate's total assets, sales, or net income (loss) exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year. A U.S. Reporter claiming exemption from filing a given report must complete the Certification of Exemption, giving the levels of these three items.

**Rules for consolidation of foreign affiliate** – The following rules should be used in determining which foreign business enterprises may be consolidated into one foreign affiliate:

1. FOREIGN BUSINESS ENTERPRISES LOCATED IN DIFFERENT COUNTRIES MAY NOT, UNDER ANY CIRCUMSTANCES, BE CONSOLIDATED;

2. Foreign business enterprises located in the same country that are integral parts of the same business operation **may** be consolidated into one affiliate (example: German enterprise A manufactures automobile engines and a majority of its sales are to German enterprise B which produces complete automobiles);
3. Foreign business enterprises located in the same country and in the same 4-digit International Surveys Industry (ISI) classification, shown in the Summary of Industry Classifications on pages 4–5 of these instructions, **may** be consolidated; and
4. Foreign bank branches of the U.S. Reporter that are located in the same country **must** be consolidated on one Form BE-577, even if it is the U.S. Reporter's practice to report data for these branches separately to the Federal Reserve (on Form FFIEC 030) or to the Comptroller of the Currency. Incorporated foreign bank affiliates of the U.S. Reporter located in the same country **may** be consolidated.

**NOTE** – An affiliate's level of consolidation, name, country of operation, or industry may be changed on Form BE-577 provided that this is done **consistently** thereafter on all of BEA's direct investment surveys (BE-577, BE-10, and BE-11), and provided the change is consistent with BEA's reporting rules.

### SPECIAL INSTRUCTIONS

**Derivatives Contracts** – Do **not** report either the value of outstanding financial derivatives contracts or any payments or receipts resulting from the settlement of those contracts. For example, the settlements of interest rate derivatives should not be reported as interest or as another type of transaction on this form. Derivatives contracts are covered by the Treasury International Capital (TIC) Form D–Report of Holdings of, and Transactions in, Financial Derivatives Contracts with Foreign Residents.

**U.S. Reporters that cannot distinguish between equity and debt investment in their unincorporated foreign affiliates:** if your accounting records do not distinguish between intercompany debt (items 19 and 20) and equity (item 38), then:

1. Compute the net change in the home office account. (This equals: End-of-quarter home office account minus beginning-of-quarter home office account.)
2. Subtract net income (item 11), certain realized and unrealized gains (losses) taken directly to other comprehensive income or owner's equity (item 13), and the quarterly translation adjustment (item 14).
3. If the amount computed above is positive, show it as an increase in equity (item 22). If the amount computed in 2. is negative, show it as a remittance of earnings (items 15 and 17) to the extent that there is quarterly net income; show the residual, if any, as a decrease in equity (item 25). Items 19 and 20 should be blank.

**Foreign banking affiliates of U.S. Reporters that are also banks** – For foreign banking affiliates of U.S. Reporters that are also banks, include in item 19 debt that is considered to be BOTH (a) permanently invested by the U.S. Reporter, and (b) positively identified as being used for nonbanking-type activities (e.g., debt used to acquire buildings, equipment, and other fixed assets). Exclude non-permanent debt such as ordinary bank loans or deposits. Also exclude demand and overnight accounts, debt used to fund investment activities, and debt for which the proceeds are used to meet regulatory and/or capital requirements.

Any interest receipts entered in item 18 should relate only to this debt.

Item 20 should be blank.

### ADDITIONAL INSTRUCTIONS

**Item 1** – Mark with an "X" if a prior report was filed and this is a replacement for that report. A revised report must be completed in its entirety.

**Item 3** – Reflects the name of the U.S. company not owned to the extent of more than 50% of its voting stock by another U.S. corporation. Use the same name on all reports filed subsequently by this U.S. Reporter with the Bureau of Economic Analysis, i.e., Forms BE-577, BE-10, and BE-11.

**Item 5** – Enter the name of the foreign affiliate. Use the same name on all reports filed subsequently for this affiliate with the Bureau of Economic Analysis, i.e., Forms BE-577, BE-10, and BE-11.

**Item 7** – Country of location refers to the country named in item 6.

**Item 8** – Industry classification refers to the 4-digit International Surveys Industry (ISI) codes shown on pages 4–5 of these instructions.

**Item 10** – If this affiliate is not directly owned by the U.S. Reporter, enter the affiliate ID (or, if unavailable, the name) of the foreign affiliate in this affiliate's ownership chain that is directly owned by the U.S. Reporter. For example, if the U.S. Reporter directly owns foreign affiliate A, which, in turn, owns foreign affiliate B, which, in turn, owns foreign affiliate C, affiliate A's ID should appear in this item on the forms for both affiliate B and affiliate C. For affiliates that are both directly and indirectly owned by the U.S. Reporter, do not complete this item; for such affiliates, the amounts reported in Parts I, III, and IV must be based upon the U.S. Reporter's direct equity interest only. Amounts reported in Part II should reflect direct transactions, irrespective of direct or indirect ownership.

**Item 11** – Net income in this item should be reported on a quarterly basis, **not** on a cumulative or year-to-date basis.

The amount entered should represent the U.S. Reporter's equity, based on its directly held equity interest in the foreign affiliate's net income (loss) for the quarter, before provision for common or preferred dividends and before any reduction for foreign withholding taxes on dividends, but after provision for other foreign income taxes. In calculating net income, do not eliminate intercompany transactions. Include certain foreign currency gains (losses) in net income in accordance with FAS 52 or other currently applicable standard of the Financial Accounting Standards Board. Do **not** include foreign currency translation adjustments in net income; report such amounts in item 14.

**Net income should include, on an equity basis, the foreign affiliate's share in the net income of unconsolidated foreign enterprises owned by it.**

If this report is for the U.S. Reporter's direct transactions or accounts with a foreign affiliate in which it does not hold a direct equity interest, the U.S. Reporter's share in net income should be zero. If the U.S. Reporter holds both a direct and indirect equity interest, only the share representing the direct equity interest should be given in this item.

**Items 12 and 13** – In item 12, enter the U.S. Reporter's share of gains (losses) that **are included** in net income, item 11. Include gains (losses), after provision for foreign income taxes, resulting from:

- Sales or other dispositions of financial assets, including investment securities; FAS 115 holding gains (losses) on securities classified as trading securities; and FAS 115 impairment losses. (Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies, see instructions below.)
- Sales or other dispositions of land, other property, plant and equipment, or other assets (other than from the sale of inventory assets in the ordinary course of business), and FAS 144 impairment losses. (Real estate companies, see instructions below.)
- Goodwill impairment as defined by FAS 142.
- Restructuring costs that reflect write-downs or write-offs of assets and liabilities. (Exclude actual payments and charges to establish reserves for future expected payments, such as for severance pay, and fees to accountants, lawyers, consultants, or other contractors.)
- Disposals of discontinued operations. (Exclude income from the operations of a discontinued segment.)
- Re-measurement of foreign affiliate's foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the quarter.
- Extraordinary, unusual, or infrequently occurring items that are material, including uninsured losses from accidental damage or disasters and other material items, including writeups, write-downs, and write-offs of tangible and intangible assets and gains (losses) from the sales or other dispositions of capital assets. (Exclude insured losses and legal judgments.)
- The cumulative effect of a change in accounting principle.
- Change in accounting estimate of provision for expected stock option forfeitures under the inception method as defined by FAS 123.

In item 13, enter the U.S. Reporter's share of gains (losses) **not included** in net income, item 11, of the foreign affiliate but, instead taken to other comprehensive income or to another equity account, such as certain changes in the valuation of financial instruments per FAS 115, after provision for foreign income taxes. Do not include foreign currency translation adjustments, which should be entered in item 14.

**Certain realized and unrealized gains (losses) for dealers in financial instruments and finance, insurance, and real estate companies.**

**1. Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies –**

Include in item 12 (1) impairment losses as defined by FAS 115, (2) realized gains or losses on trading or dealing, and (3) unrealized gains or losses due to changes in the valuation of financial instruments that flow through the income statement, and, goodwill impairment as defined by FAS 142. Include unrealized gains or losses due to changes in the valuation of financial instruments that are taken directly to other comprehensive income in item 13. Include income from explicit fees and commissions in item 11.

**2. Real estate companies**

Report gains or losses from the sale, disposition, or revaluation of land, other property, plant and equipment, or other assets as follows:

Realized gains and losses

Include gains or losses from the sale of real estate in the ordinary course of trade or business in net income, item 11; DO NOT include these gains and losses in items 12 or 13.

Impairment of long-lived assets

Include impairment losses, as defined by FAS 121, and recognized during the period, in net income, item 11 and in item 12.

Unrealized gains

Include gains recognized due to the revaluation of real estate assets in item 12.

**Item 14** – Report foreign currency translation adjustments resulting from the translation of the foreign affiliate’s financial statements from the affiliate’s functional currency into U.S. dollars. Such adjustments should be computed in accordance with FAS 52 or other currently applicable standards of the Financial Accounting Standards Board. Report translation adjustments on a quarterly basis, **not** on a cumulative or year-to-date basis.

**Items 15–18** – Amounts should be entered as of the date they were either received from (paid to), or entered into intercompany accounts with, the foreign affiliate, whichever occurred first. Do not report a foreign affiliate’s receipt of dividend income in item 15. This should be included in item 11, Quarterly net income (loss) after provision for foreign income taxes. Include amounts for which payment was made in kind. For an item entered into intercompany account (item 19 or 20) in this or previous periods, in order to avoid duplication, any subsequent settlement of the account should not be reflected again in one of these items but should be reflected only as a reduction in intercompany account.

**Items 19 and 20** – Include all intercompany accounts or indebtedness of the foreign affiliate with the U.S. Reporter whether current or long-term. The current quarter’s opening balance should be equal to the preceding quarter’s closing balance; therefore, if it is necessary to translate the balance into U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance of the preceding quarter. If the closing balance on the preceding quarter’s report was in error, **note the correction**. Entries in items 19 and 20 should be consistent with entries in items 17 and 18 insofar as they reflect the latter entries. (For example, dividends shown in item 17 and not received by the U.S. Reporter in the current quarter should be included in item 19.)

If leases between the U.S. Reporter and the foreign affiliate are capitalized in accordance with FAS 13, the outstanding capitalized value should be shown here as an intercompany balance. Lease payments should be disaggregated into the amount that is **a.** a reduction in the intercompany balance, which should be reflected in either item 19 or 20, and **b.** interest, which should be entered in item 18.

For operating leases of equipment for more than one year that have not been capitalized, include the net book value (original cost less accumulated depreciation). (Operating leases of one year or less should not be entered here.) Lease payments should be disaggregated into **a.** the return of capital, consisting of the depreciation component for long-term operating leases, which should be reflected as a reduction in one of these items, and **b.** rent or net rent, which is not covered by this survey.

**Do not net items 19 and 20.**

**Items 21–26** – Report the consideration paid, received, or owed for increases or decreases in the U.S. Reporter’s equity capital investment during the quarter. For investments that are written off, enter zero in items 24–26 (include the amount written off in item 27 or 28 as appropriate); if an account receivable due to the U.S. Reporter from the affiliate is also written off, report the amount of the receivable in item 22 as a capital contribution (and include in the computation of item 27 or 28 as appropriate).

For an affiliate that is sold, report the sale price in item 24 or 26, as appropriate. Include foreign income taxes, if any, on gains (and tax refunds on losses) in the calculation of these items. Report the end-of-quarter intercompany debt position for the affiliate (column (2) of items 19 and 20) as zero; to the extent that debt positions still exist, they are between a U.S. person and an unaffiliated foreign person, and may be reportable on the Department of the Treasury International Capital report forms.

For a newly established or acquired affiliate, report what the U.S. Reporter paid to establish or acquire the affiliate in item 21 or 23, as appropriate; **do not** report the book value of the equity interest in the affiliate, if different in these items. (For directly owned affiliates only, report book value in items 33–38.)

For affiliates that are entirely indirectly owned, items 21–26 should be blank; equity transactions between a directly owned foreign affiliate and foreign affiliates that it, in turn, owns, are not reportable on this form.

**Items 27 and 28** – If the book value of the U.S. Reporter’s equity investment changed by more or less than the value of the consideration paid, received, or owed, enter the amount of the difference in the appropriate box. For example, if the book value of an affiliate was \$10 million and the affiliate was sold for \$11 million, enter \$1 million in column (2) of item 27. Report the amount gross of U.S. income taxes, if any.

**Items 30–38** – **For directly owned affiliates only**, report these items once a year, but no later than the second report following the end of the fiscal year. Also, complete these items on the initial report for a directly owned affiliate. In item 32, report annual net income calculated on the same basis used for calculating quarterly net income, item 11. Include the cumulative translation adjustment in item 36 or 38 as appropriate. Retained earnings of unconsolidated indirectly owned affiliates should be included on the report of the directly owned foreign affiliate parent in item 35 or 38 as appropriate, on an equity basis.

**FILING FORM BE-577**

**Due date** – Form BE-577 is a quarterly report. A single copy of each report should be filed within 30 days after the close of each fiscal quarter, except for the final quarter of the fiscal year, when reports should be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements should be directed to the appropriate address below.

**Electronic Filing** – BEA offers an electronic filing option, eFile, for use in reporting on Form BE-577 as an alternative to using paper forms. See our web site at [www.bea.gov/efile](http://www.bea.gov/efile).

**Where to send the report** – For filing by mail through the U.S. Postal Service, send reports to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Washington, DC 20230.

For filing by overnight delivery, send reports to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Shipping and Receiving Section M-100, 1441 L Street, NW, Washington, DC 20005.

For filing by fax: 202–606–5305

**Number of copies** – File a single copy of the report with BEA. You should retain a copy of your report to facilitate resolution of problems. These copies should be retained for at least 3 years beyond the report’s original due date.

**WORKSHEET FOR DETERMINING ISI CODE OF FOREIGN AFFILIATE**

For purposes of determining an affiliate's 4-digit ISI code, use the following worksheet and Summary of Industry Classifications.

1. Identify major activity of foreign affiliate. Mark (X) one item below:

**Select the one activity below that best describes the major activity of the foreign affiliate. For an inactive affiliate, select the activity based on its last active period; for "start-ups," select the intended activity.**

- |   |   |
|---|---|
| <input type="checkbox"/> Producer of goods                                      | <input type="checkbox"/> Provider of services   |
| <input type="checkbox"/> Seller of goods the foreign affiliate does not produce | <input type="checkbox"/> Other – <i>Specify</i> |
| <input type="checkbox"/> Producer or distributor of information                 |   |

2. Based on the major activity identified in item 1, select the appropriate 4-digit ISI code and enter on Form BE-577, item 8. If the foreign affiliate has sales in more than one ISI code, select the single ISI code representing the highest percentage of annual sales and enter on Form BE-577, item 8.

For "startups" with no sales, show the intended activity(ies). Holding companies should compute percent of total income. A holding company's equity in the net income of affiliates that it holds must constitute a majority of its total income and, in general, it must have a sizeable portion (usually, at least 50%) of its total assets invested in affiliates that it holds. ISI code 5512, holding companies, is an invalid classification when the foreign affiliate being reported generates, or is expected to generate, more than 50 percent of its total income from other activities.

3. For additional information on industry classifications, see BE-799, Guide to Industry and Foreign Trade Classifications for International Surveys, 2002.

**SUMMARY OF INDUSTRY CLASSIFICATIONS**

**AGRICULTURE, FORESTRY, FISHING, AND HUNTING**

- 1110 Crop production
- 1120 Animal production
- 1130 Forestry and logging
- 1140 Fishing, hunting, and trapping
- 1150 Support activities for agriculture and forestry

**MINING**

- 2111 Oil and gas extraction
- 2121 Coal
- 2123 Nonmetallic minerals
- 2124 Iron ores
- 2125 Gold and silver ores
- 2126 Copper, nickel, lead, and zinc ores
- 2127 Other metal ores
- 2132 Support activities for oil and gas operations
- 2133 Support activities for mining, except for oil and gas operations

**UTILITIES**

- 2211 Electric power generation, transmission, and distribution
- 2212 Natural gas distribution
- 2213 Water, sewage, and other systems

**CONSTRUCTION**

- 2360 Construction of buildings
- 2370 Heavy and civil engineering construction
- 2380 Specialty trade contractors

**MANUFACTURING**

- 3111 Animal foods
- 3112 Grain and oilseed milling
- 3113 Sugar and confectionery products
- 3114 Fruit and vegetable preserving and specialty foods
- 3115 Dairy products
- 3116 Meat products
- 3117 Seafood product preparation and packaging
- 3118 Bakeries and tortillas
- 3119 Other food products
- 3121 Beverages
- 3122 Tobacco
- 3130 Textile mills
- 3140 Textile product mills
- 3150 Apparel
- 3160 Leather and allied products
- 3210 Wood products
- 3221 Pulp, paper, and paperboard mills
- 3222 Converted paper products
- 3231 Printing and related support activities
- 3242 Integrated petroleum refining and extraction
- 3243 Petroleum refining without extraction

- 3244 Asphalt and other petroleum and coal products
- 3251 Basic chemicals
- 3252 Resins, synthetic rubbers, and artificial and synthetic fibers and filaments
- 3253 Pesticides, fertilizers, and other agricultural chemicals
- 3254 Pharmaceuticals and medicines
- 3255 Paints, coatings, and adhesives
- 3256 Soap, cleaning compounds, and toilet preparations
- 3259 Other chemical products and preparations
- 3261 Plastics products
- 3262 Rubber products
- 3271 Clay products and refractories
- 3272 Glass and glass products
- 3273 Cement and concrete products
- 3274 Lime and gypsum products
- 3279 Other nonmetallic mineral products
- 3311 Iron and steel mills and ferroalloys
- 3312 Steel products from purchased steel
- 3313 Alumina and aluminum production and processing
- 3314 Nonferrous metal (except aluminum) production and processing
- 3315 Foundries
- 3321 Forging and stamping
- 3322 Cutlery and handtools
- 3323 Architectural and structural metals
- 3324 Boilers, tanks, and shipping containers
- 3325 Hardware
- 3326 Spring and wire products
- 3327 Machine shops; turned products; and screws, nuts, and bolts
- 3328 Coating, engraving, heat treating, and allied activities
- 3329 Other fabricated metal products
- 3331 Agriculture, construction, and mining machinery
- 3332 Industrial machinery
- 3333 Commercial and service industry machinery
- 3334 Ventilation, heating, air-conditioning, and commercial refrigeration equipment
- 3335 Metalworking machinery
- 3336 Engines, turbines, and power transmission equipment
- 3339 Other general purpose machinery
- 3341 Computer and peripheral equipment
- 3342 Communications equipment
- 3343 Audio and video equipment
- 3344 Semiconductors and other electronic components
- 3345 Navigational, measuring, electromedical, and control instruments

- 3346 Manufacturing and reproducing magnetic and optical media
- 3351 Electric lighting equipment
- 3352 Household appliances
- 3353 Electrical equipment
- 3359 Other electrical equipment and components
- 3361 Motor vehicles
- 3362 Motor vehicle bodies and trailers
- 3363 Motor vehicle parts
- 3364 Aerospace products and parts
- 3365 Railroad rolling stock
- 3366 Ship and boat building
- 3369 Other transportation equipment
- 3370 Furniture and related products
- 3391 Medical equipment and supplies
- 3399 Other miscellaneous manufacturing

**WHOLESALE TRADE**

- MERCHANT WHOLESALERS, DURABLE GOODS**
- 4231 Motor vehicles and motor vehicle parts and supplies merchant wholesalers
  - 4232 Furniture and home furnishing merchant wholesalers
  - 4233 Lumber and other construction materials merchant wholesalers
  - 4234 Professional and commercial equipment and supplies merchant wholesalers
  - 4235 Metal and mineral (except petroleum) merchant wholesalers
  - 4236 Electrical and electronic goods merchant wholesalers
  - 4237 Hardware, and plumbing and heating equipment and supplies merchant wholesalers
  - 4238 Machinery, equipment, and supplies merchant wholesalers
  - 4239 Miscellaneous durable goods merchant wholesalers

**MERCHANT WHOLESALERS NONDURABLE GOODS**

- 4241 Paper and paper product merchant wholesalers
- 4242 Drugs and druggists' sundries merchant wholesalers
- 4243 Apparel, piece goods, and notions merchant wholesalers
- 4244 Grocery and related product merchant wholesalers
- 4245 Farm product raw material merchant wholesalers
- 4246 Chemical and allied products merchant wholesalers
- 4247 Petroleum and petroleum products merchant wholesalers
- 4248 Beer, wine, and distilled alcoholic beverage merchant wholesalers

## SUMMARY OF INDUSTRY CLASSIFICATIONS — Continued

4249 Miscellaneous nondurable goods merchant wholesalers

### ELECTRONIC MARKETS AND AGENTS AND BROKERS

4251 Wholesale electronic markets and agents and brokers

### RETAIL TRADE

4410 Motor vehicle and parts dealers  
4420 Furniture and home furnishings stores  
4431 Electronics and appliance stores  
4440 Building material and garden equipment and supplies dealers  
4450 Food and beverage stores  
4461 Health and personal care stores  
4471 Gasoline stations  
4480 Clothing and clothing accessories stores  
4510 Sporting goods, hobby, book, and music stores  
4520 General merchandise stores  
4530 Miscellaneous store retailers  
4540 Nonstore retailers

### TRANSPORTATION AND WAREHOUSING

4810 Air transportation  
4821 Rail transportation  
4833 Petroleum tanker operations  
4839 Other water transportation  
4840 Truck transportation  
4850 Transit and ground passenger transportation  
4863 Pipeline transportation of crude oil, refined petroleum products, and natural gas  
4868 Other pipeline transportation  
4870 Scenic and sightseeing transportation  
4880 Support activities for transportation  
4920 Couriers and messengers  
4932 Petroleum storage for hire  
4939 Other warehousing and storage

### INFORMATION

5111 Newspaper, periodical, book, and directory publishers  
5112 Software publishers  
5121 Motion picture and video industries  
5122 Sound recording industries  
5151 Radio and television broadcasting  
5152 Cable and other subscription programming  
5161 Internet publishing and broadcasting  
5171 Wired telecommunications carriers  
5172 Wireless telecommunications carriers (except satellite)  
5173 Telecommunications resellers  
5174 Satellite telecommunications  
5175 Cable and other program distribution  
5179 Other telecommunications  
5181 Internet service providers and web search portals  
5182 Data processing, hosting, and related services  
5191 Other information services

### FINANCE AND INSURANCE

5221 Depository credit intermediation (Banking)  
5223 Activities related to credit intermediation  
5224 Nondepository credit intermediation  
5229 Nondepository branches and agencies  
5231 Securities and commodity contracts intermediation and brokerage  
5238 Other financial investment activities and exchanges  
5242 Agencies, brokerages, and other insurance related activities  
5243 Insurance carriers, except life insurance carriers  
5249 Life insurance carriers  
5252 Funds, trusts, and other financial vehicles

### REAL ESTATE AND RENTAL AND LEASING

5310 Real estate  
5321 Automotive equipment rental and leasing  
5329 Other rental and leasing services  
5331 Lessors of nonfinancial intangible assets (except copyrighted works)

### PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

5411 Legal services  
5412 Accounting, tax preparation, bookkeeping, and payroll services  
5413 Architectural, engineering, and related services  
5414 Specialized design services  
5415 Computer systems design and related services  
5416 Management, scientific, and technical consulting services  
5417 Scientific research and development services  
5418 Advertising and related services  
5419 Other professional, scientific, and technical services

### MANAGEMENT OF COMPANIES AND ENTERPRISES

5512 Holding companies, except bank holding companies  
5513 Corporate, subsidiary, and regional management offices

### ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES

5611 Office administrative services  
5612 Facilities support services  
5613 Employment services  
5614 Business support services  
5615 Travel arrangement and reservation services  
5616 Investigation and security services  
5617 Services to buildings and dwellings  
5619 Other support services  
5620 Waste management and remediation services

### EDUCATIONAL SERVICES

6110 Educational services

### HEALTH CARE AND SOCIAL ASSISTANCE

6210 Ambulatory health care services  
6220 Hospitals  
6230 Nursing and residential care facilities  
6240 Social assistance

### ARTS, ENTERTAINMENT, AND RECREATION

7110 Performing arts, spectator sports, and related industries  
7121 Museums, historical sites, and similar institutions  
7130 Amusement, gambling, and recreation industries

### ACCOMMODATION AND FOOD SERVICES

7210 Accommodation  
7220 Food services and drinking places

### OTHER SERVICES

8110 Repair and maintenance  
8120 Personal and laundry services  
8130 Religious, grantmaking, civic, professional, and similar organizations

### PUBLIC ADMINISTRATION

9200 Public administration