

Notice
External transactions

Construction and assembly work, plant construction

Transactions	Purpose of payment	Code	V* R	V* E
<u>I CONSTRUCTION WORK ABROAD</u>				
1 EXPENDITURE				
<p>a Expenditure of resident firms in foreign economic territories in connection with construction, assembly and similar work for foreign accounts.</p> <p>This includes all costs that arise in connection with construction, assembly and similar work as well as for plant construction (eg salaries, freight, taxes) and also other ancillary services,</p> <p>and payments for deliveries of goods and services from non-residents from third countries as well as from the country in which the construction or assembly site is located.</p> <p>The country in which the construction site is located is always to be given as the creditor country.</p> <p><i>Example:</i> <i>Delivery of cement from Spain and services from Portugal for a construction site in France (creditor country: France)</i></p>	Expenditure – construction work abroad	580	--	2
<p>b Expenditure on goods purchased in connection with construction work abroad (eg machines), provided that they are included in the fixed assets.</p> <p>The country in which the creditor resides is to be given as the creditor country.</p> <p><i>Example:</i> <i>Payments for the purchase of a crane in Sweden for construction sites abroad (creditor country: Sweden)</i></p>	Purchase of construction machinery for construction sites abroad	997	--	2

Please note that earnings from additional goods and services purchased **abroad** must be reported as revenue from construction and assembly work.

We would also like to point out that **all settlements must be included in gross terms** as transactions relevant for the balance of payments.

* V = Type of voucher (identifiers for incoming and outgoing payments)

Revenue (R) from services/transfers = V 1, from capital flows/capital income = V 3

Expenditure (E) arising from services/transfers = V 2, from capital flows/capital income = V 4

Transactions	Purpose of payment	Code	V R	V E
<p>c Expenditure in foreign economic territories for one's own account or for the account of other residents.</p> <p>The country in which the investment enterprise is located is to be given as the creditor country.</p> <p><i>Example:</i> Expenditure in connection with the construction of a factory for a German enterprise in Russia is to be reported under code 211.</p>	<p>Investment/ establishment of a branch (if possible, stating the name of the principal)</p> <p>Construction of residential housing abroad</p> <p>Maintenance of buildings abroad</p>	<p>211</p> <p>232</p> <p>561</p>	<p>--</p> <p>--</p> <p>--</p>	<p>4</p> <p>4</p> <p>2</p>
<p>2 REVENUE</p> <p>a Revenue of resident firms from construction work, assembly work and repairs in foreign economic territories (including the earnings from deliveries from foreign countries, but less all earnings from exports as well as the shares of foreign syndicate members).</p> <p>Revenue received by resident construction firms from work commissioned by non-residents through domestic institutions (eg KfW, GTZ) is also to be reported.</p> <p>The country in which the construction site is located is to be given as the debtor country.</p>	<p>Revenue – construction work abroad</p>	<p>570</p>	<p>1</p>	<p>--</p>
<p>b If a production plant is exported abroad and the invoiced amount includes the value of both the goods and the assembly, only the value of the former, ie, the plant excluding services abroad should be specified in the foreign trade statistics (both in extratrade and in intratrade). The service component is to be reported as revenue from construction work abroad.</p> <p><i>Example:</i> A production plant including assembly is exported. The total price is €5 million. The material value is €4 million and the share of the assembly costs is €1 million. The material value is to be specified in the foreign trade statistics as €4 million. The share of services amounting to €1 million is to be reported as incoming payment under code 570 (Revenue – construction work abroad). If non-resident firms are commissioned to assemble the plant, the relevant outgoing payments are to be reported under code 580 (expenditure – construction work abroad).</p>	<p>Revenue – construction work abroad</p>	<p>570</p>	<p>1</p>	<p>--</p>
<p>c Revenue from the sale of goods in connection with construction work abroad (eg machines), provided that they were included in the fixed assets. The country in which the debtor resides is to be given as the debtor country.</p> <p><i>Example:</i> Sale of a crane abroad, which was purchased for construction sites abroad.</p>	<p>Sale of construction machinery abroad</p>	<p>997</p>	<p>1</p>	<p>--</p>

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3 PERMANENT ESTABLISHMENTS				
Insofar as permanent establishments are set up in connection with construction work abroad, the German construction firm remains responsible for reporting all transactions effected by the permanent establishment.				
External accounts The accounts of foreign permanent establishments are the own external accounts of the German construction firm.				
a Payments from a German account to the account at a non-resident financial institution are, as transfers to an own account, not subject to reporting requirements.	Transfer to own account – no reporting requirement	---	--	--
b Payments to non-residents from international accounts, eg to purchase cement abroad, must be reported on form Z 4 in line with the underlying transaction	Expenditure – construction work abroad	580	--	2
c Payments by foreign customers to international accounts of the permanent establishment	Revenue – construction work abroad	570	1	--
d Transfer of surplus money from the external account to an account at a German financial institution (eg upon completion of construction work)	Transfer to own account – no reporting requirement	---	--	--
4 WORKING GROUPS ABROAD (ARGE)				
Working groups abroad are classified as non-resident units . Examples of reports by resident construction firms:				
a Short-term partner deposits which are used for advance financing of costs incurred and their repayment	Short-term loan – no reporting requirement	---	--	--
b Interest income	Interest	289	3	--
c Income from surplus liquidity (profit/turnover)	Income/ARGE	287	3	--
d Offsetting of losses and non-repayable liquidity adjustments	Offsetting of losses/ARGE	290	--	4
e Services made available to the foreign ARGE must be reported under the respective underlying transaction, eg technical services	Technical services	512	1	--
f If the German construction firm is tasked by ARGE to complete a certain construction phase, the associated incoming payments should be reported as revenue from construction work (less export revenues)	Revenue – construction work abroad	570	1	--

Transactions	Purpose of payment	Code	V R	V E
cont'd: Working groups abroad g Costs incurred abroad in connection with the work mentioned under point f are to be shown as expenditure on construction work	Expenditure – construction work abroad	580	--	2
<u>II CONSTRUCTION WORK IN GERMANY</u>				
1 EXPENDITURE				
a Expenditure on construction work, assembly work and repairs, carried out temporarily by non-resident firms in Germany . Deliveries from foreign economic territories are imports of goods and therefore not subject to the reporting requirements and are to be deducted from the expenditure (if necessary, the amounts may have to be estimated).	Expenditure – construction work in Germany	570	--	2
2 REVENUE				
a Revenue from deliveries of goods and services to/for non-resident firms that temporarily carry out construction work and assembly work for resident contractors in Germany . <i>Example: A German cement factory provides a foreign construction firm in Germany with supplies.</i>	Revenue – construction work in Germany	580	1	--
b Revenue of resident construction firms from deliveries of goods and services in Germany commissioned by non-residents . <i>Example: Revenue from the construction of a warehouse in Germany for a foreign enterprise is to be reported under code 251.</i>	Investment/construction work in Germany commissioned by non-residents Construction of residential housing in Germany commissioned by non-residents Maintenance of residential housing in Germany commissioned by non-residents	251 272 561	3 3 1	-- -- --
3 WORKING GROUPS IN GERMANY (ARGE)				
Working groups in Germany are classified as resident units . Examples of <u>reports by ARGE</u> :				
a Short-term partner deposits from non-resident ARGE partners which are used for advance financing of costs incurred and their repayment	Short-term loan – no reporting requirement	---	--	--

Transactions	Purpose of payment	Code	V R	V E
cont'd: Working groups in Germany				
b Interest expenditure	Interest	289	--	4
c Expenditure from surplus liquidity of ARGE to the foreign ARGE partners (profit/turnover)	Income/ARGE	287	--	4
d Income from the reimbursement of losses and non-repayable liquidity adjustments	Offsetting of losses/ARGE	290	3	--
e If the non-resident ARGE partners perform services , the expenditure should be shown under the respective underlying transaction, eg technical services lease of qualified personnel completion of construction phase	Technical services Personnel leasing Construction work in Germany	512 517 570	-- -- --	2 2 2
<u>III OTHER PAYMENTS</u>				
a Cost of contract documents	Contract documents	512	--	2
b Expenditure on/revenue from bookkeeping etc (management fees)	Management fees	516	1	2
c Incoming and outgoing payments that are received or made for the account of or by order of non-resident syndicate members are not subject to reporting requirements . In the case of a foreign transfer order, a Z 1 report is to be submitted with the adjacent text as the purpose of payment. Once the payment is received, it is to be reported as a cancellation.	Payments between non-residents – receipt of payment not reported	900	--	2

Contact

Further information may be obtained from the Service Centre 'Außenwirtschaftsstatistik', 55148 Mainz, Germany, as well as from the Deutsche Bundesbank, Balance of Payments Statistics, International Investment Position, Postfach 30 09, 55020 Mainz, Germany.

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