

## Notice

### Payments relating to external transactions Merchanting

#### I General information

In accordance with the Foreign Trade and Payments Regulation, transactions are deemed to be merchanting trade when residents purchase goods from abroad from non-residents, and then resell said goods to non-residents without the goods having entered the economic territory. This also on principle includes commodity forward contracts involving physical deliveries.

Transactions when goods are brought into the economic territory to a **bonded warehouse, free warehouse** or to a **free zone** before the sale by the **non-resident seller** without import clearance are also deemed to be merchanting trade.

If, however, the goods are brought into economic territory to a **bonded warehouse, free warehouse** or to a **free zone** by a **resident** without import clearance and then resold to a non-resident, these transactions are not to be reported as merchanting transactions. For the purposes of the balance of payment statistics, these transactions are treated as imported and exported goods, and are recorded in the external trade statistics.

Merchanting transactions are to be reported in accordance with sections 59 to 61, 63 and 66 of the Foreign Trade and Payments Regulation.

The following distinctions should be made in reports.

- Direct merchanting transactions are when residents purchase goods from non-residents and then resell them immediately to non-residents.
- Indirect merchanting transactions are when residents purchase goods from non-residents and then sell them to other residents even before these goods are sold on to non-residents.  
If the seller (first purchaser) knows that the resident buyer will clear the goods pursuant to import law, no report is required.
- With warehouse transactions, goods purchased in merchant trading are initially stored in a warehouse abroad. They are then resold to non-residents at a later date.

#### II Reporting merchanting transactions

Merchanting reports must always contain the following information.

- **Purpose of payment** ("Tr" (merchanting), "gebr. Tr" (indirect merchanting) or "Kauf auf Lager Ausland" (purchase for warehouse abroad))
- **Designation of goods**
- **Two-digit chapter number** of international trade classification statistics
- **Country of purchase** and/or **country of buyer**

The following points should be considered when specifying countries.

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

One of the following codes must be specified in reports.

	Code	Party required to report
<b>Direct merchandising</b>	<b>001</b>	The <b>resident merchant trader</b> must report the purchase price paid as an <u>outgoing</u> payment and the received or expected sales as an <u>incoming</u> payment marked with "Tr" on the form Annex Z 4 to the AWV.
		To rule out errors, incoming and outgoing payments should be entered in separate lines on form Z 4. If the purchase price is paid in instalments, the total proceeds from the resale of the goods must be reported upon payment of the first instalment. The other outgoing part payments should be entered under incoming as "bereits gemeldet am ..." (already reported on ...).
	Code	Party required to report
<b>Indirect merchandising</b>	<b>002</b>	The <b>resident first buyer</b> must report the purchase price paid as an <u>outgoing</u> payment marked with "gebr. Tr" and specify the name and address of the subsequent resident purchaser on form Z 4.
	<b>002</b>	The <b>resident subsequent buyer</b> reports the received sales proceeds upon subsequent resale of the goods to non-residents as an <u>incoming</u> payment marked with "gebr. Tr" and specifies the name and address of the resident previous purchaser on form Z 4.
	<b>002</b>	Provided the goods obtain import clearance via the first buyer or a resident subsequent buyer, the <b>resident first purchaser</b> must report a "Stornierung im Transithandel" (cancellation of merchandising) on form Z 4 (see item IV).
	Code	Party required to report
<b>Warehouse transactions</b>	<b>003</b>	The <b>resident merchant trader</b> reports the purchase price paid as an <u>outgoing</u> payment marked with "Kauf auf Lager Ausland".
	<b>003</b>	Upon subsequent resale to non-residents, the received sales proceeds must be reported as an <u>incoming</u> payment marked with "Verkauf aus Lager Ausland" (sale ex-warehouse abroad).
	<b>003</b>	If the goods in storage have obtained import clearance and thus enter the economic territory, a report on "Stornierung im Transithandel" pursuant to section 66 (2 and 3) of the AWV must be submitted (see item IV).
	Code	
<b>Incidental costs incurred and their reimbursement in connection with merchandising</b>	<b>250</b>	Incidental costs include freight, insurance premiums, VAT, commissions, cash discounts, warranties, payments due to liability, cost-of-living premiums and other incidental payments.

### III Payments via paperless exchange of data media procedure (DTAZV)

#### Reporting direct merchanting transactions:

Merchants giving payment orders to their bank via the paperless exchange of data media procedure (DTAZV) request them to forward the reports on the Z 1 form. The form must show the outgoing payment alongside the expected sales proceeds. In that case, no Z 4 form needs to be completed.

#### Reporting indirect merchanting transactions or warehouse transactions:

If payments are recorded using the paperless Z 1 report, the received sales proceeds are reported as incoming payments in Annex Z 4 to the AWV (see above "indirect merchanting" and "warehouse transactions").

### IV Cancellation of merchanting

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

The report must contain the following information in addition to the note "cancellation of merchanting transaction".

- Month of payment
- Designation of goods and two-digit chapter number of the list of goods for the foreign trade statistics
- Country of purchase
- Amount reported preceded by a minus sign (in the case of a partial reclassification, only the amount accounted for by the part of the goods that is being imported).

### V Notes

If goods originally intended for import, for which no report is required, are reclassified as a merchanting transaction, the corresponding transaction type must be entered under the current transaction month on form Z 4. If the merchanting transaction involves the buying and reselling of various types of goods, the partial amounts to be assigned to each chapter number must be specified in the reports. If a precise breakdown is not possible, partial amounts can be estimated.

### Contacts

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

Information on how to report special cases of merchanting (such as commodity futures contracts, commodity options, string or series, washout and circle transactions) is available in a detailed notice that can be e-mailed to you on request and which is available online.

**Information:** ☎ (0800) 1234 111 (freephone when calling from within Germany)

**Internet:** [www.bundesbank.de](http://www.bundesbank.de)

**Newsletter** (in German): registration on the website under "Meldewesen → Newsletter"

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