

FAQs regarding foreign direct investment stock statistics

The foreign direct investment stock statistics provide information on cross-border equity investments that equate to at least 10% of the shares or voting rights. They therefore provide an accurate illustration of the German economy's links with the global economy. The information in question is also included in other external statistics, such as the balance of payments statistics (income from participating interests) or Germany's international investment position.

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I. Questions concerning reporting requirements

1) Who is subject to reporting requirements?

Pursuant to Section 11 of the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*, AWG) in conjunction with Section 64 of the Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*, AWV), all enterprises and individuals domiciled in Germany (direct investors) that hold a participating interest in a foreign company (direct investment enterprise) of 10% or more are subject to reporting requirements. Likewise, any enterprise domiciled in Germany (direct investment enterprise) in which one or more non-resident investors holds a participating interest of 10% or more is obliged to observe the reporting requirements set out in Section 11 of the Foreign Trade and Payments Act in conjunction with Section 65 of the Foreign Trade and Payments Regulation. In both instances, there is a reporting threshold of €3 million (if necessary, converted) in respect of the balance sheet total of the respective direct investment enterprise.

2) What information has to be specified?

If reporting requirements apply, the following reporting forms must be completed: sheets 1 and 2 of Annex K3 (in the case of a German participating interest in a foreign enterprise) and/or sheets 1 and 2 of Annex K4 (for non-resident investors with a participating interest in an enterprise in Germany). When doing so, it is important to enter the appropriate details in all of the relevant “of which” fields (also in the second and/or third columns of sheet 2).

Moreover, please refer to our explanatory notes on completing the reporting forms (at the end of the page <https://www.bundesbank.de/en/service/reporting-systems/external-sector-forms-centre/reporting-forms-k-3-and-k-4-618118#tar-1>).

3) When is the deadline for submitting reports?

The report must be received by the Bundesbank no later than six months after the reference date on which the reporting enterprise (in its capacity as a direct investor or as a direct investment enterprise, see question 1) compiled its balance sheet. In the case of individuals who have participated in foreign investment enterprises as direct investors, the applicable reporting date is 31 December of any given year, meaning that these individuals have until the end of June of the following year to submit their reports.

4) What methods are available for transmitting the report?

The Bundesbank’s ExtraNet infrastructure can be used to submit reporting forms securely in electronic form via the general statistics reporting portal (*Allgemeines Meldeportal Statistik – AMS*). The general statistics reporting portal enables you to create reports easily and securely online and send them to the Bundesbank. When transferring relatively large volumes of data, we recommend using XML files. These can be uploaded using the XML file upload function in the general statistics reporting portal. Amongst other things, the upload involves an immediate

check to verify whether the reports are technically valid.

A format description for the XML file format is available on our website at the following link:

<https://www.bundesbank.de/en/service/reporting-systems/external-sector/electrical-submission/filetransfer/information-on-reports-on-foreign-direct-investment-stock-statistics-619790>

5) If some data or balance sheets are missing, is it possible to submit a partial report?

Yes, if certain information is temporarily unavailable it is possible to submit an incomplete report in exceptional cases. However, in such an event, it is necessary to clearly state which data/copies of sheet 2 are still missing and are to be submitted at a subsequent (specified) date.

6) How can the Bundesbank be notified that no reporting requirements apply?

It is sufficient to file a nil report or send an informal written notification explaining the situation to the Deutsche Bundesbank, Service Centre for External Sector Statistics, 55148 Mainz, Germany. Forms for filing a nil report are available for download from the Bundesbank's website:

<https://www.bundesbank.de/en/service/reporting-systems/external-sector-forms-centre/reporting-forms-k-3-and-k-4-618118>

7) Is it possible to apply for an extension of the deadline?

Yes, in exceptional cases it is possible to submit a written request for an extension of the deadline applying to the K3/K4 report (by email: szawstat-k3k4@bundesbank.de; by post: Deutsche Bundesbank, Service Centre for External Sector Statistics, 55148 Mainz, Germany; or by fax: +49 (0)6131 3774711). Such a request must be substantiated.

II. Details relating to reporting items

8) What do the terms “resident” and “non-resident” mean in this context?

The terms “non-resident” and “resident” do not refer to nationality but to the official domicile of the enterprise or person in question. As such, a German permanently living abroad is classified as a “non-resident”, while a foreign national permanently residing in Germany is classified as “resident”.

9) What is the difference between direct and indirect participating interests?

Direct participating interests refer to direct cross-border participating interests. If the investment enterprises in which a direct participating interest is held themselves hold participating interests in other enterprises, then the latter are treated as indirect participating interests.

10) Is it necessary to report data and information on the non-resident shareholder in Annex K4 to the Foreign Trade and Payments Regulation?

The reporting data on the non-resident shareholder comprise merely the investor's name and country of domicile and, if necessary, the country in which the final owners are domiciled. The balance sheet information to be entered on sheet 2 refers exclusively to the enterprise in Germany (direct investment enterprise) and not to the balance sheet of the non-resident shareholder.

11) On sheet 2 of Annex K3 to the Foreign Trade and Payments Regulation, are the data to be specified in euro or the local currency?

When completing these sheets, the data must always be specified in the currency used by the direct investment enterprise for reporting purposes.

12) Which accounting rules apply to the balance sheet items?

Wherever possible, international accounting standards (particularly IFRS, alternatively also US-GAAP) can be used preferentially. Balance sheets according to national standards (according to the rules of the investment countries for K3 or HGB for K4) are also possible. The accounting rules used are to be specified in the report.

13) Is it also possible to submit consolidated annual accounts/consolidated financial statements?

When compiling a K4 report it is essential to use individual accounts/statements each time.

The K3 report may be compiled using consolidated annual financial statements only if this information cannot be obtained from individual statements as the respective national accounting rules do not prescribe the generation of individual accounts. This is, however, subject to the condition that the reports refer exclusively to enterprises which share the same home country and are in the same economic sector.

14) Under "number of employees" should the full-time equivalent or the actual number of employees (headcount) be entered?

The full-time equivalent should always be entered under "number of employees". For instance, if a company employs ten part-time employees, each on a 50% basis, it would enter five employees.