

## Notice

# Netting, clearing and cash pooling

Payments relating to external transactions  
Claims and liabilities in foreign trade

## Netting – clearing

In the balance of payments statistics, transactions are generally recorded in full (principle of gross reporting). Pursuant to section 67 (3) of the Foreign Trade and Payments Regulation (*Aussenwirtschaftsverordnung*), nettings and clearings are included among the external transactions subject to reporting requirements.

Under a netting procedure, for example, amounts owed within a group are netted over a certain period, with only the outstanding balance settled at the end of an accounting period. The underlying gross amounts of the transactions between residents and non-residents must be reported, not the balances to be netted. It should be noted that the counterparty's country – and not the country where the clearing house of the trust is domiciled – must always be stated as the creditor/debtor country. Specifically, the following applies:

- 1 **Gross amounts** which residents pay to/receive from non-residents via netting are, pursuant to the provisions of section 67 (3) of the Foreign Trade and Payments Regulation, to be reported using Annex Z4 to the Foreign Trade and Payments Regulation in line with the debits and credits on the settlement accounts, stating the business underlying the transactions with corresponding codes in accordance with the coding list (Annex LV to the Foreign Trade and Payments Regulation) and the contractual partner's creditor/debtor country. It should be noted that all incoming and outgoing payments for **services** (eg for licenses and patents, research and development, engineering and other technical services etc) **transfers** and **long-term financial transactions and investment income** are to be reported. Export revenue, payments for goods imports and exports as well as short-term loans are exempt. Form Z4 must be submitted to the Deutsche Bundesbank by the seventh day of the month following the month in which the payments were made or received.
- 2 Generally speaking, the **balances** to be netted do not have to be reported.
- 3 **Stocks** must also be reported. Residents have to report their outstanding **claims and liabilities** vis-à-vis non-residents if the sum of the claims or the sum of the liabilities at the end of the month amounts to more than **€5 million** or its equivalent in a foreign currency. Forms Z5 and Z5a must be used to report these stocks.

## Cash pooling

Cash pooling is an intra-group redistribution of liquidity; it entails central cash management providing group units with credit to cover liquidity shortages. The pool is funded by liquidity surpluses from all group units.

If cross-border transactions are conducted within the cash pooling procedure, it is necessary to establish whether they are subject to a reporting requirement pursuant to section 67 of the Foreign Trade and Payments Regulation.

- Payments into/withdrawals from the pool generally take the form of short-term (overnight) loans and do not therefore have to be reported.
- Interest transferred in this context must be reported on form Z4 if it exceeds the exemption limit of €12,500 or its equivalent value in another currency. This may be interest accrued within the cash pool which is distributed among the group units or interest payable to the pool as a result of short-term lending.

Claims and liabilities vis-à-vis non-residents arising from the cash pooling procedure and its integrated lending are to be reported on the forms in Annexes Z5 /Z5a to the Foreign Trade and Payments Regulation if the sum of the claims or the sum of the liabilities at the end of the month amounts to more than €5 million or its equivalent in another currency.

### Information on external sector reporting

Hotline: 0800 1234 111 (freephone – only available if call is made from a German landline)  
Internet: [www.bundesbank.de](http://www.bundesbank.de) under Service/Reporting systems/External sector statistics  
Newsletter (in German): [www.bundesbank.de](http://www.bundesbank.de) under Service/Newsletter (category: Meldewesen Aussenwirtschaft)  
E-mail: [presse-information@bundesbank.de](mailto:presse-information@bundesbank.de)