

# Notice

## Construction Services

External transactions

### Summary of the most important changes

- Construction services comprise only plant engineering and construction above and below ground. Pure assembly work without the construction of a (factory) building is not considered construction work, but an engineering service (code 555).
- The reporting of construction services is distinguished according to the duration of the construction site (less than a year and more than a year).

Construction services comprise revenue and expenditure, for instance on

- Erection
- Renovation
- Repair
- Expansion
- Assembly
- Interior work
- Demolition work (and renaturation)
- Plant engineering and construction

in plant engineering and construction above and below ground. A distinction is to be made according to whether the construction service lasts less or more than a year, as well as with regard to whether the construction site is located in Germany or abroad.

### Note

558 Erection of oil, gas and mining installations.

555 Building of machines and production lines, provided they are not related to the construction of a turnkey plant.

Goods that cross the German border as a result of having been purchased in the country where the construction firm is located and introduced to the country of the construction site, are, as a rule, to be reported to the Federal Statistical Office as part of the foreign trade statistics (for instance key “81” for “nature of transaction”).

Expenditure on construction sites abroad are to be reported as direct investment on behalf of the construction firm.

### Subcontractors

In the event of a resident construction firm being commissioned by another resident construction firm to complete construction phases abroad (subcontractors), the subcontractor’s expenditure abroad is to be reported using the same codes with which the entire construction site is being reported. This means that, even if the subcontractor’s construction phase takes less than a year but the overall construction site is estimated to last for more than a year, the subcontractor’s expenditure is nevertheless to be reported using code 579. If in doubt, it is to be assumed that the overall construction site will be in existence for more than a year.

Transactions	Purpose of payment	Construction site code	
		Less than 1 year	More than 1 year
<b>I Construction site abroad</b>			
<p><b>1 Expenditure</b></p> <p>a. <b>Expenditure</b> by resident firms abroad in connection with construction services for <b>foreign accounts</b>.</p> <p>This includes all costs that arise in connection with construction services (e.g. salaries, freight, taxes) and also other ancillary services,</p> <p>and payments for <b>deliveries</b> of goods and services from non-residents from third countries as well as from the country in which the construction site is located.</p> <p>The country in which the <b>construction site</b> is located is always to be stated as the <b>creditor country</b>.</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>	<b>Expenditure – construction services abroad</b>	<b>580</b>	<b>579</b>
<p>b. <b>Expenditure</b> abroad for <b>one's own account</b> or for the <b>account of other residents</b>.</p> <p>The country in which the <b>investment enterprise</b> is located is to be stated as the <b>creditor country</b>.</p> <p><i>Example:</i>  <i>Expenditure in connection with the construction of a factory building for a German enterprise in Russia</i></p>	<b>Investment / establishment of a branch (if possible, stating the name of the principal)</b>  <b>Construction of residential housing abroad</b>  <b>Repairs of buildings abroad</b>	<b>211</b>  <b>232</b>  <b>561</b>	<b>211</b>  <b>232</b>  <b>561</b>
<p><b>2 Receipts</b></p> <p><b>Receipts</b> of resident enterprises from construction work abroad (including the earnings from deliveries from foreign countries, but <b>less all earnings from exports</b> as well as the <b>shares of foreign participants/syndicate members</b>).</p> <p>Receipts received by resident construction firms commissioned by non-residents through resident institutions (e.g. KfW, GIZ) is also to be reported.</p> <p>The country in which the <b>construction site</b> is located must be specified as the <b>debtor country</b>.</p>	<b>Receipts – construction services abroad</b>	<b>570</b>	<b>569</b>

<p><b>3 Permanent establishments</b></p> <p>Insofar as <b>permanent establishments</b> are set up in connection with construction work abroad, the German construction firm remains responsible for reporting all transactions effected by the permanent establishment.</p> <p><b>External accounts</b> The accounts of <b>foreign permanent establishments are the own external accounts</b> of the German construction firm.</p> <p>a <b>Payments from a German account to the account at a foreign financial institution</b> are, as transfers to an own account, not subject to reporting requirements.</p> <p>b <b>Payments to non-residents from external accounts</b>, e.g. to purchase cement abroad, must be reported on Annex Z4 in line with the underlying transaction.</p> <p>c <b>Lodgements by the foreign customer to the external account</b> of the permanent establishment.</p> <p>d <b>Transfer of surplus funds from the external account to an account at a German credit institution</b> (e.g. upon completion of the construction work)</p>	<p>No report required – transfer to own account</p> <p>Expenditure – construction services abroad</p> <p>Receipts – construction services abroad</p> <p>No report required – transfer to own account</p>	<p>-</p> <p>580</p> <p>570</p> <p>-</p>	<p>-</p> <p>579</p> <p>569</p> <p>-</p>
<p><b>4 Working groups (Arbeitsgemeinschaften, ARGE) abroad</b></p> <p><b>Working groups abroad</b> are classified as <b>non-resident units</b>. Examples of reports by resident construction firms</p> <p>a <b>Short-term partner deposits</b> which are used for advance financing of costs incurred and their repayment.</p> <p>b <b>Interest income</b></p> <p>c <b>Income from surplus liquidity</b> (profit / turnover exposures)</p> <p>d <b>Offsetting of losses</b> and non-repayable liquidity adjustments.</p> <p>e <b>Services made available</b> to the <b>foreign working group</b> must be reported under the respective underlying transaction, e.g. engineering services.</p> <p>f If the resident construction firm is commissioned by the working group to complete a certain construction phase, the associated incoming payments are to be reported as <b>receipts from construction work</b> (less earnings from exports). It is to be reported in line with the duration of the overall construction site, not of the completed sub-phase.</p> <p>g <b>Costs incurred abroad</b> in connection with the work mentioned under point f.</p>	<p>No report required – short-term loan</p> <p>Interest</p> <p>Income ARGE</p> <p>Offsetting of losses ARGE</p> <p>Engineering services</p> <p>Receipts – construction services abroad</p> <p>Expenditure – construction services abroad</p>	<p>-</p> <p>289</p> <p>287</p> <p>290</p> <p>555</p> <p>570</p> <p>580</p>	<p>-</p> <p>289</p> <p>287</p> <p>290</p> <p>555</p> <p>569</p> <p>579</p>

<p><b>II Construction services in Germany</b></p> <p><b>1 Expenditure</b>  <b>Expenditure</b> on construction services that <b>foreign</b> firms in Germany provide temporarily.</p> <p>As <b>imports of goods, subcontracted supply</b> from abroad is <b>not</b> subject to the <b>reporting requirements</b> (recorded in the external trades statistics) and should be deducted from expenditure (if necessary, the amounts may have to be estimated).</p>	<p><b>Expenditure – Construction services in Germany</b></p>	<p><b>570</b></p>	<p><b>569</b></p>
<p><b>2 Receipts</b></p> <p>a. <b>Receipts</b> from deliveries of goods and services <b>to foreign firms</b> that temporarily carry out construction work in Germany for resident <b>contractors</b>.</p> <p><i>Example: A German cement factory provides a foreign construction firm in Germany with supplies.</i></p> <p>b. <b>Revenue</b> of resident construction firms <b>commissioned by non-resident firms</b> from the delivery of goods and services in <b>Germany</b>.</p> <p><i>Example: Receipts from the construction of a warehouse in Germany for a non-resident firm.</i></p>	<p><b>Receipts – construction services in Germany</b></p> <p><b>Investment / construction services in Germany commissioned by non-residents</b></p> <p><b>Construction of residential housing in Germany commissioned by non-residents</b></p> <p><b>Repair of residential housing in Germany commissioned by non-residents</b></p>	<p><b>580</b></p> <p><b>251</b></p> <p><b>272</b></p> <p><b>561</b></p>	<p><b>579</b></p> <p><b>251</b></p> <p><b>272</b></p> <p><b>561</b></p>
<p><b>3 Working groups (ARGE) in Germany</b>  <b>Working groups in Germany</b> are classified as resident.</p> <p>Examples of reports by working groups</p> <p>a. <b>Short-term partner deposits</b> from foreign partners of the working group which are used for advance financing of costs incurred and their repayment</p> <p>b. <b>Interest expenditure</b></p> <p>c. Expenditure from <b>surplus liquidity</b> of the working group to the foreign partners of the working group (profit / turnover exposures)</p> <p>d. Receipts from the <b>reimbursement of losses</b> and non-repayable liquidity adjustments</p> <p>e. Expenditure for <b>services</b> provided by foreign partners of the working group must be reported under the respective underlying transaction, e.g. engineering services</p>	<p><b>No report required – short-term loan</b></p> <p><b>Interest</b></p> <p><b>Income / ARGE</b></p> <p><b>Offsetting of losses ARGE</b></p> <p><b>Engineering services</b></p>	<p><b>-</b></p> <p><b>289</b></p> <p><b>287</b></p> <p><b>290</b></p> <p><b>555</b></p>	<p><b>-</b></p> <p><b>289</b></p> <p><b>287</b></p> <p><b>290</b></p> <p><b>555</b></p>

<b>III Other payments</b>			
a. <b>Cost of contract documents</b>	<b>Contract documents</b>	<b>555</b>	<b>555</b>
b. <b>Expenditure on / receipts</b> from settlement of accounts etc <b>(management fees)</b>	<b>Management fees</b>	<b>556</b>	<b>556</b>
c. Incoming and outgoing payments that are received or made for the account of or by order of foreign syndicate members	<b>No report required – forwarding only</b>	-	-

#### 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)  
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