

## Notes

### **on reporting direct investment stocks** pursuant to Sections 64 and 65 of the Foreign Trade and Payments Regulation (*Aussenwirtschaftsverordnung*) - Annex K3 and Annex K4 to the Foreign Trade and Payments Regulation -

#### **I. Reporting forms / Submitting reports**

Following the entry into force of the revised Foreign Trade and Payments Regulation on 1 September 2013, it has become mandatory to submit reports electronically pursuant to Section 72 of the aforementioned Regulation.

The Bundesbank's ExtraNet infrastructure can be used to submit forms K3 and K4 securely in electronic form either via the general statistics reporting portal (Allgemeines Meldeportal Statistik) or using the ExtraNet file transfer service.

The general statistics reporting portal enables you to create reports easily and securely online and send them to the Bundesbank. For transferring relatively large volumes of data, we recommend using XML files. These can be uploaded using the ExtraNet file transfer service or the XML file upload function in the general statistics reporting portal. The advantage of uploading XML files via the general statistics reporting portal is that they are checked immediately to verify whether the reports are technically valid. Whichever method you choose, you must register before submitting reports electronically for the first time; before submitting reports as XML files, we ask that you first carry out a test report. You can find more detailed information on our website at <https://www.bundesbank.de/en/service/reporting-systems/external-sector/electrical-submission>

For reference, the latest versions of reporting forms K3 and K4 as well as the format descriptions for generating XML files can be found on our website.

Reporting forms are available at:

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

XML format descriptions are available at:

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

## II. Supplementary notes on completing the reporting forms

### 1. General information

- Key data used to classify small and medium-sized enterprises in Germany are of growing interest. Therefore, all enterprises should enter **key data on the German investor** (balance sheet total, annual turnover and number of employees) on sheet 1 of reporting form K3. To classify investments by enterprises belonging to a group, the enterprises are asked to provide key data on the group (on a voluntary basis).
- Owing to the requirements of the European Central Bank and international organisations, the **market capitalisation of the shares held as at the balance sheet date** should, in the case of **direct participating interests in a listed enterprise**, be reported on sheet 2 of the forms. Entries on K3 reporting forms must be in thousand units of currency as per the balance sheet figures, and entries on K4 reporting forms must be in € thousand. In addition to the market capitalisation of the directly held shares, the international securities identification number (ISIN) should be entered.
- The **economic sector** should be specified in words (e.g. “processing of plastic products”, “manufacture of glass”) and not indicated by a code number. This should always be the individual enterprise’s actual economic activity.
- On sheet 2 of reporting forms K3 and K4, please enter:
  - the shares of **voting rights** as a percentage if these differ from the share of equity (see also “Balance sheet items”);
  - the **annual turnover** of the investment enterprise (no decimal places), in million units of currency for K3 reports and in € million for K4 reports;
  - the **number of persons employed** (full-time equivalents).
- Where the foreign investor is a **final owner**, the **country in which the investor is domiciled** should be indicated on sheet 2 of form K4. In addition, if the **party required to report has an indirect participating interest** in Germany, the **name of the enterprise holding the direct participating interest** should be given.

- If the exemption limit for the current reporting year means that a **report is no longer required**, a nil report for form K3 or K4 should be completed and sent to the Bundesbank. If form K3 or K4 is submitted, individual investment enterprises that are no longer required to report can be entered at the bottom of sheet 1.

## 2. Balance sheet items

- The **balance sheet figures should be entered on form K3 in thousand units of currency**. Figures may only be given in **euro** if the investment enterprise is in a **euro area Member State**. Otherwise, the balance sheet figures are to be given in the currency unit in which the balance sheet of the non-resident enterprise is drawn up. Balance sheets in IFRS or US GAAP format may be submitted if the balance sheet is drawn up in accordance with these accounting standards in the country in which the enterprise is domiciled.
- When completing sheet 2 (information on the balance sheet), for K3 reports, the shares ascribable to the party required to report and, for K4 reports, the shares ascribable to the non-resident shareholder, are always to be entered in the column adjacent to the information on the balance sheet (column 2). However, in the case of indirect participating interests, the parts of the balance sheet ascribable to the enterprise holding the direct participating interests are always to be entered in column 3. The columns are to be completed in the same way for 100% participating interests, too.
- The “loans to shareholders/affiliated enterprises/enterprises linked with the party required to report through participating interests” and the “claims on shareholders/affiliated enterprises/enterprises linked with the party required to report through participating interests” are to be broken down by place of residence (“resident in Germany”, “resident abroad”).

## 3. Assets

- When recording **participating interests** under item 13, a check needs to be made to ascertain whether there are any indirect participating interests that are subject to reporting requirements as indicated in the explanatory notes on forms K3 and K4.

- The **excess of plan assets over post-employment benefit liability, accruals and prepaid expenses** as well as items which may be deemed to be accruals should be recorded under item 21 “Other assets”.

#### 4. Liabilities

- The items “Profit/loss carried forward” (item 31) and “Profit/loss for the financial year” (item 32) should be entered separately and not netted (**no reporting of net profit/net loss**).
- The item “Accumulated other comprehensive income” (item 53) on sheet 2 of Annex K3 is only to be completed if international accounting standards (particularly IFRS) are used.
- **Profit carried forward from previous years** is to be recorded under item 31 “Profit/loss carried forward” until it is distributed.
- **Profit for the current year** which has already been earmarked for distribution and reported in the balance sheet as a liability item is also to be recorded under item 32 “Profit/loss for the financial year”. Interim dividends already paid in the course of the financial year should likewise be recorded under this item; as a contra item, the figure for **interim dividends** is to be deducted from item 31 “Profit/loss carried forward”.
- **Accrued liabilities** and items which may be deemed to be accrued liabilities, special tax-allowable reserves and provisions (excluding any with capital character) are to be recorded under item 39 “Other liabilities”.

For further information, please call our **hotline on 0800 1234 111 (freephone when calling from within Germany)**.