

International Transactions in Commercial Services

Reporting guide for the BP-21SQ

Definition of commercial services

Commercial services cover several services such as:

Royalties and licences fees – receipts and payments for the authorized use of registered trademarks, and of propriety rights such as patents, copyrights and industrial process and designs. It also includes fees for the right to replicate, distribute or otherwise use software.

Management services – includes legal services, accounting services, business and management consulting fees, public relations services, and it also covers charges between related parties for managerial and administrative services.

Financial services – covers financial intermediation and auxiliary services, usually provided by banks and other financial intermediaries and auxiliaries. Included are services related to financial activities, such as advisory, custody and asset management services, merger and acquisition services, deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, and clearing of payments.

Note: fees and commissions on securities (such as broking, placement of issues, futures trading) are excluded from this survey.

Telecommunications – encompasses the transmission of sound, images or other information by telephone, telex, telegram, radio and television cable and broadcasting, satellite, electronic mail, facsimile services etc., but does not include the value of the information transported.

Computer and information services – covers design, engineering and management of computer systems (exclusive of the value of hardware) and the development and production of original (customized) software. Covers on-line information retrieval services, including database services and computer assisted document searches and retrievals, and operations of internet service providers. Also covers news agency services (as syndicated reporting services to the media).

Research and development – covers charges related to systematic investigations through experiment or analysis to achieve a scientific or commercial advance for, or through, the creation of new or significantly improved products or processes.

Professional services – includes services such as architectural, engineering and specialized design services, scientific and technical services.

Insurance – covers claims received from non-resident insurers and premiums paid to non-resident insurers. Insurance comprises life, accident and health, property, casualty, freight and other forms of risk protection.

Commissions on trade – covers commissions on goods and service transactions between resident merchants, commodity brokers, dealers, manufacturers' sales branches and commission agents and non-residents. Include auction commissions. Excluded are commissions already recorded in the price of goods imported and exported through Customs.

Training – covers charges for employee training and development; also covers such services to the educational market as testing, consulting and the development and delivery/adaptation of course materials and systems. Educational equipment sales and replications of course material for general sale are excluded. Fees incurred for attending full time university and college programs are beyond the scope of this survey and should not be included.

Audiovisual and cultural services – receipts and payments for the production of films and videos; includes receipts or payments for post-production, motion picture laboratory, sound recording, broadcasting, performing arts, rentals and distribution rights sold to the media for a limited number of showings in specified areas.

A complete list of definitions for all services covered by this survey is available upon request.

Commercial services do not cover the costs or revenues for transportation services (such as freight), travel expenses and fares, **goods imported or exported**, interest, or profits and losses. These transactions should not be reported on this survey. Salaries paid to non-Canadian employees from whom you complete a T4 slip (Statement of remuneration paid) **should not be** reported neither on this survey.

The Canadian reporting entity

The Canadian reporting entity, as a statistical unit, is defined as the organizational unit of a business that directs and controls the allocation of resources relating to its domestic operations, and for which consolidated financial and balance sheet accounts are maintained from which international transactions, an international investment position and a consolidated financial position for the unit can be derived.

The Canadian reporting entity should provide a fully consolidated report including itself and all of its **Canadian** subsidiaries and associates.

Service transactions to include or to exclude depending of the entities involved

Please include commercial service transactions conducted between the **Canadian reporting entity** (surveyed by this questionnaire) **and all foreign parties, related or not.**

Do not include transactions conducted between one of your foreign related parties and another foreign entity. For example, if your foreign affiliated entity purchases a service from an unrelated entity from another country, that transaction should not be included. Do not include transactions conducted between one of your foreign related parties and a Canadian unrelated party.

Transactions between your Canadian entity and another Canadian entity owned by foreign interests are to be excluded as well. However, you should report transactions when your entity purchases (or sells) commercial services from (to) your foreign parent or from (to) a foreign affiliated or associated entity.

How to report transactions

Report all the international commercial service transactions by partner country. Sales of commercial services are to be reported in the top half of the questionnaire under "Total Revenues Earned on services sold to non-residents" while purchases of commercial services are reported under "Total Expenses Incurred on services purchased from non-residents".

Amounts reported should be rounded in thousands of Canadian dollars. For example, an amount of C\$ 5,234,568.00 should be reported as "5,235" on the questionnaire. Amounts below C\$ 500.00 are rounded to "0" and should, therefore, be omitted.

Allocate transactions to countries by using the country codes from the "yellow sheet" included with the questionnaire. If a country is not included on the list, write the name of the country instead.

When actual amounts are not available, please estimate your service expenses and revenues. Specify, in the "Comments" section that amounts are estimated.

If you are not sure if a transaction has to be reported on this survey, you could report the amount and provide a description of the transaction in the "Comments" section.

If, after reading this guide, you confirm that your enterprise has no transaction of commercial services then please report "0" at line 1 on both revenues and expenses sections, sign the form and return it to Statistics Canada.

Example:

An enterprise is providing commercial services to three foreign clients:

1. It charges C\$50,000.00 to a subsidiary unit located in the United States for commercial services.
2. It charges C\$100,000.00 to an unaffiliated unit located in the United States for commercial services.
3. It charges C\$60,000.00 to a subsidiary company located in the United Kingdom for commercial services (report these transactions as revenue earned on services sold to non-residents since it is exporting commercial services).

The country code "USA" is entered on line 1 under the country code column and the country code "GBR" is entered on line 2 under the country code column.

The transactions with the two clients located in United States are summed and "150" is reported on line 1.

The revenues ("60") from the client located in United Kingdom are entered on line 2.

The total of all revenues ("210") is reported on line "Total revenues from all countries".

COMMERCIAL SERVICES TRANSACTIONS WITH NON-RESIDENTS (Please report in thousands of Canadian dollars)		During current quarter	
		Country Code	(Cdn. \$'000)
Revenues earned on services sold to non-residents	1	C1001 U S A	C11001 \$ 150
	2	C1002 G B R	C11002 \$ 60
	3	C1003	C11003 \$
	4	C1004	C11004 \$
	5	C1005	C11005 \$
	6	C1006	C11006 \$
	7	C1007	C11007 \$
	8	C1008	C11008 \$
	9	C1009	C11009 \$
	10	C1010	C11010 \$
Total revenues earned from all countries		C1011 T T L	C11011 \$ 210