

International Transactions in Commercial Services, 2015

Reporting guide for the BP-21S¹

Definition of commercial services

Commercial services cover several services such as management, telecommunications, financial services, insurance, commissions on trade, computer services, research and development, professional services, training, health services, audiovisual and cultural services. Payments and receipts for the authorized use of propriety rights such as patents, copyrights and industrial process and designs are also covered by the definition of commercial services.

Costs or revenues for transportation services (such as freight), travel expenses and fares, goods imported or exported, interest, or profits and losses **should not be** reported on this survey. Salaries paid to non-Canadian employees for whom you complete a T4 slip (Statement of remuneration paid) **should not be** reported on this survey.

For more details, please consult the “**Definitions and reference numbers**” section, on pages 6 and 7 of the BP-21S questionnaire on International Transactions in Commercial Services.

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.

Definitions of “Foreign related parties” and “Other foreign parties”

In this survey you are asked to report your transborder trade with foreign related parties and your transborder trade with other foreign (arm's length) parties.

Foreign related parties (or related entities) are entities in which investors have the ability to exercise significant influence by virtue of their investment. Foreign related parties include foreign parent companies, branches, subsidiaries and other related parties in which the parent owns at least 10% of the voting rights or is substantially controlled by the same shareholders (please refer to C.I.C.A. accounting standards).

A related entity is either the foreign parent, a foreign affiliate in which your enterprise owns or controlled at least 10% of the voting rights, or a foreign affiliate owned or controlled by your foreign parent but in which the Canadian reporting entity holds no interest or less than 10%.

Other foreign parties are all other foreign entities that cannot be defined as related parties.

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.

Why your enterprise has been selected to receive this survey

Your enterprise has been selected to receive this survey because you have reported international trade in services in the past.

Your enterprise could also have been selected randomly to represent other enterprises from the same economic sector as yours.

This survey is not intended only for enterprises from the service sector. Enterprises producing mainly goods could also have international transactions in commercial services. For example, they could pay royalties for the use of a technology.

¹ This guide is also valid for the questionnaire BP-17 (International Transactions between insurance brokers in Canada and their foreign affiliates, agents, and other companies or persons outside Canada)

How to report transactions

Report all the commercial service transactions by category of services (see the “Definitions and reference numbers” section on pages 6 and 7 of the questionnaire for more details), by partner country, and by affiliation between the parties involved.

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.

Please use separate page(s) if you have to report more than four countries.

When actual amounts are not available, please estimate your service expenses and revenues. Specify, in the “Comments” section on page 8, that amounts are estimated.

If you are not sure if a transaction has to be reported or not in this survey, you could report the amount at line 32 and provide a description in the “Comments” section on page 8.

If, after reading the definitions, your enterprise has no transaction of commercial services then report “0” at line 33 on both schedules A and B, 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 first subsidiary unit located in the United States for computer system development services
2. It charges C\$100,000.00 to a second subsidiary unit located in the United States for computer system development services
3. It charges C\$60,000.00 to an unaffiliated company located in the United Kingdom for financial advisory services

The enterprise must report these transactions on pages 2 and 3 (Schedule A), since it is exporting commercial services.

The country code “USA” is entered at the top of the first column, and the country code “GBR” is entered at the top of the second column.

The revenues from the clients located in United States will be reported on line 5 “Computer services”. The two clients located in United States are affiliated, so both transactions are summed and “150” is reported in the left cell of the first column on line 5, under “to related entities”.

The revenues from the client located in United Kingdom will be reported on line 4, “Financial services other than insurance”. The client located in United Kingdom is not affiliated, so “60” is reported in the right cell of the second column on line 4, under “to other entities”.

Commodity line totals for related and other transactions are reported in the last column to the right, transactions with related entities are summed up in the left cell and transactions with other entities are summed in the right cell. Country total for related and other transactions are reported on line 33. Finally, total revenues on exports for related and other transactions are reported in the two cells at the bottom right of the table (last column to the right, line 33).

Schedule A - Exports of commercial services, 2015									
For your operations in Canada, please report the value of services sold to customers abroad (revenues earned) during 2015 (or your nearest fiscal year)									
Please report net of Withholding Tax, and in Thousands of \$ Canadian									
Services (see definitions on page 4) Includes transactions concluded over the internet	Ref. No	Country		Country		Country		Total revenues on exports	
		Please enter country code from yellow sheet. Eg: JPN for Japan							
		USA		GBR					
		to foreign related parties	to other foreign parties	to foreign related parties	to other foreign parties	to foreign related parties	to other foreign parties	to foreign related parties	to other foreign parties
- Cdn. \$'000 -									
Telecommunications and related services	1								
Construction services	2								
Insurance claims received from non-resident insurers	3								
Financial services other than insurance	4				60				60
Other computer services	5	150						150	
Other. Please specify in the Comments section below	32								
Total revenues	33	150			60			150	60