Reporting Real Estate Investments on the 2019 BE-10 Survey



Topics Covered



- Brief overview of the BE-10 Benchmark Survey
- Instructions on filing the 2019 BE-10A and BE-10D survey forms for "smaller" real estate investments

What is the BE-10?



- U.S. Direct Investment Abroad (USDIA)
 - -U.S. ownership of a foreign business enterprise
 - -The U.S. owner is referred to as the "U.S. parent"
 - —The foreign business enterprise is referred to as the "foreign affiliate"
- Surveys of USDIA collect economic data on of U.S. parents and their foreign affiliates
 - A BE-10 Benchmark survey is required from any
 U.S. person that meets the reporting
 requirements, whether or not contacted by BEA

Real Estate on the BE-10 Survey



- U.S.-owned foreign real estate is considered a foreign affiliate.
 This includes:
 - Single unit rental properties which the owners use for part of the year and rent out the rest of the time
 - A multi-unit residential/commercial property which leases out apartments and/or retail space
 - Equity REITs that are primarily engaged in leasing buildings or other real estate properties to others

This excludes:

- Foreign residential real estate held by a corporation for the personal use of the corporation owner(s)
- Foreign residential real estate that is an owner's primary residence that is leased while the owner is out of the foreign country

Real Estate on the BE-10 Survey



"Real Estate" includes businesses engaged in:

- Renting or leasing real estate to others
- Managing real estate for others
- Selling, buying, or renting real estate for others
- Providing real estate related services

Real Estate on the BE-10 Survey



- A BE-10 report is required for foreign affiliates owned or controlled 10 percent or more by a U.S. person
 - One BE-10A form for the U.S. parent
 - One or more BE-10B, BE-10C, or BE-10D forms, depending on the size of the foreign affiliate(s)
- A BE-10D form is required if the foreign affiliate's assets, sales, and net income (loss) are all \$25 million or less
- This tutorial is intended for U.S. individuals filing foreign real estate investments with assets, sales, and net income (loss) all below \$25 million

Before we get started



- Aggregate foreign real estate investments in the same country held by a U.S. person to determine which form to file
 - The aggregate holdings are considered one "foreign affiliate"
- Do not aggregate foreign real estate investments in different countries
 - The investments in each country are considered separate foreign affiliates
- Certain form items might not be applicable, such as number of employees or intercompany debt
 - Enter zero or leave blank as appropriate



Completing a 2019 BE-10A and BE-10D Form

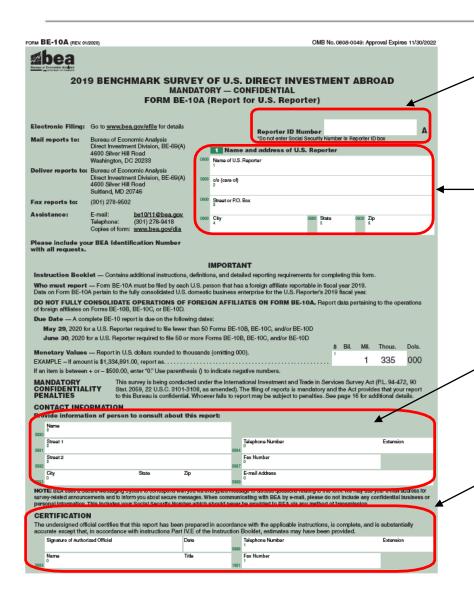
Filing a BE-10A and BE-10D Form



- Forms can be filed electronically at www.bea.gov/efile
 - Most convenient, provides submission confirmation, and lets you access previous filings with BEA
- Forms can also be mailed or faxed to BEA. Forms are available at www.bea.gov/be10
- Previous filers previous BE-10/11 filers and those notified to file by BEA have an assigned BE-10/11 ID, this ID is available in the letter you received from BEA
- First time filers may not have a BE-10 ID assigned, but you do not need a BEA ID to file electronically!

BE-10A Form



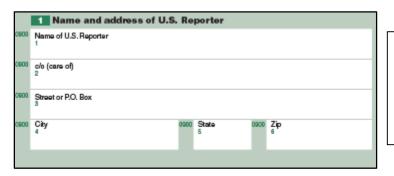


- Enter your BE-10 ID number (if you have one, also refer to slide 9)
- DO NOT enter Social Security Number on any forms
- Provide a consistently identifiable name for the U.S. person or business enterprise (i.e. the U.S. Reporter)
- An address where BEA can mail survey materials
- Provide contact information for the person who can answer questions about this report
- Provide information for the person certifying the report
- Can be same as the person listed in contact information or someone else

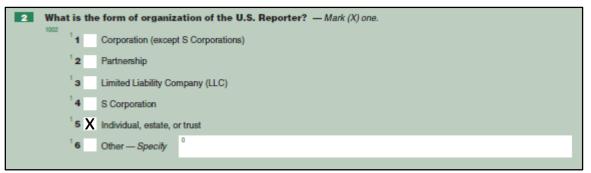
BE-10A Form



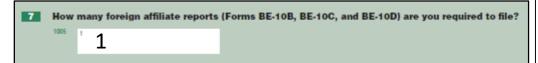
• If the U.S. person is an individual or an associated group of individuals, then they are only required to complete items 1, 2, and 7 on the BE-10A.



- Provide a consistently identifiable name for the owner (i.e. the U.S. Reporter)
- An address where BEA can mail survey materials



Item 2 – mark
 Individual, estate or trust



 Item 7 – enter the number of foreign affiliate forms required to be filed

BE-10D Form



• The BE-10D Form collects data for "small" foreign affiliates

Provide the following information for each foreign affiliate with assets, sales or gross operating revenues, AND net income (loss) less than or equal to \$25 million. Report affiliates with assets, sales or gross operating revenues, or net income (loss) greater than \$25 million on Form BE-10B or BE-10C, as appropriate.							
0	Amount (Thousands of U.S. dollars)						
				\$ Mil.	Thous.	Dols.	
Name of foreign affiliate	0			7			
Name of foreign anniate	2 – BEA USE ONLY		Total assets			000	
Country of location	2 - BEA USE UNLY			8			
Country of location			Total liabilities			000	
City of location		1	Sales or gross	9		000	
Only of location		3	operating revenues			000	
Primary industry code			Net income (loss) after foreign income tax	10		000	
		4	Debt and other intercompany balances:				
Number of employees			Owed to U.S. Reporter	11			
U.S. Reporter's	5 <u>Direct</u>	6 <u>Indirect</u>	by foreign affiliate			000	
percentage of			Owed to foreign affiliate	12			
ownership	%	%	by U.S. Reporter			000	

Name of Foreign Affiliate and Location



Name of foreign affiliate	0	
Country of location	2 – BEA USE ONLY	
City of location		1

- Provide the name of the foreign affiliate, country of location and city of location
- The address of the real estate can be used as the name of the foreign affiliate
- Do not consolidate real estate that is located in different countries, report them separately on the BE-10D Form

Primary Industry Code



Primary industry code

• From the drop down menu select "5310 – Real Estate"

Number of Employees



	4
Number of employees	

- Provide the number of full and part-time employees on the payroll of the real estate affiliate
- DO NOT include workers such as home cleaning services that are contracted from third parties
- Report "0" if you have no employees on the payroll of the real estate affiliate. This will likely be the case for most smaller rental property holders

U.S. Reporter's Percentage of Ownership



U.S. Reporter's	5 <u>Direct</u>	6 <u>Indirect</u>
percentage of		
ownership	%	%

- Report the U.S. Reporter's percentage of direct and indirect ownership of the foreign affiliate
 - Real estate can be wholly owned by a single U.S. person or an associated group of individuals. In most cases the Direct percentage will be 100%
 - If the U.S. person owns the real estate through another foreign affiliate, such as a holding company, report the ownership in the box for Indirect. In such a case, a report is also required for the holding company

Total Assets and Liabilities



	\$	Mil.	Thous.	Dols.
	7			
Total assets				000
	8			
Total liabilities				000

Total assets:

- Use the fair market value of the property to report your asset value
- If fair market value is not known, use historical cost or the purchase price of the property

Total liabilities:

 Provide the value of any liabilities, such as an outstanding mortgage, associated with the property

Sales and Net Income (loss)



Sales or gross operating revenues	9	000
Net income (loss) after foreign income tax	10	000

Sales or gross operating revenues:

- Provide the gross rental income of the property
 - Do not deduct any expenses, report the sum collected from rental payments by tenants

Net income (loss):

• For a rental property this would normally represent rental revenue (sales), minus property related expenses, i.e. homeowner association (HOA) fees, property taxes, etc.

Debt and Other Intercompany Balances



Debt and other intercompany balances:		
Owed to U.S. Reporter by foreign affiliate	11	000
Owed to foreign affiliate by U.S. Reporter	12	000

- These items collect the amount of debt between the U.S. owner and the foreign affiliate
- This item will not be applicable to most rental property holders.
 If so, enter "0"
- Do not report an outstanding mortgage balance as an intercompany payable

Additional Information



- Additional resources including survey forms, contact information, and guidance materials such as frequently asked questions (FAQs) are available at www.bea.gov/be10
- File forms electronically at www.bea.gov/efile

Please note that while BEA's surveys are mandatory and businesses are required by law to respond, the contents of these guidance documents do not have the force and effect of law and are not meant to bind the public in any way. These documents are intended only to provide clarity to the public regarding existing requirements under the law or Department policies.