

II. EXPLANATIONS

CONTENT OF SURVEY: DEFINITION OF GOODS TRADE

The general current account survey for companies from all sectors encompasses 22 categories, divided into trade in services, trade in goods, investment income and transfers. As regards trade in goods, it should be noted that the survey covers only those goods which do not cross the Swiss border or incur customs duty in Switzerland. For the current account, data on goods incurring customs duty in Switzerland are reported directly by the Swiss Customs Administration.

DEFINITION OF CROSS-BORDER TRANSACTIONS

One of the contracting parties (private or public entity) is resident in Switzerland and the other is either resident in a foreign country or is a foreign state, an international organisation or a diplomatic institution (embassy, consulate) of a foreign state. Also included is all cross-border trade within corporate groups. In principle, the distinction between resident and non-resident, and between individual countries, will be made according to the country of domicile of the contracting party and not according to the place where the service is performed. The Principality of Liechtenstein is classed as part of the domestic market.

Receipts: The service recipient is resident in a foreign country, while the service provider is resident in Switzerland or the Principality of Liechtenstein.

Expenses: The service recipient is resident in Switzerland or the Principality of Liechtenstein, while the service provider is resident in a foreign country.

If both contracting parties are resident in Switzerland or the Principality of Liechtenstein, transactions shall not be reported. If both contracting parties are resident in a foreign country, transactions shall not be reported.

GEOGRAPHICAL BREAKDOWN

All items must be broken down by country, with the following exceptions:

- Freight transport (3.1)
- Transport, auxiliary and supporting services (3.3)
- Receipts (total) from merchanting, which are to be broken down by category of goods (11.1 to 11.9)

For more information on the geographical breakdown, see the 'Country definitions' worksheet.

ESTIMATES

Data estimates will be accepted for all items as long as the estimates have been made on a best efforts basis. Estimates may be necessary in the following cases: allocation of residual turnover, allocation of operating overheads (cf. also 'Intragroup transactions'), reallocation from main items to sub-items, allocation of transactions to countries or regions. In such cases, the SNB recommends using an allocation formula based on plausible assumptions. The same formula can be used for several quarters, or even years, provided the underlying assumptions do not change. For queries and assistance relating to estimates or estimation methods, entities are invited to contact the SNB, which will be happy to help.

Example (allocating to countries using an allocation formula):

Entity XYZ Ltd reports total receipts of CHF 100 million, of which CHF 40 million (40%) are allocated to 'Germany' and CHF 30 million (30%) to 'France'. The information in the reporting system does not allow a clear allocation of the remaining CHF 30 million (= 30%). However, it is known that the residual amount is divided almost equally between 'Italy' and 'Spain'. On the basis of this information, XYZ Ltd applies the following allocation formula: 50% to 'Italy' and 50% to 'Spain'. XYZ Ltd thus reports CHF 15 million under 'Spain' (= CHF 30 million x 50%) and CHF 15 million under 'Italy' (= CHF 30 million x 50%).

INTRAGROUP TRANSACTIONS

Cross-border transactions within a corporate group must also be reported.

- Intragroup transactions must be reported at market prices; should these be unavailable, intragroup transfer prices will be accepted.
- Only the amount paid for intragroup services should be reported. For instance, where payment is made on the basis of a ‘cost plus’ contract for the intermediation of services, only the sum paid for the intermediation should be reported, but not the value of the services themselves.
- Operating overheads must be divided and allocated to the individual service categories, such as 6. Financial services, 8.2 Computer services, etc. (cf. II. Explanations, Estimates).

CENTRALISED/DECENTRALISED REPORTING (GROUP REPORT)

Where several companies within a group are required to report in Switzerland, the group may either submit an aggregated report for all group companies in Switzerland, or the individual reporting companies may report their transactions themselves. If a group submits an aggregated report, it should notify the SNB as to which companies in Switzerland are covered by the report (cf. the ‘Start’ worksheet, table for group report).

VALUATION

Transactions must be reported at market prices.

GENERAL CONTRACTORS

If, in the performance of a contract, a resident general contractor subcontracts (parts of) the contract to another, *non-resident* entity, the services provided by the non-resident subcontractor should be reported by the general contractor as services imports (expenses). If, in the performance of a contract, a resident general contractor subcontracts (parts of) the contract to another, *resident* entity, the services rendered by the resident subcontractor should not be reported by the general contractor. In both cases, it is irrelevant whether the contract is being performed for a resident or non-resident customer.

CONVERSION RULES FOR TRANSACTIONS IN FOREIGN CURRENCY

It is recommended that the quarterly average exchange rate be used.

NEGATIVE VALUES

As a rule, receipts and expenses are to be reported in positive figures. Exceptions are detailed in the corresponding items in the notes.

These notes complement general information on reporting and the delivery formats on our website www.snb.ch, *Statistics, Surveys*.

III. DESCRIPTION OF CATEGORIES

In the notes below, the following simplified designations are used:

Entity based in Switzerland or the Principality of Liechtenstein -> resident entity

Entity based outside Switzerland or the Principality of Liechtenstein -> non-resident entity

TRADE IN SERVICES

Item	Trade in services: Categories		
1.	<p>Manufacturing services abroad on physical inputs (only applies to goods that do not cross the Swiss border for processing; expenses only)</p>	<p>Description</p> <p>Remuneration for the processing of goods; the goods continue to be owned by the customer. This category includes the processing of raw materials (oil refining, liquefaction of natural gas, etc.), assembly (clothing, electronics, etc.), surface treatments, labelling, and so forth. The goods for processing do not cross the Swiss border at any time, during either purchase or sale. The fee charged by the processor, which covers the cost of materials and labour, is to be reported, rather than the difference between the cost value and the gross receipts from the sale of the goods after processing (-> Trade in goods related to manufacturing services abroad on physical inputs (20.)). Note on accrual reporting: Receipts and expenses for a transaction should be reported in the quarter in which they are recognised in the income statement. This means that expenses for manufacturing services on physical inputs (1.) and for goods (20.) need only be reported in the quarter in which the receipts for the processed goods (20.) accrue. (Cf. also IV. Special issues, IV. 4. Accrual reporting: Merchanting (11.), Trade in goods related to manufacturing services abroad on physical inputs (1. and 20.), Trade in goods related to production abroad (19. and 21.)).</p> <p>Excluding: Manufacturing services on physical inputs, during which the goods cross the Swiss border -> not covered by this survey Expenses for production abroad (tolling contracts, global production) -> Production abroad (19.) Receipts and expenses for trade in goods related to manufacturing services abroad on physical inputs -> Trade in goods related to manufacturing services abroad on physical inputs (20.) Packing incidental to transport -> Transport, auxiliary and supporting services (3.3) Assembly as part of construction work -> Construction (4.X.3)</p>	<p>Example</p> <p>1. Manufacturing services abroad on physical inputs (expenses) A resident commodities trader pays a non-resident entity a fee for refining crude oil abroad.</p>

Item	Trade in services: Categories		
Note			
Cf. also IV. Special issues, IV.1 Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.).			
19.	Production abroad (global production chains, tolling) (only applies to goods (raw materials, semi-finished products, finished products) that do not cross the Swiss border; expenses only)	<p data-bbox="539 571 662 593">Description</p> <p data-bbox="539 624 981 1102">Fees for the production of goods abroad (global production chains, tolling contracts, global manufacturing). The purchaser owns the goods throughout the entire production chain, i.e. from the purchase of the raw materials to the finished product or sale of the finished product; the goods do not cross the Swiss border at any time, either during the purchase of the raw materials or semi-finished products, or during the sale of the finished product. The production costs paid by the purchaser to the non-resident producer are to be reported, rather than the difference between the cost value of the raw materials and the proceeds from the sale of the finished product (-> Trade in goods related to production abroad (global production chains, tolling; 21.)).</p> <p data-bbox="539 1106 981 1449">Note on accrual reporting: Receipts and expenses for a transaction should be reported in the quarter in which they are recognised in the income statement. This means that expenses for production (19.) and goods (21.) need only be reported in the quarter in which the receipts for the produced goods (21.) accrue. (Cf. also IV. Special issues, IV. 4. Accrual reporting: Merchanting (11.), Trade in goods related to manufacturing services abroad on physical inputs (1. and 20.), Trade in goods related to production abroad (19. and 21.)).</p> <p data-bbox="539 1476 651 1498">Excluding:</p> <p data-bbox="539 1503 938 1603">Production abroad, using goods (raw materials, semi-finished products) which cross the Swiss border -> not covered by this survey</p> <p data-bbox="539 1608 981 1736">Gross receipts and gross expenses for trade in goods related to production abroad (global production chains, tolling) -> Trade in goods related to production abroad (global production chains, tolling; 21.)</p>	<p data-bbox="992 571 1086 593">Example</p> <p data-bbox="992 624 1425 676">19. Production abroad (global production chains, tolling; expenses)</p> <p data-bbox="992 680 1436 862">A resident furniture manufacturer buys raw materials (e.g. timber) in Russia for the manufacture of furniture in Poland (expenses; 21.) The resident company pays a fee for the manufacture of the furniture to the company based in Poland (expenses; 19.). The finished furniture is then sold to Latvia (receipts; 21.)</p>

Item | Trade in services: Categories

Note

Expenses related to global production chains, tolling contracts, and toll processing/ manufacturing are to be reported under this category. In such transactions, the resident entity buys the raw materials for production abroad (gross expenses from trade in goods; 21.). The raw materials are then processed abroad by a non-resident entity to produce finished goods. The resident entity pays a fee for the production abroad to the non-resident producer (Production abroad (global production chains, tolling; 19.)). The resident entity remains the legal owner of the raw materials, i.e. there is no change of ownership. The processed goods are then resold by the resident entity – directly from the warehouse abroad of the non-resident manufacturing company – to other non-resident entities (gross receipts from trade in goods; 21.).
Cf. also IV. Special issues, IV.1 Definition of merchandising (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.).

2.	Maintenance and repair services	Description	Examples
(does not apply to goods that temporarily cross the Swiss border for maintenance or repair purposes; excluding construction maintenance and repairs (4.) as well as maintenance and repairs of computers (8.2))		<p>This category covers both minor repairs that maintain the item in working order, such as vehicle breakdown services, and major repairs that extend the efficiency or capacity of the good or extend its life.</p> <p>Maintenance and repairs of ships, aircraft and other transport equipment also belong in this category.</p> <p>The fees charged for maintenance and repairs cover both the value of the work done and any parts or materials supplied by the repairer, rather than the difference in the gross value of the goods before and after repairs.</p> <p>Receipts: Fees for maintenance and repairs by resident entities on goods owned by non-resident entities.</p> <p>Expenses: Fees for maintenance and repairs by non-resident entities on goods owned by resident entities.</p> <p>Excluding: Fees for maintenance and repairs of goods temporarily imported into or exported out of Switzerland for maintenance or repair purposes -> not covered by this survey Cleaning of transport equipment -> Transport, auxiliary and supporting services (3.3) Construction maintenance and repairs -> Other construction (4.X.3) Maintenance and repairs of computers -> Computer services (8.2)</p>	<p>Receipts A resident engineering company performs maintenance of an oil pump in the Middle East for a non-resident entity.</p> <p>Expenses A resident airline pays a fee to a non-resident entity for repair of an aircraft.</p>
		<p>Note</p> <p>–</p>	

Item	Trade in services: Categories		
3.	Transport services (freight forwarding and logistics companies should only report passenger transport)	Description 3.1 Freight transport Remuneration for freight transport which is <i>not billed through a resident freight forwarding and logistics company</i> , leasing (rental) or charters of transport equipment with crew, etc. Receipts: From transports by resident entities on behalf and at the expense of non-residents; including transports in the non-resident's country of domicile. Expenses: For transports by non-resident entities on behalf and at the expense of residents; including transports in the compiling economy. Excluding: Transport costs associated with merchanting transactions -> Merchanting (11.) Leasing (rental) and charters of transport equipment, without crew -> Operating leasing (9.3.4) Note This category is not to be reported by freight forwarding and logistics companies. Freight transports are to be reported without any breakdown by country or mode of transport. 3.2 Passenger transport This includes remuneration for cross-border passenger transport, leasing (rental) or charters of transport equipment with crew, etc. Receipts: From transports abroad of non-residents by resident entities. Expenses: For transports of residents by non-resident entities in the compiling economy and abroad, excluding transports in the non-resident entity's country of domicile. 3.2.X Modes of transport Receipts from and expenses for passenger transports are to be broken down by mode of transport. 1. Air 2. Rail 3. Road 4. Sea 5. Inland waterway Excluding: Receipts: From passenger services provided within a territory to non-residents by residents -> not covered by this survey Expenses: For passenger services provided to residents by non-resident carriers within the non-resident carrier's country of domicile -> not covered by this survey Cruise fares -> not covered by this survey Leasing (rental) and charters of transport equipment, without crew -> Operating leasing (9.3.4)	Examples Receipts 3.1 Freight transport A resident shipping company transports goods from Basel to Rotterdam for a non-resident customer; <i>the transport is organised and billed by a non-resident freight forwarding company.</i> 3.2.1 Passenger transport (air) A resident airline transports a non-resident from Zurich to Delhi. 3.3 Auxiliary and supporting services A resident air traffic control company provides a non-resident airline with air traffic control services during landing. Expenses 3.1 Freight transport A resident entity pays a non-resident shipping company to transport goods by sea from Rotterdam to New York; <i>the transport is organised and billed by a non-resident freight forwarding company.</i> 3.2.1 Passenger transport (air) A resident entity pays a non-resident airline the airfare for a resident staff member to fly from Frankfurt to Singapore. 3.2.2 Passenger transport (rail) A resident entity pays a non-resident rail operator for a resident staff member's journey from Zurich to Paris. 3.2.3 Passenger transport (road) A resident service company pays a non-resident bus operator for a resident staff member's journey from Zurich to Munich (a journey from Frankfurt to Berlin is not to be reported). 3.3 Auxiliary and supporting services A resident railway operator pays fees to a non-resident railway operator for use of the rail network.

Item | Trade in services: Categories

Note

If a breakdown by mode of transport is not possible for passenger transports, the following estimation method can be used:

- Passenger transports to countries bordering Switzerland: 2/3 air, 1/3 rail;
- Passenger transports to other countries: 1/1 air;
- The remaining three modes of transport (road, sea, inland waterway) are disregarded.

3.3 Auxiliary and supporting services

Remuneration for brokerage, pilotage, air traffic control, cleaning performed in ports and airports on transport equipment, transport costs of salvage operations, storage and warehousing, navigational aid, etc.

Freight transport: Only those auxiliary and supporting transport services which are not billed through a resident freight forwarding company.

Passenger transport: All auxiliary and supporting transport services.

Excluding:

Auxiliary and supporting transport services which are billed through a resident freight forwarding company -> not covered by this survey

Maintenance and repairs on transport equipment -> Maintenance and repair services (2.)

Note

This category is not to be reported by freight forwarding and logistics companies.

Auxiliary and supporting transport services are to be reported without any breakdown by country or mode of transport.

3.4 Electricity transmission

Remuneration for the movement or transfer of electric energy at high voltage over an interconnected group of lines and associated equipment between points of supply and the points at which it is transformed to low voltage for delivery to consumers or delivery to other electric systems.

Excluding:

Electricity distribution (delivery of electricity from the substation to the consumer) -> Other business services (9.3.7)

The electricity itself -> not covered by this survey

3.5 Pipeline transport

Remuneration for the international transport in pipelines of gas, petroleum and other goods.

Item	Trade in services: Categories			
	<p>3.6 Space transport</p>	<p>This includes remuneration for satellite launches undertaken by commercial enterprises for the owners of the satellites (such as telecommunications companies) and other operations performed by operators of space equipment, such as transport of goods and people for scientific experiments; space passenger transport; payments made by an economy for the use of another economy's space vehicles.</p>	<p>3.7 Other transport services</p>	<p>This category should be used to report all transport-related receipts and expenses which cannot be allocated to any other category.</p>
	<p>3.8 Postal and courier services</p>	<p>Remuneration for the pick-up, transport and delivery of letters, newspapers, parcels, express deliveries, door-to-door deliveries, post office counter services, sales of stamps, poste restante services, telegram services, etc.</p>	<p>Excluding:</p>	<p>Financial services rendered by postal administration entities -> Financial services (6.)</p>
<p>4.</p>	<p>Construction (only for construction projects scheduled to take less than a year to complete)</p>	<p>Description</p> <p>Remuneration for construction work on structures of all kinds, such as general construction, renovation, repair, installation and assembly, plumbing and demolition; management of construction projects; outgoings for the acquisition of goods (such as machinery and equipment, and construction materials) and services (such as payment of construction workers) abroad, which are needed for construction.</p> <p>4.1 Construction abroad (construction sites abroad)</p> <p>Receipts: Remuneration for construction services provided by a resident entity for a non-resident customer on construction sites abroad.</p> <p>Expenses: Expenses of a resident construction company for acquisitions of goods and services for construction sites abroad.</p> <p>4.2 Construction in the compiling economy (construction sites in the compiling economy)</p> <p>Receipts: Receipts of resident entities from sales of goods and services to non-resident construction companies for construction sites in the compiling economy.</p> <p>Expenses: Remuneration for construction services provided by a non-resident entity for a resident customer on construction sites in the compiling economy.</p>	<p>Examples</p> <p>Receipts</p> <p>4.1.1 Construction abroad (construction sites abroad), building construction A resident construction company builds an office complex in Munich for a non-resident customer.</p> <p>4.2.2 Construction in the compiling economy (construction sites in the compiling economy), civil engineering A resident entity sells concrete to a non-resident construction company which is building a section of motorway in Switzerland.</p> <p>Expenses</p> <p>4.1.1 Construction abroad (construction sites abroad), building construction A resident construction company buys materials in Munich for construction of an office complex in Munich.</p> <p>4.2.2 Construction in the compiling economy (construction sites in the compiling economy), civil engineering A resident entity commissions a non-resident construction company to build a section of motorway in Switzerland.</p>	

Item | Trade in services: Categories

4.X.1 Building construction

This refers to construction work on structures that are above ground level (housing, office and commercial buildings, public buildings, etc.). This includes new construction, refurbishment, extension, conversion, assembly of prefabricated constructions on the construction site, and temporary structures.

4.X.2 Civil engineering

This refers to construction work on structures that are at or below ground level (highways, bridges, tunnels, railways, airport runways, harbours, etc.). This includes new construction, refurbishment, extension, conversion, assembly of prefabricated constructions on the construction site, and temporary structures.

4.X.3 Other construction

This refers to maintenance and repairs on buildings, specialised building construction and civil engineering services, such as work on project sections or associated site preparation, as well as completion and finishing work (such as masonry work, roofing; installation of water supply systems, heating, ventilation and air-conditioning systems, antennas, alarm systems and lifts; lighting and signal installation for highways and airports, etc; laying of floors such as tiles and parquet; wall covering activities such as paper hanging; sanding of floors, etc.)

Excluding:

Construction projects scheduled to take a year or more to complete -> not covered by this survey

Note

The basis for the geographical breakdown is the country of domicile of the customer, not the location of the construction site (cf. II. Explanations, Definition of cross-border transactions).

General contractors: If, in the performance of a contract, a resident general contractor subcontracts (parts of) the contract to another, non-resident entity, the services provided by the non-resident subcontractor should be reported by the general contractor as services imports (expenses). It is irrelevant whether the contract is being performed for a resident or non-resident customer (cf. II. Explanations, General contractors).

Item	Trade in services: Categories		
5.	Insurance (not to be reported by insurance corporations)	Description 5.1 Premiums paid to non-resident insurance corporations (expenses only) Premium payments by resident entities to non-resident insurance corporations. 5.2 Claims paid by non-resident insurance corporations (receipts only) Claims payments by non-resident insurance corporations to resident entities. 5.3 Auxiliary insurance services Remuneration for activities related to insurance and pension fund operations: insurance brokerage and agency services, insurance and pension consultancy services, evaluation and loss adjustment services, actuarial services and advice, salvage administration services, and regulatory and monitoring services on indemnities and recovery services. Excluding: Transport costs associated with salvage operations -> Transport, auxiliary and supporting services (3.3) Insurance premiums associated with merchanting transactions -> merchanting (11.)	Examples Receipts 5.2 Claims paid by non-resident insurance corporations (receipts only) A resident credit card issuer receives claims payments from non-resident non-life insurance corporations. 5.3 Auxiliary insurance services A resident insurance expert is paid a fee to provide actuarial advisory services for a non-resident insurance corporation. Expenses 5.1 Premiums paid to non-resident insurance corporations (expenses only) A resident entity pays premiums to a non-resident non-life insurance corporation for corporate liability insurance. 5.3 Auxiliary insurance services A resident entity pays a fee to a non-resident insurance corporation for insurance consultancy services.
		Note -	

Item	Trade in services: Categories		
6.	Financial services (not to be reported by banks)	Description Commissions, brokerage fees, charges for financial intermediation and associated services, such as credit brokerage, management of operating/custody accounts, asset management, investment advice, securities underwriting, financial leasing, documentary credit business, factoring, custody, securities trading and settlement, mergers and acquisitions, commissions for fiduciary transactions, investment of fiduciary funds, fees for the brokerage of fiduciary transactions and the like; retrocessions (fees for the brokerage of products for marketing units; such as retrocessions from custody business, trading, sales of financial products, acquisition business). Excluding: Investment income, such as interest payments -> not covered by this survey Services rendered by insurance corporations -> Insurance (5.) Services rendered by pension funds -> not covered by this survey Consultancy services associated with corporate finance -> Business and management consulting and public relations services (9.2.3) Investment income: Investment income from financial leasing -> Investment income from financial leasing (14.) Note Some companies have the sole or predominant function of holding and managing financial assets on behalf of their owners (such as mutual funds, holding companies, trusts and special purpose entities). In the process of managing those assets, these companies incur administrative expenses, such as payments to fund managers, custodians, banks, accountants, lawyers, or their own staff. The expenses can be charged for explicitly as a fee, or implicitly by being paid out of investment income received or out of the assets of the company. The expenses implicitly paid for should be recognised as a service to the owners.	Examples Receipts A resident holding company brokers a credit for a non-resident subsidiary; the holding company receives a brokerage fee. Expenses A resident entity pays fees to a non-resident bank for securities settlement.

Item	Trade in services: Categories		
7.	Charges for the use of intellectual property n.i.e.	<p>Description</p> <p>Charges for the use of intellectual property rights (excluding computer software (8.2) and audiovisual content (10.1)) arising from research and development, as well as trademarks (such as patents, copyrights, industrial processes and designs including trade secrets), and franchises; Charges for licences to reproduce and distribute intellectual property (including computer software and audiovisual content) embodied in produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable or satellite broadcast).</p> <p>Excluding: Charges for the use (excluding reproduction and distribution) of computer software -> Computer services (8.2) Sales and purchases of licences to use computer software -> Computer services (8.2) Sales and purchases of proprietary rights arising from research and development -> Purchases and sales of proprietary rights arising from research and development (9.1.2) Management of licences and patents -> Other business services (9.3.7) Charges for the use (excluding reproduction and distribution) of audiovisual content -> Audiovisual and related services (10.1) Sales and purchases of licences to use audiovisual content -> Audiovisual and related services (10.1) Charges associated with merchanting transactions -> Merchanting (11.) Sales and purchases of franchises and trademarks -> Capital transfers (18.) Purchases or sales of computer software or audiovisual content on physical storage devices with licence for perpetual use -> not covered by this survey</p>	<p>Examples</p> <p>Receipts A resident chemical company transfers the use of a patent to a non-resident subsidiary in return for a fee (no sale).</p> <p>Expenses A resident entity pays a licence fee to a non-resident entity for the right to put the non-resident entity's new medicine into mass production in a given market.</p>
		<p>Note</p> <p>Cf. IV. Special issues, IV.2 Definitions in the treatment of intellectual property.</p>	

Item	Trade in services: Categories		
8.	Telecommunications, computer and information services		
8.1	Telecommunications services	Description	Examples
		<p>Remuneration for transmission of data (such as sound, images and other information) via communication equipment (such as internet, telephone, telex, telegram, radio and television cable transmission, e-mail, facsimile, teleconferencing, etc.) and associated services; remuneration for internet access via fixed network or WLAN, mobile telecommunications services, etc.</p> <p>Excluding: Installation of telecommunications equipment -> Construction (4.X.3) Database services -> Other information provision services (8.3.2) The value of the data transmitted -> not covered by this survey</p> <p>Note –</p>	<p>Receipts A resident telecommunications company receives payments for roaming charges from a non-resident telecommunications company.</p> <p>Expenses A resident entity pays a fee for the use of a non-resident entity's satellite transmission services.</p>
8.2	Computer services	Description	Examples
		<p>Remuneration for development, production and documentation of customised software, including operating systems, and related licences to use, as well as purchases and sales; charges for licences to use non-customised software provided on a storage device (such as a CD-ROM) with a periodic licence fee; remuneration for non-customised software delivered electronically (such as in the form of downloads).</p> <p>Remuneration for hardware and software consultancy and implementation services, including the management of subcontracted computer services; hardware and software installation; maintenance and repairs of computers and peripheral equipment; data backup and recovery services; analysis, programming and design of systems ready to use (including webpage development and design), and technical consultancy related to software; systems maintenance and repairs, and other support services; training on customised software; data processing and hosting services (such as data entry and processing); webpage hosting services.</p>	<p>Receipts A resident parent company performs software maintenance for a non-resident subsidiary.</p> <p>Expenses A resident entity commissions a non-resident entity to develop a corporate application.</p>

Item	Trade in services: Categories		
	<p>Excluding: Charges for licences to reproduce and distribute software -> Charges for the use of intellectual property (7.) Training on non-customised software -> Education services (10.3) Purchases or sales of non-customised software on physical storage devices with licence for perpetual use -> not covered by this survey</p> <p>Note Cf. IV. Special issues, IV.2 Definitions in the treatment of intellectual property.</p>		
8.3	Information services	Description	Examples
	<p>8.3.1 News agency services Remuneration for the provision of news, stock market data, photographs, editorials, feature articles and documentary reports to the media.</p> <p>8.3.2 Other information provision services Remuneration for database services such as database design, data storage and retention, dissemination of data and databases (including directories and mailing lists), and services associated with internet search engines. Remuneration for library and archive services, and for direct non-bulk subscriptions to newspapers and periodicals; downloaded content that is not software, audio or video.</p> <p>Excluding: Software downloads -> Computer services (8.2) Downloads of audiovisual content -> Audiovisual and related services (10.1) Bulk newspapers and periodicals (such as daily newspapers, fashion magazines) -> not covered by this survey</p> <p>Note -</p>	<p>Receipts</p> <p>8.3.1 News agency services A resident entity which operates a photography database supplies a non-resident media organisation with photographs for a news report.</p> <p>8.3.2 Other information provision services A resident entity develops a customer database for a non-resident entity.</p> <p>Expenses</p> <p>8.3.1 News agency services A resident media company pays fees to a non-resident company for the regular provision of stock market data.</p> <p>8.3.2 Other information provision services A resident entity pays a fee to a non-resident entity for external data storage.</p>	

Item	Trade in services: Categories		
9.	Other business services		
9.1	Research and development	<p>Description</p> <p>9.1.1 Research and development services Remuneration for services related to basic and applied research, product and process development, such as functional design of packaging.</p> <p>9.1.2 Purchases and sales of proprietary rights arising from research and development Remuneration for purchases and sales of proprietary rights arising from research and development.</p> <p>Excluding: Purchases and sales of proprietary rights not arising from research and development -> 18. Capital transfers Remuneration for use of proprietary rights arising from research and development -> Charges for the use of intellectual property (7.) Consultancy work -> Management consulting and public relations services (9.2.3) Technical studies -> Scientific and other technical services (9.3.3)</p> <p>Note</p> <p>Cf. IV. Special issues, IV.2 Definitions in the treatment of intellectual property.</p>	<p>Examples</p> <p>Receipts</p> <p>9.1.1 Research and development services A resident pharmaceutical company is commissioned by a non-resident entity to carry out applied research.</p> <p>9.1.2 Sales of proprietary rights arising from research and development A resident pharmaceutical company sells the patent on a researched active ingredient to a non-resident entity.</p> <p>Expenses</p> <p>9.1.1 Research and development services A resident biotech company commissions a non-resident entity to develop a new product.</p> <p>9.1.2 Purchases of proprietary rights arising from research and development A resident pharmaceutical company purchases the patent on a researched active ingredient from a non-resident university.</p>
9.2	Professional and management consulting services	<p>Description</p> <p>9.2.1 Legal services Remuneration for legal advice and representation in legal and judicial proceedings, preparation of legal documents and instruments, certification and authentication as well as arbitration and custodianship.</p> <p>9.2.2 Accounting, auditing, bookkeeping and tax consulting services Recording of commercial transactions for businesses and others; examination services of accounting records and financial statements; business tax planning and consulting; preparation of tax documents.</p> <p>9.2.3 Business and management consulting and public relations services Advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organisation; management auditing, market management, human resources, production management and project management consulting; advisory, guidance and operational services related to improving the image of the clients and their relations with the public, consultancy associated with corporate finance.</p>	<p>Examples</p> <p>Receipts</p> <p>9.2.1 Legal services A resident legal firm represents a non-resident entity in a legal dispute.</p> <p>9.2.2 Accounting, auditing, bookkeeping and tax consulting services A resident firm of auditors audits the accounts of a non-resident entity.</p> <p>9.2.3 Business and management consulting and public relations services A resident business consultant provides public relations advice to a non-resident entity.</p> <p>9.2.4 Marketing, market research and advertising A resident advertising agency is commissioned by a non-resident manufacturing company to promote its products.</p> <p>Expenses</p> <p>9.2.1 Legal services A non-resident legal firm is commissioned by a resident entity to negotiate contracts with third parties.</p>

Item	Trade in services: Categories															
	<p>9.2.4 Marketing, market research and advertising Remuneration for advertising, market research, opinion polls, including design, creation and marketing of advertisements by advertising agencies; media placement, including purchase and sale of advertising space; exhibition services provided by trade fairs; product marketing; telemarketing; optical design of packaging; organisation of congresses, trade fairs, exhibitions and events.</p> <p>Excluding: Marketing costs associated with merchanting transactions -> Merchanting (11.)</p> <p>Note -</p>	<p>9.2.2 Accounting, auditing, bookkeeping and tax consulting services A resident entity pays a non-resident business consultant for tax advice.</p> <p>9.2.3 Business and management consulting and public relations services A resident entity pays a non-resident business consultant to provide support in implementing a new business strategy.</p> <p>9.2.4 Marketing, market research and advertising A resident market research institute commissions a non-resident call centre to conduct opinion polls.</p>														
9.3	Technical, trade-related and other business services	<table border="1"> <thead> <tr> <th data-bbox="539 913 660 936">Description</th> <th data-bbox="995 913 1098 936">Examples</th> </tr> </thead> <tbody> <tr> <td data-bbox="539 972 979 1075"> <p>9.3.1 Architectural services Remuneration for services such as architectural design of urban and other development projects, etc.</p> </td> <td data-bbox="995 972 1439 1128"> <p>Receipts</p> <p>9.3.1 Architectural services A resident firm of architects is commissioned by a non-resident entity to draw up architectural designs for a museum extension in Milan.</p> </td> </tr> <tr> <td data-bbox="539 1106 979 1263"> <p>9.3.2 Engineering and planning services Design, development and utilisation of machines, materials, instruments, structures, processes and systems; provision of designs, plans and studies related to engineering projects.</p> </td> <td data-bbox="995 1151 1439 1263"> <p>9.3.2 Engineering and planning services A resident engineering firm is commissioned by a non-resident entity to develop a production process for the manufacture of plastics.</p> </td> </tr> <tr> <td data-bbox="539 1285 979 1366"> <p>Excluding: Mining engineering -> Other business services (9.3.7)</p> </td> <td data-bbox="995 1285 1439 1420"> <p>9.3.3 Scientific and other technical services A resident land surveying company is commissioned by a non-resident customer to gather geodata in the high alpine region.</p> </td> </tr> <tr> <td data-bbox="539 1397 979 1532"> <p>9.3.3 Scientific and other technical services Remuneration for surveying, cartography, product testing and certification, and technical inspection services.</p> </td> <td data-bbox="995 1442 1439 1554"> <p>9.3.4 Operating leasing A resident cargo company leases containers for a freight consignment to a non-resident merchandise trader.</p> </td> </tr> <tr> <td data-bbox="539 1554 979 1635"> <p>Excluding: Inspection of goods -> Trade-related services (9.3.5)</p> </td> <td data-bbox="995 1576 1439 1688"> <p>9.3.5 Trade-related services A resident goods inspector performs certification of a goods delivery for a non-resident trading company.</p> </td> </tr> <tr> <td data-bbox="539 1666 979 1870"> <p>9.3.4 Operating leasing Leasing (rental) and charters of transport equipment without crew, of other equipment such as ships and aircraft without crew, railway cars, containers, rigs, etc., and of machinery; operating leasing of dwellings and other buildings, rental of exhibition booths at trade fairs.</p> </td> <td data-bbox="995 1711 1439 1823"> <p>9.3.6 Waste treatment and depollution services A resident recycling company recycles PET bottles for a non-resident entity.</p> </td> </tr> </tbody> </table>	Description	Examples	<p>9.3.1 Architectural services Remuneration for services such as architectural design of urban and other development projects, etc.</p>	<p>Receipts</p> <p>9.3.1 Architectural services A resident firm of architects is commissioned by a non-resident entity to draw up architectural designs for a museum extension in Milan.</p>	<p>9.3.2 Engineering and planning services Design, development and utilisation of machines, materials, instruments, structures, processes and systems; provision of designs, plans and studies related to engineering projects.</p>	<p>9.3.2 Engineering and planning services A resident engineering firm is commissioned by a non-resident entity to develop a production process for the manufacture of plastics.</p>	<p>Excluding: Mining engineering -> Other business services (9.3.7)</p>	<p>9.3.3 Scientific and other technical services A resident land surveying company is commissioned by a non-resident customer to gather geodata in the high alpine region.</p>	<p>9.3.3 Scientific and other technical services Remuneration for surveying, cartography, product testing and certification, and technical inspection services.</p>	<p>9.3.4 Operating leasing A resident cargo company leases containers for a freight consignment to a non-resident merchandise trader.</p>	<p>Excluding: Inspection of goods -> Trade-related services (9.3.5)</p>	<p>9.3.5 Trade-related services A resident goods inspector performs certification of a goods delivery for a non-resident trading company.</p>	<p>9.3.4 Operating leasing Leasing (rental) and charters of transport equipment without crew, of other equipment such as ships and aircraft without crew, railway cars, containers, rigs, etc., and of machinery; operating leasing of dwellings and other buildings, rental of exhibition booths at trade fairs.</p>	<p>9.3.6 Waste treatment and depollution services A resident recycling company recycles PET bottles for a non-resident entity.</p>
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Item	Trade in services: Categories
	<p>Excluding: Rental of transport equipment with crew -> Transport, Freight transport (3.1)/Passenger transport (3.2) Leasing of telecommunications equipment -> Telecommunications services (8.1) Rental of dwellings (accommodation) and vehicles to non-residents during their stays in economies other than their economies of residence -> not covered by this survey Rental of land and other natural resources, etc. -> not covered by this survey</p> <p>Note Cf. IV. Special issues, IV.3 Distinction between Operating leasing (9.3.4) and Financial leasing (14.).</p> <p>9.3.5 Trade-related services Remuneration for brokerage and other assistance in connection with trade in goods and services, payable to traders, commercial agents, commodity and capital goods brokers, auctioneers and commission agents; and for the inspection of goods.</p> <p>Excluding: Transport-related services such as brokerage -> Transport, auxiliary and supporting services (3.3) Financial intermediation -> Financial services (6.) Charges for franchises -> Charges for the use of intellectual property (7.) Technical inspections -> Scientific and other technical services (9.3.3)</p> <p>9.3.6 Waste treatment and depollution services Remuneration for treatment of radioactive and other waste; stripping of contaminated soil; cleaning-up of pollution including oil spills; restoration of mining sites; and decontamination and sanitation services. Also included are all other services that relate to the cleaning or restoring of the environment.</p> <p>9.3.7 Other business services Remuneration for business services that cannot be allocated to any other business service category, such as placement of personnel, translation and interpretation, agricultural services, mining, security services, building cleaning, arranging accommodation such as hotel rooms, management of licences and patents, etc.</p> <p>9.3.7 Other business services A resident entity recruits specialised staff for a non-resident entity (placement of personnel).</p> <p>Expenses</p> <p>9.3.1 Architectural services A resident entity commissions a non-resident firm of architects to design an office complex.</p> <p>9.3.2 Engineering and planning services A resident construction company buys technical advice from a non-resident engineering company in connection with a tunnelling project.</p> <p>9.3.3 Scientific and other technical services A resident entity commissions a non-resident entity to perform certification of a production process.</p> <p>9.3.4 Operating leasing A resident airline charters an aircraft without crew from a non-resident airline.</p> <p>9.3.5 Trade-related services A resident entity commissions a non-resident estate agent to find an industrial property near Lake Geneva.</p> <p>9.3.6 Waste treatment and depollution services A resident entity pays a non-resident entity to dispose of hazardous waste.</p> <p>9.3.7 Other business services A resident entity buys translation services from a non-resident translation agency.</p>

Item	Trade in services: Categories		
10.	Personal, cultural and recreational services		
10.1	Audiovisual and related services	Description	Examples
		<p>Services related to the production of motion pictures (on film, videotape or transmitted electronically), radio and television programmes (live or on tape) and musical recordings; rentals of audiovisual and related products; charges for access to encrypted television channels (such as cable and satellite services); fees for the services of performing artists, authors, composers, sculptors, set designers, costume designers and lighting designers; purchases and sales of ownership rights, entertainment, literary or artistic originals, such as books, manuscripts, radio and television broadcast originals, motion picture and sound recordings, videotape, etc. over which legal or de facto ownership can be established by copyright.</p> <p>Excluding: Charges for licences to reproduce and/or distribute audiovisual content -> Charges for the use of intellectual property (7.) Purchases or sales of audiovisual content on physical storage devices with licence for perpetual use -> not covered by this survey</p> <p>Note</p> <p>Cf. IV. Special issues, IV.2 Treatment of intellectual property.</p>	<p>Receipts A resident music group receives a fee for a concert performed abroad and organised by a non-resident concert organiser.</p> <p>Expenses A resident concert organiser pays a fee to a non-resident musical ensemble for a performance in Switzerland.</p>
10.2	Health services	Description	Examples
		<p>Human health services provided by hospitals, doctors, nurses and paramedical and similar personnel; laboratory and similar services, whether rendered remotely (through telemedicine or telediagnosis) or on-site; diagnostic-imaging services, pharmaceutical, radiology and rehabilitation services.</p> <p>Excluding: Veterinary services -> Other business services (9.3.7) Health services provided to non-residents who are present in the territory of the service provider -> not covered by this survey</p> <p>Note</p> <p>–</p>	<p>Receipts A resident private clinic supplies a non-resident hospital with telediagnoses on the basis of data provided.</p> <p>Expenses A resident special clinic buys laboratory services from a non-resident laboratory.</p>

Item	Trade in services: Categories		
10.3	Education services	Description Services relating to all levels of education, delivered through correspondence courses, via television, satellite or the internet, as well as by teachers and so forth who supply services directly in host economies. Excluding: Education services provided to non-residents who are present in the territory of the service provider -> not covered by this survey Note –	Examples Receipts A resident university offers MBA distance-learning courses for non-resident customers. Expenses A resident biotech company flies a specialist in from abroad to train specialised staff in Switzerland.
10.4	Other personal, cultural and recreational services	Description Services associated with museums and other cultural, sporting, gambling and recreational activities, membership dues of associations; activities associated with the conservation and preservation of museums, historical buildings and sites, monuments, buildings and artefacts; display services of collections of art and history; natural heritage services; activities associated with the operation of sports facilities, amusement parks, and gambling. Excluding: Services provided to non-residents who are present in the territory of the service provider -> not covered by this survey Note –	Examples Receipts An international sports federation, headquartered in Switzerland, collects membership dues from member countries. Expenses A resident art dealer pays fees to a non-resident auction house for the auction of paintings.

TRADE IN GOODS

Item | Trade in goods: Categories

11.	Merchanting	Description	Example
	<p>(only if the goods do not cross the Swiss border; both receipts and expenses are to be reported in all cases)</p>	<p>Merchanting is defined as the purchase of goods by an entity in Switzerland from a non-resident entity and their subsequent resale to another non-resident entity; the economy of origin and the economy of destination can be the same. During the transaction, the goods do not cross the Swiss border or incur any customs duty in Switzerland. The condition of the goods under merchanting does not change. Merchanting transactions are to be reported at their transaction price. Receipts: Gross receipts from goods sales (sales proceeds) associated with merchanting transactions. Expenses: Cost value* of the goods sold (goods expenses), plus salary, insurance and marketing costs, commissions, licence fees, etc. associated with merchanting transactions.</p> <p>* The cost value corresponds to the purchase price of the goods, plus procurement costs (e.g. transport costs, postage costs, packaging costs, transport insurance, customs duty, etc.). Price reductions and discounts are to be deducted.</p> <p>Note on accrual reporting: Receipts and expenses for a transaction should be reported in the quarter in which they are recognised in the income statement. This means that expenses for goods need only be reported in the quarter in which the associated receipts accrue. (Cf. also IV. Special issues, IV. 4. Accrual reporting: Merchanting (11.), Trade in goods related to manufacturing services abroad on physical inputs (1. and 20.), Trade in goods related to production abroad (19. and 21.)).</p> <p>Gross receipts (total) from merchanting are to be broken down according to categories 11.1 to 11.9, as follows:</p> <ol style="list-style-type: none"> 1. Agricultural and forestry products 2. Energy sources 3. Textiles, clothing and footwear 4. Paper and graphic arts 5. Leather, rubber, plastics, chemicals, pharmaceuticals 6. Non-metallic mineral products, metals 7. Machinery, equipment, electronics, vehicles 8. Precision instruments, watches, jewellery 9. Other 	<p>A resident merchant purchases crude oil in Russia (expenses), and sells it to Germany (receipts) without the oil being modified or incurring any customs duty in Switzerland.</p>

Item | Trade in goods: Categories

Excluding:

Purchase of goods by an entity in Switzerland from a non-resident entity and their subsequent resale to an entity in Switzerland -> not covered by this survey

Purchase of goods by an entity in Switzerland from an entity in Switzerland and their subsequent resale to a non-resident entity -> not covered by this survey

Receipts in the form of dividends, interest payments, etc. from non-resident subsidiaries and branches -> not covered by this survey

Trade in goods related to manufacturing services abroad on physical inputs -> Trade in goods related to manufacturing services abroad on physical inputs (20.)

Trade in goods related to production abroad (global production chains, tolling) -> Trade in goods related to production abroad (global production chains, tolling; 19.);

Cf. IV. Special issues, IV.1. Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1.) versus Production abroad (global production chains, tolling; 19.)

Note

Goods trade that is not billed through Switzerland is only to be reported under merchanting if the condition of the goods does not change during the trade; cf. IV. Special issues, IV.1. Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.).

Bonded warehouses are deemed to be outside Swiss territory.

Item	Trade in goods: Categories	
20.	<p>Trade in goods related to manufacturing services abroad on physical inputs (only applies to goods that do not cross the Swiss border for processing; both receipts and expenses are to be reported in all cases)</p>	<p>Description</p> <p>This item should be used to report the cost value* of goods and the gross receipts from sales of goods (sales proceeds) after processing abroad: Receipts: Gross receipts from sales of goods (sales proceeds) after processing abroad. Expenses: cost value* of the goods to be processed before processing abroad.</p> <p>* The cost value corresponds to the purchase price of the goods, plus procurement costs (e.g. transport costs, postage costs, packaging costs, transport insurance, customs duty, etc.). Price reductions and discounts are to be deducted.</p> <p>Note on accrual reporting: Receipts and expenses for a transaction should be reported in the quarter in which they are recognised in the income statement. This means that expenses for manufacturing services on physical inputs (1.) and for goods (20.) need only be reported in the quarter in which the receipts for the processed goods (20.) accrue. (Cf. also IV. Special issues, IV. 4. Accrual reporting: Merchanting (11.), Trade in goods related to manufacturing services abroad on physical inputs (1. and 20.), Trade in goods related to production abroad (19. and 21.)).</p> <p>Excluding: Remuneration for manufacturing services abroad on physical inputs -> Manufacturing services abroad on physical inputs (1.) Trade in goods related to manufacturing services abroad on physical inputs, during which the goods for processing cross the Swiss border or incur customs duty in Switzerland -> not covered by this survey Trade in goods related to production abroad (global production chains, tolling) -> Trade in goods related to production abroad (global production chains, tolling; 21.) Trade in goods in which the condition of the goods does not change -> Merchanting (11.) Cf. also IV. Special issues, IV.1. Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.).</p> <p>Note</p> <p>Cf. also IV. Special issues, IV.1. Definition of merchanting (11) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling, 19. and 21.). Bonded warehouses are deemed to be outside Swiss territory.</p>

Item	Trade in goods: Categories	
21.	<p>Trade in goods related to production abroad (global production chains, tolling) (only applies to goods (raw materials, semi-finished products, finished products) that do not cross the Swiss border; in addition, both receipts and expenses are to be reported in all cases)</p>	<p>Description</p> <p>The cost value* of the goods required for production abroad (global production chains, tolling) and purchased abroad (raw materials, semi-finished products), as well as the gross receipts from the sale abroad of goods produced abroad (sales proceeds from finished products), are to be reported under this item.</p> <p>Receipts: Gross receipts from the sale abroad of goods produced abroad (sales proceeds from finished products).</p> <p>Expenses: Cost value* of the goods required for production abroad (global production chains, tolling) and purchased abroad (raw materials, semi-finished products).</p> <p>* The cost value corresponds to the purchase price of the goods, plus procurement costs (e.g. transport costs, postage costs, packaging costs, transport insurance, customs duty, etc.). Price reductions and discounts are to be deducted.</p> <p>Note on accrual reporting: Receipts and expenses for a transaction should be reported in the quarter in which they are recognised in the income statement. This means that expenses for production (19.) and goods (21.) need only be reported in the quarter in which the receipts for the produced goods (21.) accrue. (Cf. also IV. Special issues, IV. 4. Accrual reporting: Merchanting (11.), Trade in goods related to manufacturing services abroad on physical inputs (1. and 20.), Trade in goods related to production abroad (19. and 21.)).</p> <p>Excluding:</p> <p>Fees for the production of goods abroad -> Production abroad (global production chains, tolling; 19.)</p> <p>Trade in goods related to production abroad (global production chains, tolling) in which the goods for production (raw materials, semi-finished products) cross the Swiss border or incur customs duty in Switzerland -> not covered by this survey</p> <p>Trade in goods related to manufacturing services abroad on physical inputs -> Trade in goods related to manufacturing services abroad on physical inputs (20.)</p> <p>Trade in goods in which the condition of the goods does not change -> Merchanting (11.); Cf. also IV. Special issues, IV.1 Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.).</p>

Item	Trade in goods: Categories		
		<p>Note</p> <p>Cf. also IV. Special issues, IV.1 Definition of merchanting (11.) versus Manufacturing services abroad on physical inputs (1. and 20.) versus Production abroad (global production chains, tolling; 19. and 21.). Bonded warehouses are deemed to be outside Swiss territory.</p>	
12.	Trade in ships	<p>Description</p> <p>Purchases and sales of ships which are not transacted via the Directorate General of Customs (such as Rhine vessels, maritime fleet).</p> <p>Note</p> <p>–</p>	<p>Examples</p> <p>Receipts A resident shipping company sells a Rhine vessel to a non-resident shipping line.</p> <p>Expenses A resident shipping company buys a maritime vessel from a non-resident shipbuilding company.</p>
13.	Goods procured in ports	<p>Description</p> <p>Goods such as fuels, on-board catering, provisions, stores, ballast and dunnage, procured in airports by non-resident transport operators from resident providers and by resident transport operators from non-resident providers.</p> <p>Excluding: Maintenance and repair costs for transport equipment -> Maintenance and repair services (2.) Goods procured by ship's crew, drivers, etc. for their own use -> not covered by this survey</p> <p>Note</p> <p>–</p>	<p>Examples</p> <p>Receipts A resident catering company supplies in-flight catering to non-resident airlines.</p> <p>Expenses A resident airline refuels or buys fuel at a non-resident airport for its onward journey.</p>

INVESTMENT INCOME

Item	Investment income: Categories		
14.	Investment income from financial leasing	<p>Description</p> <p>This includes interest paid in connection with financial leases.</p> <p>Excluding: Fees associated with operating leasing -> Operating leasing (9.3.4)</p> <p>Note</p> <p>Cf. IV. Special issues, IV.3 Distinction between Operating leasing (9.3.4) and Financial leasing (14.).</p>	<p>Examples</p> <p>Receipts A resident lessor receives a fee from a non-resident manufacturing company for the financial lease of capital goods.</p> <p>Expenses A resident airline pays interest to a non-resident lessor for the lease of a fleet of aircraft.</p>

TRANSFERS

Item | Transfers: Categories

Item	Transfers: Categories	Description	Examples
15.	Aid	<p>Receipts and expenses relating to donations; expenses for foreign aid in the form of money, goods (food, clothing, other consumer goods, medicines, etc.) or services (psychological and medical care, etc.), such as in the event of famine, natural disasters, war; contributions (expenses only) to international organisations such as the Red Cross (ICRC), UN, UNESCO, etc.</p> <p>Note</p> <p>Transfers are payments for which no corresponding value is received in return. International organisations are, by definition, always non-residents.</p>	<p>Receipts A resident development aid organisation receives donations from a non-resident entity.</p> <p>Expenses A resident aid organisation transfers money for a development project to a non-resident partner organisation.</p>
16.	Fines and penalties	<p>Fines and penalties imposed on companies by foreign courts of law or other government bodies.</p> <p>Note</p> <p>Transfers are payments for which no corresponding value is received in return.</p>	<p>Example</p> <p>Expenses A resident entity pays a fine to a non-resident authority for breach of anti-trust legislation.</p>
17.	Taxes	<p>Taxes on income and capital gains from financial assets, taxes on interest and dividends, taxes on financial transactions (such as taxes on issue, purchase and sale of securities).</p> <p>Excluding: Withholding tax on dividends of subsidiaries -> Financial account/direct investment Withholding tax on participations Value-added tax</p> <p>Note</p> <p>Refunds of taxes to taxpayers are recorded as negative amounts. Transfers are payments for which no corresponding value is received in return.</p>	<p>Example</p> <p>Expenses A resident entity pays taxes to a non-resident authority for the issue of securities.</p>

Item	Transfers: Categories		
18.	Capital transfers	<p>Description</p> <p>Capital transfers include debt forgiveness, payments of compensation (settled in and out of court), guarantees, inheritances (legacies), purchases and sales of franchises and trademarks.</p> <p>Excluding: Remuneration for purchases and sales of proprietary rights arising from research and development -> 9.1.2 Purchases and sales of proprietary rights arising from research and development Debt write-offs -> not covered by this survey</p> <p>Note</p> <p>Transfers are payments for which no corresponding value is received in return. Capital transfers are typically large and infrequent. Cf. IV. Special issues, IV.2 Definitions in the treatment of intellectual property.</p>	<p>Examples</p> <p>Receipts A non-resident private individual leaves part of his/her estate to a resident aid organisation.</p> <p>Expenses A resident entity pays compensation to a foreign state following a court arbitration ruling.</p>
22.	Other transfers	<p>Description</p> <p>Transfers that cannot be allocated to any other item, such as sponsoring: This includes payments for the promotion of individuals, a group of people, organisations or events, made by an individual, an organisation or a commercially oriented company in the form of cash payments, payments in kind or as a service, with the expectation of receiving a corresponding countervalue which promotes one's own communications and marketing targets; payments made under the heading of ecological, socio-political or social responsibility and communicating this to the general public (social sponsoring).</p> <p>Note</p> <p>Transfers are payments for which no corresponding value is received in return.</p>	<p>Examples</p> <p>Receipts A foreign bank sponsors a resident concert organiser by making payments towards a large-scale event.</p> <p>Expenses A resident organisation makes financial contributions towards educational institutions in the third world.</p>

IV. SPECIAL ISSUES

IV.1. DEFINITION OF MERCHANTING (11.) VERSUS MANUFACTURING SERVICES ABROAD ON PHYSICAL INPUTS (1. AND 20.) VERSUS PRODUCTION ABROAD (GLOBAL PRODUCTION CHAINS, TOLLING; 19. AND 21.)

Merchanting is defined as the purchase of goods by an entity in Switzerland from a non-resident entity and their subsequent resale to another non-resident entity. During the transaction, the goods do not cross the Swiss border, or incur any customs duty in Switzerland. However, the following limitation applies: *The condition of the goods does not change during the merchanting transaction.*

If the condition of the goods does change, the associated transactions must be reported under manufacturing services abroad on physical inputs (1.) and trade in goods related to manufacturing services abroad on physical inputs (20.) or production abroad (global production chains, tolling; 19.) and trade in goods related to production abroad (global production chains, tolling; 21.). The following three examples illustrate the distinction.

Example 1: Merchanting; the condition of the goods does not change.

An entity resident in Switzerland buys refined oil for 1,000 units from an entity resident in Russia. The entity resident in Switzerland sells the refined oil for 1,100 units to an entity resident in China. The refined oil is sent from Russia to China (via pipeline), without it crossing the Swiss border or incurring any customs duty in Switzerland. From Switzerland's perspective, the resulting account entries are:

Category	Entry
Purchase of refined oil	-1,000 units (= expenses from merchanting (11.); against Russia)
Sale of refined oil	+1,100 units (= receipts from merchanting (11.); against China)

Example 2: Manufacturing services abroad on physical inputs; the condition of the goods does change.

An entity resident in Switzerland buys crude oil for 1,000 units from an entity resident in Russia. The crude oil is sent from Russia to China, without it crossing the Swiss border or incurring any customs duty in Switzerland. The entity resident in China refines the crude oil on behalf of the entity resident in Switzerland against remuneration of 250 units. The refined oil is sold by the entity resident in Switzerland for 1,500 units directly from China to Japan. From Switzerland's perspective, the resulting account entries are:

Category	Entry
Purchase of crude oil	-1,000 units (= gross expenses (cost value) from trade in goods related to manufacturing services abroad on physical inputs (20.); against Russia)
Refinement	-250 units (= gross expenses from manufacturing services abroad on physical inputs (1.); against China)
Sale of refined oil	+1,500 units (= gross receipts from trade in goods related to manufacturing services abroad on physical inputs (20.); against Japan)

Example 3: Production abroad (global production chains, tolling); goods are produced (goods are processed into new products).

An entity resident in Switzerland buys raw materials for 1,000 units from an entity resident in the US for the production of medical robotics. On behalf of the entity resident in Switzerland and against remuneration of 250 units, a third entity in the US processes the raw materials into finished medical robotics. The entity resident in Switzerland subsequently sells the medical robotics for 1,500 units directly from the US to Canada. During the entire process up to the sale of the medical robotics, the entity resident in Switzerland remains the owner of the raw materials and finished products, and the goods do not cross the Swiss border or incur any customs duty in Switzerland. From Switzerland's perspective, the resulting account entries are:

Category	Entry
Purchase of raw materials	-1,000 units (= gross expenses (cost value) from trade in goods related to production abroad (global production chains, tolling; 21.); against the US)
Production abroad (global production chains, tolling)	-250 units (= expenses from production abroad (global production chains, tolling; 19.); against the US)
Sale of medical robotics	+1,500 units (= gross receipts from trade in goods related to production abroad (global production chains, tolling; 21.); against Canada)

IV.2. DEFINITIONS IN THE TREATMENT OF INTELLECTUAL PROPERTY

The table below provides an overview of the treatment of intellectual property in Switzerland's current account.

Object of transaction	Use		Sale/purchase
Franchises and trademarks	Charges for the use of intellectual property (7.)		Capital transfers (18.)
Outcomes of research and development	Charges for the use of intellectual property (7.)		Research and development (9.1)
Computer services; Audiovisual and related services Customised	Licence to use excluding reproduction and distribution	Licence to reproduce and distribute	
	Computer services (8.2) or Audiovisual and related services (10.1)	Charges for the use of intellectual property (7.)	Computer services (8.2) or Audiovisual and related services (10.1)
Mass-produced goods in electronic form	Computer services (8.2) or Audiovisual and related services (10.1)	Charges for the use of intellectual property (7.)	Computer services (8.2) or Audiovisual and related services (10.1)
Mass-produced goods on physical devices for fixed-period use	Computer services (8.2) or Audiovisual and related services (10.1)	Charges for the use of intellectual property (7.)	Computer services (8.2) or Audiovisual and related services (10.1)
Mass-produced goods on physical devices with right to perpetual use	Not covered by this survey (trade in goods)	Charges for the use of intellectual property (7.)	Computer services (8.2) or Audiovisual and related services (10.1)

IV.3. DISTINCTION BETWEEN OPERATING LEASING (9.3.4) AND FINANCIAL LEASING (14.)

The table below provides an overview of some of the criteria that can be used to distinguish between Operating leasing (9.3.4) and Financial leasing (14.).

Criterion	Operating lease: has rental characteristics	Financial lease: has loan characteristics
Term of lease	Short-term	Long-term, covering the major part of the economic life of the leased asset
Purchase option/transfer of legal ownership at the end of the lease term	No	Yes
Lessor has an interest in recovering the leased asset	Yes	No
Cancellable	Yes	Usually no
Investment risk	Lessor	Lessee
Shown in the balance sheet	Lessor	Lessee
Measures taken to maintain value (maintenance and repairs, insurance)	Lessor	Lessee

IV.4. ACCRUAL REPORTING: MERCHANTING (11.), TRADE IN GOODS RELATED TO MANUFACTURING SERVICES ABROAD ON PHYSICAL INPUTS (1. AND 20.), TRADE IN GOODS RELATED TO PRODUCTION ABROAD (19. AND 21.)

Receipts and expenses must be reported on an accrual basis. They should be reported in the quarter in which they are recognised in the income statement, irrespective of the time at which they were generated.

The following example illustrates the correct reporting of receipts and expenses as part of merchanting (11.), trade in goods related to manufacturing services abroad on physical inputs (1. and 20.) and trade in goods related to production abroad (19. and 21.).

Example: Purchase and sale of goods in Q1 and Q2

A resident company buys goods from/sells goods to non-resident companies in both Q1 and Q2. The purchase price of the goods is CHF 2 and the sale price is CHF 5.

1. There are stocks of goods in inventory from the previous quarter to a value of CHF 10 (5 units at CHF 2).
2. On 15 January, 10 units at CHF 2 are purchased. Total = CHF 20.
3. On 10 March, 7 units at CHF 5 are sold. Total = CHF 35.
4. At the end of the quarter, stocktaking is performed. As 3 units were unsold, there is a net increase in stocks of 6 (3 units at CHF 2).
5. In Q2, stocks of goods in inventory amount to CHF 16 (8 units at CHF 2).
6. On 5 April, 10 units at CHF 2 are purchased. Total = CHF 20.
7. On 25 June, 12 units at CHF 5 are sold. Total = CHF 60.
8. At the end of the quarter, stocktaking is performed. As 12 units were sold (2 more than were purchased), there is a net decrease in stocks of 4 (2 units at CHF 2).

	Date	Action	Entry	Amount	Effect on current account
1	01.01.	Initial stocks (5 units)	Inventory goods/starting balance	10	–
2	15.01.	Goods purchase (10 units)	Goods expenses/cash	20	–
3	10.03.	Goods sale (7 units)	Cash/goods receipts	35	Receipts in Q1 (item 11., 20. or 21.). Amount 35 (net)
4	31.03.	Stocktaking (+3 units)	Inventory goods/goods expenses	6	Expenses in Q1 (item 11., 20. or 21.). Amount 14 (net)
5	01.04.	Initial stocks (8 units)	Inventory goods/starting balance	16	–
6	05.04.	Goods purchase (10 units)	Goods expenses/cash	20	–
7	25.06.	Goods sale (12 units)	Cash/goods receipts	60	Receipts in Q2 (item 11., 20. or 21.). Amount 60 (net)
8	30.06.	Stocktaking (–2 units)	Goods expenses/inventory goods	4	Expenses in Q2 (item 11., 20. or 21.). Amount 24 (net)

	Goods expenses		Goods receipts		Inventory goods		Cash	
	+	–	–	+	+	–	+	–
Initial stocks					10			
Goods purchase	20							20
Q1 Goods sale				35			35	
Stocktaking		6			6			
Net		14	35			16		15
Initial stocks					16			
Goods purchase	20							20
Q2 Goods sale				60			60	
Stocktaking	4					4		
Net		24	60			12		40

EFFECT ON CURRENT ACCOUNT

Goods expenses (purchase price of sold goods) and goods receipts (net receipts) are recognised in the income statement in Q1 and Q2, and are therefore to be reported in the current account survey under items 11., 20. and 21. respectively.

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