

GUIDELINE FOR THE COMPLETION OF THE FORM (Balance of Payments Report – Form 6)

PROHIBITION OF NETTING

Netting (offsetting) of assets against liabilities or income against expenses is prohibited.

ACCRUAL BASIS OF ACCOUNTING

The form must be completed based on the accrual basis of accounting. Business transactions are recorded when they occur, regardless of when cash is received or paid for the transactions (Subsection 5 (2) of the Accounting Act). 2).

TRANSLATION OF FOREIGN CURRENCY INTO ESTONIAN KROONS AND EXCHANGE RATE SPREADS

All monetary amounts in the report must be presented in **thousands of kroons**. Transactions in foreign currency are translated based on the exchange rate valid on the day of the operation. The column "Unrealised gains/losses from exchange rate and price adjustments" shows the gains (+) or losses (-) from the revaluation of currency.

DEFINITIONS

Architectural and other engineering and technical services – designing, planning, project supervision, oversight, mapping, product testing and certification, etc.

Computer services – usage and development of data bases, data processing and programming, hardware consultations, introduction of software, etc.

Audiovisual services – production of films, radio and television broadcasts, as well as recording of music programmes (incl performance fees).

Sale/acquisition of copyrights – payments for the *acquisition* or *waiver* of copyrights (patents, trademarks, franchises, etc).

Construction services in Estonia – construction services at a construction site in Estonia.

Construction services abroad – construction services at a construction site abroad.

Financial services – banking services and service fees from the intermediation and management of financial assets.

Franchise – selling of the limited rights to use a company's brand and service know-how.

Information agency services – services of news agencies.

Waste handling and decontamination – recycling and utilisation of waste.

Finance lease – loan (lease transaction) for the acquisition of an asset provided that the lease object remains in the ownership of the leaser until the asset cost and interest have been paid.

Operative lease – lease transaction, where the lessee uses the asset during the contract term and returns it to the lessor upon expiry of the contract.

Trade services – commission and service fees of trade brokers and intermediaries. A trade service is the spread between the cost of the goods bought by Estonian residents from abroad and the cost of the goods sold abroad by them. The main condition is that the goods do not cross the border of Estonia.

Insurance premiums – life insurance premiums and property insurance premiums, incl amounts paid for insurance contracts (policies) with the aim of transferring a part of liability for possible damages or losses to the insurance company.

Consultation and management services – management consultations and advice, public relations management, tax consultations, etc.

Short-term loan – a loan with the original maturity of 1 year or less.

Marketing and advertising services and public opinion polls – commissioning of advertising, fairs, exhibition services, market and public opinion polls.

Non-resident – a legal entity or private individual that is registered abroad and whose country of residence is not Estonia. The branches and subsidiaries of non-resident companies that are located in Estonia are considered residents. The branches and subsidiaries of Estonian residents that are located abroad are considered non-residents. Non-residents include also the embassies of foreign countries or other foreign government bodies located in Estonia.

Other copyright fees – payments for the **use** of authorised intangible assets (patents, trademarks, etc), excl franchises, etc.

Other services – all the services not included in the guideline.

Long-term loan – a loan with the original maturity of over one year.

Postal and courier services – packaging, sending, transport, and delivery of postal items, renting of letter boxes, etc.

Agricultural and mining services – services related to agriculture and mining (incl the analysis of earth deposits).

Accounting and auditing services – accounting, book-keeping and auditing activities.

Money market instrument – a highly liquid debt obligation which is tradable in the money market, has a low interest and credit risk and maturity of less than 1 year.

Unrealised gains/losses due to exchange rate or price adjustments – gains (+) or losses (-) due to changes in the market prices, the exchange rate, or revaluation and uncollectible amounts (so-called non-transactional amounts).

Research and development services – scientific and process-oriented research and development, product development and research, related technical support services.

Telecommunication services – television or radio translation, line telegraphy, telex and fax, satellite and cable television, e-mail, etc.

Derivative instrument – a security related to a certain financial instrument, index, or commodity, which enables trading with financial risks in the market, i.e the right or obligation to buy, sell or swap certain financial assets in the future at a price and in the amount previously agreed upon (option, forward, SWAP, future, etc).

Processing services – difference between the cost of imported goods subject to re-exportation and the cost of goods exported after processing, excl materials added by the processing entity. The cost of materials added by the processor is export of goods (e.g the cost of sewn products made in Estonia of imported fabrics, excluding the cost of added materials, less the cost of imported fabrics in the processing service sold to non-residents) and the opposite transaction should be recorded respectively.

Bond and note – as a rule, a long-term security (maturity of over 1 year) proving the right of claim and entailing the borrower's obligation to repay the loan by due date and pay the interests to the lender.

Foreign assets/foreign liabilities – assets and liabilities, where the counterparty is non-resident.

