



BALANCE OF PAYMENTS USER GUIDE

Please use this User Guide to assist you in completing your specific industry questionnaire. If you have queries, please contact Ron Farier at (244-4600) or Jermaine Ricketts at (244-4607).

Resident: is any individual (including foreign nationals/expats), enterprise, or other organization **who regularly resides or engages in economic activities in Cayman Islands for at least one year.** Cayman branches and subsidiaries of foreign businesses are regarded as residents. **The enterprise must have physical presence in the Cayman Islands.**

Non-residents: is any individual, enterprise, or other organization domiciled in a jurisdiction other than the Cayman Islands.

For Parts A and B, report the total value of the services rendered or purchased during the reporting period, even if actual payments were made in a later period. The portion of the services rendered or purchased that was not paid during the reference period should be recorded in Part C under the respective debt instrument.

Part A and B: Receipts and Payments

1. Financial services other than insurance

These cover financial intermediation and auxiliary services, usually provided by banks and other financial intermediaries and auxiliaries. Included are financial advisory, custody of financial assets, financial asset management, monitoring services, trust service, merger and acquisition services, deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, underwriting and clearing of payments. Also included are fees and commissions on securities such as brokerage, placement of issues.

2. Business, professional and technical services

These cover legal services, management consultancy, managerial services, accounting, auditing, advertising and marketing, research and development, architectural and engineering and other technical services. It also covers operating leasing services, and charges between related parties for managerial and administrative services.

3. Non-financial commissions and fees received from or paid to non-residents

These cover commissions on goods and service between resident and non-resident merchants, commodity brokers, dealers, manufacturers, sales branches and commission agents. **Excluded are financial and insurance services commissions.**

4. Insurance claims received and premiums paid

These refer to claims received from non-residents insurers and premiums paid to non-resident insurers. Please include any agent commissions related to these transactions. Insurance comprises life, accident and health, property, casualty, freight and other forms of risk protection.

5. Royalties and licenses fees for patents, industrial designs, trademarks & franchises

These comprise fees received or paid for franchises and fees for the use of property rights such as trademarks, copyrights, industrial processes and designs including trade secrets, franchises.

6. Telecommunications and related services

These encompass the broadcast or transmission of sound, images, data or other information by telephone,

telex, telegram, radio, television, cable transmission, satellite, electronic mail, facsimile services, business network services, teleconferencing, support services cellular telephone services, internet, and on-line access services, including provision of access to the internet.

7. Computer and information services

These include receipts or payments for services for the design, engineering, and management of computer systems, development and production of original software, database services, information services and news agency services.

8. Personal, recreational, cultural, sporting and other services

These cover audiovisual and related services and services associated with museums and other cultural, sporting and recreational activities.

9. Education services

These cover charges for employee training and development and services to the educational market such as testing, consulting and the development and delivery/adaptation of course materials and systems, correspondence courses and education via the internet or television. **Excluded are education services provided to non-residents who are present in the territory of the service provider. These should be part of expenditure on overseas training and conferences, see item #36.**

10. Health services

These cover services provided by hospitals, doctors, nurses and paramedical and similar personnel as well as laboratory and similar services, whether rendered remotely or on-site.

11. Construction services

These cover building of structures, structural repairs, installation, refurbishing, special trades, demolition and site work. Please include any equipment rentals with operator.

12. Goods sold or purchased under merchandising

These include the buying or selling of goods which do not enter or leave the economy from which the trader is conducting business.

13. Sale to foreign airlines, carriers and ships

These cover the sale of fuel, water and other goods such as office supplies, uniforms, food products, and other goods.

14. Accommodation related to travellers

These cover the amount paid for accommodation/lodging by non-resident travelers.

15. Food and beverage serving services related to accommodation

These cover the amount paid by foreign travellers for food and beverages provided by the accommodation establishments.

16. Fees from management of timeshare properties on a fee or contract basis

These include fees to cover the operation or maintenance of the timeshare resort.

17. Receipts for real estate services

This covers receipts for property management, real estate listing, consulting services and any receipts related to real estate services.

18. Ticket sale to non-residents

Ticket sales to non-residents for travel for the transport of persons by air.

19. Charter flight (with crew)/ Charter of tankers (with crew)

These include receipts or payments for charter services with crew.

20. Mail and courier services/ receipts for courier services

This includes receipts for the transporting of mail and express mail service.

21. Ticket sales to residents of Cayman Islands

These covers ticket sales to residents for travel on foreign airlines for the transport of persons by air.

22. Reimbursement for expenses incurred on behalf of your principals

These cover any reimbursement for the payment to residents for services incurred by your principals.

23. Other passenger revenue from residents

These covers any other passenger revenue from residents not classified elsewhere.

24. Freight revenue received/paid by residents

These include revenue received or payments for the transport of goods by air or sea.

25. Property rental received from residents on behalf of non-residents

These cover rental paid by residents to non-resident owners of properties.

26. Value of property sold/purchased on behalf of non-residents

These cover the value of the property owned by non-residents and sold on their behalf, or property purchased by non-residents.

27. Port disbursements

These include payments made by or received by your company for port facilities such as for bunker fuel, aviation fuel, port dues, stevedoring, airline fees, registration fees, service charges, landing fees, navigational and telecommunication services.

28. Dividends received on equity investments with ≥ 10% ownership

These include dividends and distribution of profits received or receivable from equity investments in affiliated or parent companies in which you own at least 10% of the shares which gives you some influence on management. Dividends should be recorded on the ex-dividend date.

29. Dividend received on equity investments with < 10% ownership

These include dividends and distribution of profits received or receivable from equity investments in non-resident companies in which you do not have management influence (you own less than 10% of voting shares). Dividends should be recorded on the ex-dividend date.

For interest, report the total value of interest (payable and receivable) that accrued during the year, even if only some payments were made during the year. The portion of the interest that was due during the reference period and not paid should be included as an increase in liabilities in Part C.

30. Interest earned on investments in debt securities issued by parents or affiliates

These include interest received or receivable that accrued during the year (from overseas enterprises in which you own at least 10% of the shares) on debt, debt securities.

- A. Long Term** – interest earned on debt securities with a maturity of more than one

year or with no stated maturity (other than on demand, which is included in short-term).

- B. Short Term** – interest earned on debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

31. Interest earned on investments in debt securities issued by non-affiliated debtors

These include interest income received on debt securities issued by companies that are not the parent company or affiliates.

- A. Long Term** – interest earned on debt securities with a maturity of more than one year or with no stated maturity (other than on demand, which is included in short-term).
- B. Short Term** – interest earned on debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

32. Interest earned on loans and advances to non-resident entities

These include interest income receipts from non-residents on loans and financial leases.

33. Interest earned on other investments (including deposits held abroad)

These include income received by your enterprise from deposits such as checking accounts, savings accounts, and other time deposits held abroad.

34. Other receipts from related non-resident companies

These include other services receipts and transactions between your enterprise and related non-resident entities that are not listed elsewhere.

35. Other receipts from unrelated non-residents

These include other services receipts and transactions between your enterprise and unrelated non-residents that are not listed elsewhere.

36. Expenditure on overseas training and conferences

These include expenditure overseas, such as accommodation, allowances, and registration fees for attending training sessions, meetings, and conferences. **It excludes airfare.**

37. Wages and salaries paid to non-residents

These represent all salaries and wages in cash and kind in return for labor inputs rendered by non-residents. **Please note that an employer-employee relationship must exist between the non-resident employee and the resident employer. Non-nationals or expats residing in the Cayman Islands are considered to be residents.**

38. Imports of petroleum products

These are the value of imports of the fuel purchased from abroad. (It includes diesel, gasoline, bunker fuel, jet fuel, and aviation fuel)

39. Fees and commissions paid to resident agents

These include any agency fees or commissions received from foreign airlines or ships.

40. Purchase of Aircraft.

This covers the outright purchase of an aircraft. It does not include the leasing of the aircraft.

41. Lease of aircraft- Financial lease

This is a lease where the lessee owns or controls the leased equipment and is responsible for its maintenance, servicing, and repair.

42. Lease of aircraft- Operational lease

This is a lease where the lessor retains ownership of the aircraft and is frequently responsible for maintenance, servicing, and repairing the equipment.

43. Wages and salaries paid to residents

This covers all salaries and wages paid to residents by your agency on behalf of principals.

44. Dividend and profits distributed to equity investors with \geq 10% ownership

These include dividends and distribution of profits paid by your company to non-resident equity investors (any overseas investor with at least 10% of the voting shares of your company which gives them influence on the management of your company).

45. Dividend or earnings distributed to equity investors with $<$ 10% ownership

These are dividends paid on equity investments held by non-resident investors in your company, which do not denote ownership or influence on the management of your company. (Owns less than 10% of the voting shares in your company).

46. Interest payable on investments in debt securities issued to parents or affiliates

These are interest payments to parents or affiliated entities on debt securities issued by your company.

- A. Long Term** – interest payable on debt securities with a maturity of more than one year or with no stated maturity (other than on demand, which is included in short-term).
- B. Short Term** - interest payable on debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

47. Interest payable on investments in debt securities issued to non-affiliated creditors

These are interested payments to companies that are not the parent company or affiliates.

- A. Long Term** – interest payable on debt securities with a maturity of more than one year or with no stated maturity (other than on demand, which is included in short-term).
- B. Short Term** - interest payable on debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

48. Interest payable on loans and advances from non-resident entities

These include interest payments to non-residents on loans and financial leases.

49. Interest expense on non-resident deposits

These include interest expenses on checking accounts, savings accounts, and other time deposits held by non-residents.

50. Other payments to residents on behalf of the principal

Any other payments paid by your agency on behalf of principals in The Cayman Islands that are not specified elsewhere, including office and other rentals.

51. Premiums written

These are the amounts charged to and paid by the non-resident policyholders during the accounting period for insurance coverage.

52. Premiums earned

These refer to the proportion of actual premiums that relate to the accounting period and that cover the risks incurred during the current accounting period.

53. Claims paid

These refer to the actual payments of cash that have been made to non-resident's claimants for insured events of the current or previous period.

54. Claims due/outstanding

These refer to claims that become due in the reporting period, after the eventualities that gave rise to the claims. It should include claims that have been reported but not yet settled and claims that have been reported and settled but not yet paid at the end of the accounting period.

55. Auxiliary insurance services

These include payments for insurance services such as agents' commissions, insurance brokering and agency services, insurance consulting services, evaluation and adjustment services, actuarial services, salvage administration services, and regulatory and monitoring services on indemnities and recovery services.

56. Ceding commission

These refer to payments by the reinsurer to reimburse the ceding company for its acquisition expenses and other costs incurred to place the business with the reinsurer.

57. Profit commission

These represent a predetermined percentage of the profit realized by the reinsurer on the contracts ceded by the primary insurance companies and the cedant's share of such profits.

58. Medical bills paid overseas on behalf of residents as part of claims paid

These should include all payments of medical expenses **paid directly** overseas on behalf of resident policyholders.

59. Membership fees/affiliation fees

These include payments to non-residents by your enterprise for membership to regional and international associations.

60. Other payments to related non-resident companies/entities

These would include payments for other services not listed elsewhere between your enterprise and any related non-resident enterprises.

61. Other payments to unrelated non-resident entities

These are payments for other services not listed elsewhere between your enterprise and any unrelated non-resident enterprise.

62. Repairs and maintenance (major repairs)

These include any payments made by foreign airlines to residents for repair and maintenance. Include payments resulting from extraordinary or catastrophic events.

63. Advances and allowances paid to crew

These are payments made by your agency on behalf of principals for advances or allowances paid to crew members for their expenditure while in the Cayman Islands.

PART C: Financial Assets and Liabilities with Non-residents

Definitions

Opening Position

This refers to the value of the claims and liabilities of your company and its resident subsidiaries at the beginning of the year.

Transactions

These are transactions relating to the acquisition or disposal of your company's financial claim on or liabilities to non-residents.

Transactions in assets or liabilities (Increases)

The purchases of stock made by your company (and its subsidiaries) in non-resident companies, purchases of your company's shares by non-residents, issuance, and purchases of debt securities, increased deposits in bank accounts, and drawdowns of loans are examples of transactions that increase assets or liabilities.

Transactions in assets or liabilities (Decreases)

The sales of stock by your company and its subsidiaries in non-resident companies, sales of your company's shares by non-residents, redemptions and sales of debt securities, withdrawals from bank accounts, and repayments of loans are examples of transactions that decrease assets or liabilities.

Valuation and other changes in position

Valuation changes are changes in the value of your companies' assets or liabilities that may arise due to exchange rates, including exchange rate related gains and losses, revaluation of fixed assets, and changes in market prices of financial assets and liabilities. Other changes are caused by the reclassification of items and write-offs.

Closing position

This refers to the value of the claims and liabilities of your company and its subsidiaries at the end of the year. The closing position should equate to the opening balance plus transactions plus valuation and other changes.

Equity shares and investment funds shares

These cover ordinary share capital, stated capital, paid-in capital, participating preference shares, share premiums, retained earnings, revaluation reserves, other reserves, and investment fund shares (units or shares in pooled investment vehicles such as whole equity funds and cash management trusts).

Parents or affiliates - a parent company is a company that owns enough voting stock in another firm to control management and operation by doing and influencing or electing its board of directors. Affiliated companies are, in general, companies that are less than 50% owned by a parent company; the parents are minority shareholders. More loosely, the term "affiliated companies" is sometimes used to refer to companies that are related to each other in some way

Non-affiliated debtors/creditors- all other companies, debtors or creditors that do not classify as a parent or affiliated company.

FINANCIAL ASSETS WITH NON-RESIDENTS

1. Equity Capital

Direct or portfolio investments in non-resident companies held by your company.

A. $\geq 10\%$ Ownership - the market value of equity investments and investment fund shares in entities where your company holds 10 per cent or more of the ordinary shares or voting power.

B. $< 10\%$ Ownership - the market value of equity investments and investment fund shares in entities where your company holds less than 10 per cent of the ordinary shares or voting power.

2. Reinvested earnings (undistributed profits)

The value of reinvested earnings held by your company. Reinvested earnings are the amount of a company's post-tax earnings that are not paid in dividends. They are also called retained earnings, accumulated profits, undivided profits, and earned surplus.

3. Debt securities issued by non-residents

The market value of debt securities issued by non-residents that are held by your company. Examples of

debt securities include bonds, certificates of deposit, commercial paper, money market instruments and debentures.

A. Long Term - debt securities with a maturity of more than one year or with no stated maturity (other than on demand, which is included in short-term).

B. Short Term - debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

4. Financial Derivatives

A financial derivative contract is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets. The value of the derivative contracts should be reported and not the value of the underlying items to which they are linked.

5. Loans to non-residents

The value of outstanding loans issued to non-residents by your company.

A. Long Term - loans which have no stated maturity or have an original contractual maturity of more than one year.

B. Short Term - loans which have an original maturity of one year or less or are repayable on demand.

6. Deposits with non-residents

The value of foreign currency and other deposits of your company held with non-resident financial institutions.

7. Accounts receivable from non-residents

The value of any accounts receivable from non-residents owed to your company, such as trade credit and advances.

A. Goods and services - Includes receipts for goods or services (other than FISIM and prepayment of insurance services) which were not received at the same time as the change in ownership of a good or provision of a service. Also known as trade credit and advances.

B. Other accounts receivable - Includes accounts receivable other than those included in trade credit and advances or other instruments. It includes liabilities for taxes, purchase and sale of securities, securities lending fees, gold loan fees, wages and salaries, dividends, and social contributions that have accrued but not yet paid. It also includes prepayments of those items.

8. Other claims with non-residents

Other assets held by your company from non-residents that are not elsewhere specified.

FINANCIAL LIABILITIES DUE TO NON-RESIDENTS

1. Equity Capital

Direct or portfolio investments in your company held by non-residents.

A. $\geq 10\%$ Ownership - the market value of equity investments and investment fund shares held by non-resident investors in your company where ownership is 10 per cent or more of the ordinary shares or voting power.

B. $< 10\%$ Ownership - the market value of equity investments and investment fund shares held by non-resident investors in your company where ownership is less than 10 per cent of the ordinary shares or voting power.

2. Reinvested earnings (undistributed profits)

The value of reinvested earnings owed to non-residents. Reinvested earnings are the amount of a company's post-tax earnings that are not paid in dividends. They are also called retained earnings, accumulated profits, undivided profits, and earned surplus.

3. Debt securities issued by non-residents

The market value of debt securities issued by your company and held by non-residents. Examples of debt securities include bonds, certificates of deposit, commercial paper, money market instruments and debentures.

- A. Long Term** - debt securities with a maturity of more than one year or with no stated maturity (other than on demand, which is included in short-term).
- B. Short Term** - debt securities which are payable on demand or have a maturity of one year or less. These include treasury bills, negotiable certificates of deposit, bankers' acceptances, promissory notes, and commercial paper.

4. Financial Derivatives

A financial derivative contract is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets. The value of the derivative contracts should be reported and not the value of the underlying items to which they are linked.

5. Loans to non-residents

The value of outstanding loans issued by non-residents to your company.

- A. Long Term** - loans which have no stated maturity or have an original contractual maturity of more than one year.
- B. Short Term** - loans which have an original maturity of one year or less or are repayable on demand.

6. Deposits of non-residents

The value of foreign currency and other deposits of non-residents held by your company.

7. Accounts payable to non-residents

The value of any accounts payable to non-residents by your company, such as trade credit and advances.

- A. Goods and services** - Includes payments for goods or services (other than FISIM and prepayment of insurance services) which were not made at the same time as the change in ownership of a good or provision of a service. Also known as trade credit and advances.
- B. Other accounts receivable** - Includes accounts payable other than those included in trade credit and advances or other instruments. It includes liabilities for taxes, purchase and sale of securities, securities lending fees, gold loan fees, wages and salaries, dividends, and social contributions that have accrued but not yet paid. It also includes prepayments of those items.

8. Other claims with non-residents

Other foreign liabilities of your company that are not elsewhere specified.