Transactions

Financial transactions are transactions relating to the acquisition or disposal of your company's financial claims on, or liabilities to, non-residents. Purchases of stock made by your company (and its subsidiaries) in non-resident companies, purchases of your company's shares by non-residents, issuances and purchases of long- and short-term debt securities, increased deposits in bank accounts, and drawdowns of loans are examples of transactions that increase assets or liabilities. 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 long- and short-term debt securities, withdrawals from bank accounts, and repayments of loans are examples of transactions that decrease assets or liabilities.

Financial transactions and income should be recorded on a gross basis—that is, before the deduction of commissions on receipts (or addition of commissions on payments), brokerage fees, and withholding taxes, which are to be recorded in parts A and B if paid to or received from a non-resident.

The difference between the dividends or interest due and dividends or interest paid should be recorded as a financial transaction in Part C in the instrument to which the interest relates. In the case of loans, this difference is essentially the arrears accrued for the reporting period. For e.g., in the case of interest payments on loans; you are required to report the total interest due in Part B of the form under "interest expense on loans and advances" (i.e. interest paid plus interest payable/arrears). You are also required to report the interest payable/arrears in the transactions column in Section C (ii) under liabilities long term or short term loans. In this line item, you would also be required to report any principal repayments made. Any payments made would be recorded as a negative number as it would represent a decline in liabilities.

In the case of transactions for short and long term loans, please report only the principal repayments and not the interest payments. The interest payments should be reported in Part B of the form. Interest arrears accumulated/paid however should be reported as part of transactions in Part C as an increase/decrease in assets and or liabilities.

An increase in assets or liabilities should be reported as a positive number. A decline in assets or liabilities should be recorded as a negative number.

Valuation and other Changes: 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 reclassification of items and write-offs.

Closing position 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 + transactions + valuation and other changes.

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