

BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

STATISTICS

GUIDELINES TO THE REMOTE GAMING COMPANIES QUESTIONNAIRE

Authority:

The data that is being requested in this questionnaire is in terms of the Malta Statistics Authority Act 2000.

Confidentiality:

The Malta Statistics Authority Act guarantees the strict confidentiality of all information collected. The requirement of confidentiality also applies to all officials of the Central Bank of Malta delegated to assist the National Statistics Office in the compilation of balance of payments statistics.

Purpose:

The data is required to prepare statements on both Malta's balance of payments transactions as well as the international investment position.

Guidelines

1. Filling of Reports:

Kindly send the completed form to the National Statistics Office, Lascaris, Valletta within **three weeks** of receipt. If you need any assistance you may contact either Mr Ray Micallef and/or Mr Godwin Zerafa on telephone number **25997269**.

The reports may be submitted electronically in the form or format set by the National Statistics Office.

The name of the reporting entity as well as the reference period of the statistical data must be identified in the allotted space in the first sheet of the survey forms.

2. Reporting Entity:

This report may be completed on a consolidated basis in respect of the enterprise named on the form and any of its subsidiaries in Malta. The company/ies that is/are not consolidated may be surveyed separately. The respondent is requested to provide the names of both the consolidated and unconsolidated companies on the first page of the form.

3. Residency concept:

For balance of payments purposes, a resident is defined as any individual, enterprise or any other organisation that is ordinarily domiciled in Malta. Branches, subsidiaries and affiliates of non-resident enterprises domiciled in Malta are also regarded as residents of Malta. “Ordinarily domiciled” is defined according to whether the entity has a centre of economic interest in Malta, such as, for instance, when an enterprise engages in the production of goods and services for export.

A non-resident of Malta is any individual, enterprise or other organisation that is ordinarily domiciled in a country other than Malta. Overseas branches and subsidiaries of Maltese enterprises are regarded as non-residents.

4. Valuation and time of recording

4.1 Recording of transactions

Transactions are to be valued at the actual market prices agreed upon by the transacting parties. Transactions should be recorded when an economic value is created, transformed, exchanged, transferred or extinguished. In addition, all transactions should be recorded on a gross basis.

4.2 Services, income and current transfers transactions

Service transactions are to be recorded when the services are actually rendered (i.e. delivered or received); the date often coinciding with the date on which the service/s is/are provided.

Interest income is recorded on an accrual basis, while dividends are to be recorded as of the date on which they are declared.

Taxes, fines, bets placed, wins paid out and other forms of transfers to another non-resident party are to be recorded upon occurrence of the underlying transactions or other flows that give rise to claims and liabilities.

4.3 Valuation of financial account transactions/positions

4.3.1 Transactions

Financial account transactions are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. **Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.**

4.3.2 Data on the reported position for equity securities

4.3.2.1 Investment in equity securities

Liabilities

For enterprises listed on a stock exchange, the market value of the reporting enterprise's issue of equity securities should be calculated using the market prices prevailing on the respective stock exchange at the close of business on the last working day of the period.

For unlisted enterprises that are not in a position of quoting a market value for their equity issued holdings, the respondent is requested to give an estimate by using one of the following methods:

- A recent transaction report;
- Director's valuation; or
- Net asset value. (Net asset value is equal to total assets, including intangibles, less non-equity liabilities and the paid-up value of non-voting shares. Assets and liabilities should be reported at current rather than at historical value.)

5. Structure of form BOP 12:

Form BOP 12 collects information on balance of payments transactions as well as financial assets and liabilities of the reporting enterprise.

5.1 Headings at the top of Part A and Part B

A	B	C	D	E	F	G	H	I	J	K	L	M
	Country	Sector of issuer	Position at Beginning of Period including interest accrued	Increase due to Transactions	Decrease due to Transactions	Interests received/paid during the course of the period	Interest accrued during the course of the period	Market price changes	Exchange rate changes	Other Changes	Position at End of Period including interest accrued	Dividends received / paid

In column B - Country report the country of residence of the creditor or debtor in the case of loans and deposits. For foreign direct investment report the country of residence of the foreign direct investor. If the opening and closing positions for particular countries are less than €10,000, the amounts relating to these countries may be consolidated and attributed to the country having the largest amount.

In column D - Position at beginning of period (including position of accrued interest) report the opening position of the market value of the financial claims and liabilities of the reporting enterprise and its domestic subsidiaries (if reported on a consolidated basis) at the beginning of the period. The opening position should agree with the closing position reported at the end of the preceding period.

Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the previous period.

In column E - Increase due to transactions report those transactions relating to the acquisition of the reporting enterprise's financial claims and/or liabilities. Examples of transactions that increase the assets or liabilities of the enterprise include:

- Loans to non-residents;
- Increase in deposits held with local and foreign banks;
- Draw downs of local and foreign loans;
- Purchase of the reporting enterprise's shares by non-residents.

In column F - Decrease due to transactions report those transactions relating to the disposal of the reporting enterprise's financial claims and/or liabilities. Examples of transactions that decrease the assets or liabilities of the enterprise include:

- Withdrawals from deposits held in local and foreign banks;
- Repayments of local and foreign loans;
- Receipt in respect of trade credits;
- Sales of the reporting enterprise's shares by non-residents.

In column G - Interest received/paid during the course of the period report interest actually received or paid. When interest matures and part of this interest is not received/paid, please record all the interest in Column G. However, report that part of interest not yet received, under "*Other Assets (please specify)*" as "*interest arrears*", whereas report interest not yet paid, under "*Other liabilities (please specify)*" as "*interest arrears*". Please refer to example 2.

In column H - Interest accrued during the course of the period report interest accrued (i.e. receivable/payable) during the course of the period. Accrued interest should be converted to Euro by using the middle rate of the appropriate buy and sell rates for the period when the interest accrues. Thus, in column H report:

- Interest due and not received – i.e. accrued interest receivable, which has not yet been debited to the relevant accounts.
- Interest accrued and unpaid – i.e. accrued interest payable, which has not yet been credited to the relevant accounts.

In column I - Market price changes report changes in the market value of the reported security. See note 4 on valuations.

In column J - Exchange rate changes report (if applicable) the impact on the stock of financial assets and liabilities due to changes in the exchange rate between the Euro and other currencies in which these assets and liabilities are denominated. Middle exchange rates against the Euro can be found on the web site of the Central Bank of Malta (<http://www.centralbankmalta.org>).

In column K - Other changes report all other differences in value relative to the data in the submitted report. In order to reduce the number of questions that might be asked after the report is submitted, it is advisable to provide separate clarification for substantial amounts. Examples include reclassifications (such as from portfolio to direct investment when the 10 percent equity holding is exceeded), unilateral cancellation of debt by a creditor, etc.

In column L - Position at end of period (including position of accrued interest) report the market value of the claims and liabilities of the reporting enterprise at the end of the period. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the period.

In column M - Dividends received/paid report any dividends and remittances of profits earned/paid from the ownership of stock (shares) or equivalent equity interest in the enterprise/s. These amounts should be recorded on the basis of dividends received or receivable/paid or payable from/to non-residents during the period.

Example 1:

On 1st November, a resident remote gaming company received a loan of \$480,000 from a foreign entity resident in the U.S.A. Interest on this loan is \$48,000 per annum, which is paid at the end of the calendar year. Using a full accrual method, the periodically-accrued interest at the end of November and December would be \$4,000 per month, whereas \$8,000 is paid in December. (*Figures should be rounded up to the nearest thousand Euro*).

Transaction date exchange rate (*Beginning of November*) €US\$ = 2

Average monthly exchange rate (*November*) €US\$ = 2.1

End of period exchange rate (*End November & Beginning of December*) €US\$ = 2.2

Average monthly exchange rate (*December*) €US\$ = 2.3

End of period exchange rate (*End of December*) €US\$ = 2.4

The following transactions should be recorded for November and December:

	A	B	C	D	E	F	G	H	I	J	K	L	M
	PART B	Country	Sector of issuer	Position at Beginning	Increase due to Transactions	Decrease due to Transactions	Interest paid	Interest accrued	Market price changes	Exchange rate changes	Other Changes	Position at End of Period	Dividends paid
November	Loans	U.S.A.	█	0	240	0	0	2	█	-22	0	220	█
December	Loans	U.S.A.	█	220	0	0	3	2	█	-19	0	200	█

Example 2:

Using the same example as above, in December, the resident remote gaming company paid only \$5,000 (out of the \$8,000 due); thus \$3,000 was not paid. Hence, interest should be recorded following the method shown above, but in the month of December, the repayment of \$8,000 is recorded in column G and the \$3,000 is reported under “*other liabilities*”, rows 40 to 42 as “*interest in arrears*”, under “*increase due to transactions*” in column E.

The following transactions should be recorded for December:

	A	B	C	D	E	F	G	H	I	J	K	L	M
PART B	Country	Sector of issuer	Position at Beginning	Increase due to Transactions	Decrease due to Transactions	Interest paid	Interest accrued	Market price changes	Exchange rate changes	Other Changes	Position at End of Period	Dividends paid	
Loans	U.S.A.	█	220	0	0	3	2	█	-19	0	200	█	
Other Liab.	█	█	█	█	█	█	█	█	█	█	█	█	
Interest Arrears	U.S.A.	█	0	1	0	0	0	0	0	0	1	0	

Note: This example of interest arrears also applies for any loan repayments in arrears. Thus, when the loan matures and the entire or part of the amount is not received/paid, please record the whole loan in Column F (as if it has been re-paid). However, that part of the loan not yet received by the reporting enterprise, should be reported under “*Other Assets (please specify)*” as “*loan arrears*”, whereas that part of the loan not yet paid, should be reported under “*Other liabilities (please specify)*” as “*loan arrears*”.

5.2 Headings at the top of Part C

This part of the questionnaire collects information on the receipts and expenses of the reporting enterprise.

In column B “Country” report the country of residence of the resident and non-resident transacting parties. If the transactions for particular countries are less than €10,000 the amounts relating to these countries may be consolidated and attributed to the country having the largest amount.

In column D “Receipts from residents of Malta” include amounts **received or receivable** for services/transfers provided to residents of Malta for which payment is made directly to the reporting enterprise by a resident entity.

In column E “Receipts from non-residents” include amounts **received or receivable** for services/transfers provided to non-residents for which payment is made directly to the reporting enterprise by a non-resident entity.

In column F “Payments to residents of Malta” include amounts **paid or payable** for goods/services/transfers delivered/provided by residents of Malta and paid for directly by the reporting enterprise.

In column G “Payments to non-residents” include amounts **paid or payable** for goods/services/transfers provided by non-residents and paid for directly by the reporting enterprise.

Example 3:

A resident remote gaming company received a bet of £25 thousand from a non-resident in the UK and purchased advertising for \$35 thousand from a company in the USA. Moreover, this company purchased bandwidth services for €15 thousand from a company in Malta.

Transaction exchange rates:

€£ = 1.5

€\$ = 2.5

A	B	C	D	E	F	G
Part C	Country	Sector of Issuer	Receipts from residents of Malta €'000	Receipts from non-residents €'000	Payments to residents of Malta €'000	Payments to non-residents €'000
Advertising	U.S.A.					14
Bandwidth	Malta				15	
Bets placed	U.K.			17		

6. Appendices (ignore if sent electronically)

Appendix 1 – Whenever the country (column B) in **Parts A and B** of the questionnaire is reported as **various**, please fill in Appendix 1 - Part D.

The **row number** of the respective instrument shown in Parts A and B of the questionnaire should be shown in the first column (row number) of Appendix 1. Disaggregated

information for all items shown under columns B to M should be shown separately in Appendix 1 corresponding with the respective row number.

Appendix 2 – Whenever the country (column B) in **Part C** of the questionnaire is reported as **various**, please fill in Appendix 2 - Part E.

The **row number** of the respective instrument shown in Part C of the questionnaire should be shown in the first column (row number) of Appendix 2. Disaggregated information for all items shown under columns B to G should be shown separately in Appendix 2 corresponding with the respective row number.

Example 4:

Receivables from other non-residents (short-term):

Position Beginning of Period: \$50,000 of which \$20,000 from the U.K. and \$30,000 from the U.S.A.

Increase due to transactions: \$100,000 of which \$25,000 from the U.K., \$25,000 from the U.S.A. and \$50,000 from Italy.

Position at End of Period: \$150,000.

Assume an exchange rate of €1 = \$1.

Part A – Assets held

A	B	C	D	E	F	G	H	I	J	K	L	M
PART A	Country	Sector of issuer	Position at Beginning	Increase due to Transactions	Decrease due to Transactions	Interest received	Interest accrued	Market price changes	Exchange rate changes	Other Changes	Position at End of Period	Dividends received
Receivables	Various	█	50	100	0	0	0	█	0	0	150	█

Appendix 1 – Part D

A	B	C	D	E	F	G	H	I	J	K	L	M
Appendix 1	Country	Sector of issuer	Position at Beginning	Increase due to Transactions	Decrease due to Transactions	Interest received /paid	Interest accrued	Market price changes	Exchange rate changes	Other Changes	Position at End of Period	Dividends received /paid
4	U.K.	N/A	20	25	0	0	0	0	0	0	45	0
4	U.S.A.	N/A	30	25	0	0	0	0	0	0	55	0
4	Italy	N/A	0	50	0	0	0	0	0	0	50	0

Example 5:

Wins paid out: Paid €10,000 of which €6,000 to the U.K. and €4,000 to Italy.

Part C – Business Services / Transfers

A	B	C	D	E	F	G
Part C	Country	Sector of Issuer	Receipts from residents of Malta €'000	Receipts €'000	Payments to residents of Malta €'000	Payments €'000
49 Wins paid out	Various	■				10

Appendix 2 – Part E

A	B	C	D	E	F	G
Appendix 2	Country	Sector of Issuer	Receipts from residents of Malta €'000	Receipts from non-residents €'000	Payments to residents of Malta €'000	Payments to non-residents €'000
49	U.K.	■				6
49	Italy	■				4

7. Explanatory notes regarding rows to be filled in:

Please note that the shaded cells in the entire questionnaire need not to be completed either because the information requested is not required on a periodic basis and/or because the category in the question is not applicable.

7.1 Part A – Assets held

In row 1 “Loans to foreign parent” report those financial assets created through the direct lending of funds (including financial leases) by the reporting enterprise (in the role of subsidiary to foreign parent - lender) to its foreign parent (borrower) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 2 “Receivables from foreign parent” include receivables from a foreign direct investor who is resident in another economy and in which the direct investor owns 10 percent or more of the ordinary shares or voting power in the reporting enterprise in Malta.

There are three types of receivables:

- Prepayments on imports – which are extinguished upon delivery of the goods or services;
- Trade credits extended on exports – which are extinguished by actual payment (post payment);
- Miscellaneous account receivables – which include wages and salaries outstanding, prepayments of insurance premiums, etc.

In row 3 “Receivables from other non-residents: long-term” See row 2 above. However, only receivables from other non-residents with a maturity of more than one year should be reported under this item.

In row 4 “Receivables from other non-residents: short-term” See row 2 above. However, only receivables from other non-residents with a maturity of less than one year should be reported under this item.

In row 5 “Deposits held in local and foreign banks and other institutions abroad” include all claims reflecting evidence of deposit other than transferable deposits. These include non-transferable savings deposits, time deposits and deposits in savings and loan associations, building societies, etc. These deposits are generally redeemable on demand or at a short notice but cannot be readily transferred to another party by way of cheque or similar payment order.

In row 6 “Current account deposits” report transferable deposits that are exchangeable on demand at par without restriction or penalty, freely transferable by cheque or giro order, and otherwise commonly used to make payments. Any overdrawn accounts should be netted.

In row 7 “Other assets” include any asset not specified above. Please provide details of such assets in rows 8 to 10.

7.2 Part B – Liabilities due

In row 11 “Loans from foreign parent” report those financial liabilities created through the direct borrowing of funds (including financial leases) by the reporting enterprise (borrower) from its foreign parent (lender) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 12 “Loans from other non-residents: long-term” report those financial liabilities created through the direct borrowing of funds (including financial leases) by the reporting enterprise (borrower) from other non-residents (lender) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

Under this item report only loans from other non-residents with a maturity of one year or over.

In row 13 “Loans from non-residents: short-term” See row 12 above. However, only loans with a maturity of one year or less should be reported under this item.

In row 14 “Payables to foreign parent” include payables to a direct investor who is resident in another economy and owns 10 percent or more of the ordinary shares or voting power in the reporting entity.

There are three types of payables:

- Prepayments on exports –which are extinguished upon delivery of the goods or services;
- Trade credits extended on imports – which are extinguished by actual payment (post payment);
- Miscellaneous account payables – which include wages and salaries outstanding, etc.

In row 15 “Payables to other non-residents: long-term” See row 14. However, report payables to other non-residents with a maturity of more than one year.

In row 16 “Payables to other non-residents: short-term” See row 14. However, report payables to other non-residents with a maturity of less than one year.

In row 17 “Non-resident betting/deposit account” report movements in non-resident customers’ betting/deposit account. **Please report the country of the betting customer.**

In row 18 “Called up share capital (of non-residents) – more than 10%” report holdings of more than 10% ordinary shares (that are not or no longer freely tradeable) held by non-residents in the reporting enterprise. Any share premium should also be recorded.

The purpose of the equity investment must be to acquire a more or less permanent interest whereby a certain degree of control (i.e. ‘significant influence’ and a ‘long-term relationship’) is obtained in the management of the enterprise; this is in contrast with the motives of for example: investors in securities.

In row 19 “Called up share capital – less than 10%” report holdings of less than 10% of ordinary shares held by a non-resident corporate or unincorporated body in the reporting enterprise. Any share premium should also be recorded.

Any individual holdings of more than 10% should be reported in row 18.

In row 20 “Accumulated Profits/Losses” report profits (or losses) after tax, excluding extraordinary items and before profit appropriation attributed to equity investment holdings in the resident/non-resident enterprise. Extraordinary profits (or losses) should be reported in column K - “Other changes”.

In row 21 “Other liabilities” report any liability not specified above. Please provide details of such liabilities in rows 22 to 24.

7.3 Part C – Receipts and Expenses

In row 25 “Accounting, auditing, book-keeping and tax consultancy services” include those activities related to accounting, book-keeping and tax consultancy services.

In row 26 “Acquisition/disposal of non-produced non-financial assets include **purchase and sale** of patents, copyrights, trademarks, industrial process, franchises, etc. Fees associated with the use of such items should be classified in row 42.

In row 27 “Administrative/Betting Fees” include any fees associated with betting.

In row 28 “Advertising, market research and public opinion polling” include design, creation, marketing, placement and purchase of advertisement, trade fair exhibition services and promotion, market research and public opinion polls.

In row 29 “Bandwidth Services” include any receipts and/or payments associated with bandwidth services.

In row 30 “Business and management consultancy and public relations services” include planning, organisation cost projecting and human resource management.

In row 31 “Commissions/Rake” include any receipts and/or payments in the form of commissions/rake.

In rows 32 and 33 “Compensation of employees” include wages, salaries and other benefits in cash or in kind, earned by individuals for work performed for (and paid by) residents of those economies; together with contributions paid by employers on behalf of employees to social security schemes or to private insurance or pension funds to secure benefits for employees.

Employees include seasonal or other short-term workers who have a centre of economic interest in their own economies.

In row 34 “Computer and information services” include database development, storage and on-line series facilities, data processing, tabulation processing services (on a time share or specific basis) and processing management services, hardware consultancy, software design, development and customised implementation and programming, maintenance and repairs of computers and peripheral equipment and news agency service.

In row 35 “Financial services” include fees for intermediation services such as lending, financial leasing, letters of credit, bankers acceptances, lines of credit, foreign exchange transactions and travellers’ cheques transactions, commissions and fees associated with security brokerage, placements of issues, underwriting, redemption, swaps, options and commodity futures and portfolio and other financial management fees.

In row 36 “Insurance services” include insurance premiums and claims for insurance placed directly by the reporting enterprise.

In row 37 “Legal services” include legal advise, representation and documentation services.

In row 38 “Operational leasing” include leasing of machinery and equipment and exclude items under financial lease, which should be reported in row 35.

In row 39 “Phone/faxes expenses” include any mobile, telephony and facsimiles expenses sustained.

In row 40 “Purchase of petrol and diesel” report any purchase of fuel.

In row 41 “Rents on business premises” include any rents paid excluding ground rent.

In row 42 “Royalties and licence fees” include fees associated with the use of patents, copyrights, industrial processes, designs, etc. and licensing agreements associated with manuscripts, paintings, sculptures, etc.

In row 43 “Water and electricity” include any charges incurred with respect to water and electricity.

In rows 44 to 47 “Other services (please specify)” include any other services not specified elsewhere.

In row 48 “Bets placed” include the gross bets placed by resident and non-resident customers.

In row 49 “Wins paid out” report the gross wins paid out to resident and non-resident customers.

In row 50 “Penalties and fines” include any fines or penalties received/paid by the reporting enterprise.

In rows 51 and 52 “Taxes” include any betting and/or corporate taxes paid directly to the tax authority/Government as well as any refund of taxes. Interest charges on the late payment of taxes should also be included.