

## **Instructions for providing ITRS Information**

### **Introduction**

The purpose of the Instructions is to provide general guidelines on the classification of transactions in the "Daily Statement of Inward Remittance" and the "Daily Statement of Outward Remittance" and on the submission of balance of payments data to the Balance of Payments Section (BPS) of the Research and Statistics Department of the Central Bank of Myanmar (CBM).

The concepts in the Instructions are broadly based on the Sixth edition of the IMF's *Balance of Payments Manual and International Investment Position Manual (BPM6)*. The descriptions of some of the concepts are simplified, taking into account its purpose. In this regard, the users of the Instructions may encounter foreign exchange transactions that may not seem clearly described in the Instructions. In such cases, users should contact the CBM's BPS or the Foreign Exchange Management Department seeking further guidance.

### **Residents and Nonresidents**

The residence of each institutional unit is the economic territory with which it has the strongest connection, expressed as its center of predominant economic interest.

#### **Resident**

A resident is, generally speaking, any individual, enterprise, or other organization domiciled in Myanmar.

Subsidiaries located abroad of Myanmar companies are to be treated as nonresidents.

#### **Nonresident**

A nonresident is, generally speaking, any individual, enterprise, or other organization domiciled in an economy other than Myanmar. Subsidiaries located in Myanmar of nonresident companies are to be treated as residents of Myanmar.

## Functional Categories

### I – Trade in Goods, Trade in Services, and Transfers

#### 1. Goods

##### Exports of goods (1100)

Amounts reported should include payments received by Myanmar residents for the exports of goods.

Among the main items that should **not** be included here are the payments received in advance (Advances) from buyers for goods under long-term or short-term trade credit (8530 or 8540) as well as the payments received from buyers for goods exported under long-term or short-term trade credit provided by Myanmar exporters (7530 or 7540).

##### Imports of goods (1200)

Amounts reported should include payments made by Myanmar residents for the imports of goods.

Among the main items that should **not** be included here are the payments for goods entering the country under operating lease (3725) and payments to suppliers for goods under long-term or short-term trade credit (8530 or 8540).

#### 2. Transport and Travel Services

Transport services include services provided by all modes of transport performed by residents of one economy for those of another.

Travel credits cover goods and services for own use or to give away acquired from an economy by nonresidents

during visits to that economy. Travel debits cover goods and services for own use or to give away acquired from other economies by residents during visits to these other economies.

##### Freight services

Sea transport (2110)

Air transport (2120)

Other transport (2130)

Amounts reported should include payments for the carriage of goods. Payments should be recorded on a gross basis, that is, before any deduction of commissions to freight agents.

##### Passenger services

Sea transport (2210)

Air transport (2220)

Other transport (2230)

Amounts reported should include payments for the carriage of passengers. Payments should be recorded on a gross basis, that is, before any deduction of commissions on ticket sales.

##### Other transport services

Sea transport (2310)

Air transport (2320)

Other transport (2330)

Postal and courier services (2340)

Amounts reported should include payments for services that are auxiliary to transport and not directly provided for the movement of goods and persons. The category includes cargo handling charges billed separately from

freight, storage and warehousing, packing and repackaging, towing not included in freight services, pilotage and navigational aid for carriers, air traffic control, cleaning performed in ports and airports on transport equipment, salvage operations, and agents' fees associated with passenger and freight transport (e.g., freight forwarding and brokerage services).

Also include are postal and courier services. These services include the pickup, transport and delivery of letters, newspapers, periodicals, brochures, other printed matter, parcels and packages. It also includes post office counter services, such as sales of stamps and mailbox rental services.

### **Business travel (2510)**

Business travel covers goods and services acquired for personal use by persons whose primary purpose of travel is business.

### **Personal travel (2520)**

Personal travel covers goods and services acquired by persons going abroad for purposes other than business, such as vacations, participation in recreational and cultural activities, visits with friends and relatives, pilgrimage, and education- and health-related purposes.

## **3. Other Services**

### **Manufacturing services (3100)**

Manufacturing services include the processing, assembly, labeling and packing of goods that are owned by a resident of another economy.

### **Maintenance and Repair Services (3200)**

These services include fees charged for the maintenance and repair and the value of any parts or material included in the repair fee. Where parts or materials are separately charged, they are excluded from the value of the service.

### **Construction abroad (3310)**

The amounts registered under construction abroad consist of:

- (a) payments to enterprises resident in Myanmar (credit) for construction work performed abroad for nonresidents, and
- (b) the payments (debit) for goods and services acquired from the economy in which the construction activity.

### **Construction in Myanmar (3320)**

Construction in Myanmar covers construction services provided in Myanmar on a short- term basis (up to one year) and/or under long-term construction and installation projects (one year and longer) undertaken by nonresident construction companies. It may include engineering construction, such as roads, bridges, dams, buildings, land improvement installation and assembly work, repairs and maintenance on buildings, etc.

The amounts registered under construction in Myanmar consist of:

(a) payments made to nonresident construction enterprises (debit) for construction work performed for residents of Myanmar, and

(b) payments for goods and services acquired in Myanmar from resident enterprises by these nonresident construction enterprises (credit).

### **Insurance premiums (3410)**

Includes the payments of insurance premiums.

### **Insurance Claims (3420)**

Includes the payments of insurance claims.

### **Financial Service fees (3430)**

These services include fees for intermediation services such as lending, financial leasing, letters of credit, bankers acceptances, lines of credit, foreign exchange transactions and travelers' check transactions; commissions and fees associated with security brokerage, placements of issues, underwriting, redemptions, swaps, options, and commodity futures; and portfolio and other financial management fees.

### **Charges for the Use of Intellectual Property (royalties and license fees) (3500)**

These include fees associated with the use of patents, copyrights, trademarks, industrial processes, franchises, etc. and licensing agreements associated with manuscripts, paintings, sculptures, etc charges for licenses to reproduce and/ or distribute (e.g., copyright on books and manuscripts, computer software, cinematographic work and sound recordings and related

rights, such as for recording of live performances, television, cable).

### **Telecommunications Services (3610)**

These services include broadcast or transmission of sound, images, data or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail and networking, and teleconferencing services.

### **Computer Services (3620)**

These services include data base development, storage, and on-line time series facilities; data processing, tabulation, processing services (on a time-share or specific basis), and processing management services; hardware consultancy; software design, development, and customized implementation and programming; maintenance and repair of computers and peripheral equipment; and computer-related online downloads.

### **Information Services (3630)**

This category includes news agency services, database services, and web search portals. Also included are direct nonbulk subscriptions to newspapers and periodicals, whether by mail; electronic transmission or other means; other online content provision services (except for software or audio, e-books, and video); and library and archive services.

### **Research and Development Services (3710)**

These activities cover those services that are associated with basic research, applied research and experimental development of new products and processes (e.g.,

research associated with the physical, social science, and humanities).

### **Professional and Management Consulting Services (3720)**

These services include legal advice, representation, and documentation; accounting, auditing, bookkeeping, and tax related services; planning, organization, cost projecting, and human resource management; and public relations. They also include advertising services; trade fair exhibition services; market research; and public opinion polling services.

### **Operating Lease (rental of equipment) (3725)**

Operating lease is the activity of renting out a tangible asset to the lessee. Amounts reported should include the leasing and charter of ships, aircraft, and transportation equipment (such as railway cars, containers) and rental of other capital goods. Not included in this category are payments related to financial lease.

### **Technical, Trade-related and Other Business Services (3730)**

These services include architectural design of urban and other development projects; planning, project design, and supervision of dams, bridges, airports, turnkey projects, etc.; surveying, product testing and certification, and technical inspection services; commissions on goods and services associated with commodity brokerage, auction sales, sales of ships and aircraft, and so forth; distribution services related to water, steam, gas, and other petroleum products and air-conditioning supply (where identified separately from transmission services); security

and investigative services, translation and interpretation, photographic services, building cleaning, placement of personnel, real estate services, etc.

### **Audiovisual and related services (3740)**

Consist of services and fees related to the production of motion pictures (on film, videotape, disk, or transmitted electronically, etc.), radio and television programs (live or on tape), and musical recordings.

### **Personal, Cultural, and Recreational Services (3750)**

These services include fees received by actors, directors, and producers associated with the production of motion picture and television films; downloading of mass-produced audio-visual products (movies and music, including recordings of live performances); health services, education services, heritage and other cultural services and sporting and other recreational services.

### **Services to foreign governments (3800)**

For example, technical assistance on public administration, payments for police-type services; (such as keeping order), services supplied with mutual agreement by a foreign government or international organization, government supply of licenses and permits that are classified as services.

## **4. Income**

Income refers to: (1) income receivable by enterprises resident of Myanmar from their ownership of claims on nonresidents; and (2) income payable by enterprises resident of Myanmar as a result of their liabilities to nonresidents. Common forms of income are dividends,

distributions of profit, and interest. It also relates to the payments of taxes, subsidies, rent, and provision of labor.

### **Dividends (4100)**

Amounts reported should include payments of dividends that result from the ownership of stock (shares) or equivalent equity interest in enterprises.

### **Interest (4300)**

Amounts reported should include payments made regarding income earned from the ownership of financial assets other than equity assets.

### **Taxes (4400)**

Amounts reported should include payments of value-added tax, import duties, export taxes, and excise; and other taxes on production such as payroll taxes, recurrent taxes on buildings and land, and business licenses.

### **Subsidies (4500)**

Amounts reported should include payments of subsidies between governments of one country and residents of another country.

### **Rent (4600)**

Rent covers payments made or received for the use of natural resources. Examples of rent include amounts payable for the use of land extracting mineral deposits and other subsoil assets, and for fishing, forestry, and grazing rights. Not included in this category are payments for operating lease (rental of equipment).

### **Compensation of employees (4700)**

Amounts reported should include payment for the labor input to the production process contributed by an individual in an employer employee relationship with the enterprise.

## **5. Transfers (Current and Capital)**

### **Workers' remittances (5200)**

Workers' remittances comprise transfers by migrants who are employed in and residents of an economy to residents in their countries of origin.

### **Other personal Transfers (5300)**

Other personal transfers consist of all current transfers in cash or in kind made or received by resident households to or from nonresident households other than workers' remittances.

### **Grants for infrastructure and purchase of capital goods (5400)**

Amounts reported should include grants made to the Government of Myanmar or its agencies for infrastructure projects and purchase of capital goods (usually to be applied to infrastructure projects) or to repay public external debt.

### **Development assistance (5500)**

Consists of transfers between foreign governments or international organizations and the government of Myanmar to finance current expenditures, including

emergency aid after natural disasters and payments to cover the salaries of technical assistance staff who are resident in Myanmar and are employed by the government of Myanmar.

### **Other current transfers (5600)**

Other current transfers consist of:

- (a) current taxes on income, wealth, etc.,
- (b) social contributions,
- (c) social benefits,
- (d) net nonlife insurance premiums,
- (e) nonlife insurance claims,
- (f) current international cooperation, and
- (g) miscellaneous current transfers.

Not included in this component are any types of transfers between enterprises (for example, from parent companies to affiliates in Myanmar).

## **II – Financial Account <sup>1</sup>**

### **7. Transactions in claims (assets) on nonresidents**

#### **Equity (7100)**

Amounts reported should include acquisitions (debit) and sales (credit) of equity by resident entities in Myanmar in enterprises abroad.

It is recommended that in the "particulars" the percentage of shares being acquired or sold be informed.

#### **Debt between affiliated enterprises (7200)**

Amounts reported should include the provision of funds (debit) by resident entities in Myanmar to their direct investment enterprises abroad in the form of debt instruments (loans, currency and deposits, debt securities, trade credit and advances) and their repayments (credit).

In the absence of information on whether the nonresident counterpart is affiliated to a company in Myanmar, the transaction should be classified in the instrument used.

#### **Long-term debt securities (7310)**

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<sup>1</sup> Note:

**Long-term** investment is defined as investment with an original contractual maturity of more than one year or with no stated maturity. **Short-term** investment is investment payable on demand or with an original contractual maturity of one year or less.

Amounts reported should include the acquisition (debit) and sale (credit) by residents of Myanmar of long-term debt securities issued by nonresident entities.

**Short-term debt securities (7320)**

Amounts reported should include the acquisition (debit) and sale (credit) by residents of Myanmar of short-term debt securities issued by nonresident entities.

**Options, futures, warrants, swaps, etc. (7400)**

Amounts reported should include the values settled (debits and credits) for claims related to these financial instruments.

**Loans, long-term (7510)**

Amounts reported should include the provision of long-term loans (debit) by residents of Myanmar to nonresidents, and the repayments (credit) of these loans by the nonresidents to the resident of Myanmar.

**Loans, short-term (7520)**

Amounts reported should include the provision of short-term loans (debit) by residents of Myanmar to nonresidents, and the repayments (credit) of these loans by the nonresidents to the resident of Myanmar.

**Trade credits and advances <sup>2</sup>, long-term (7530)**

Amounts reported should include the long-term advance payments extended by residents of Myanmar to nonresident sellers for the imports (debit) of goods or services, and the repayments to exporters of goods or

services in Myanmar by nonresident buyers for long-term trade credits extended (credit).

**Trade credits and advances, short-term (7540)**

Amounts reported should include the short-term advance payments extended by residents of Myanmar to nonresidents sellers for the imports (debit) of goods or services, and the repayments to exporters of goods or services in Myanmar by nonresident buyers for short-term trade credits extended (credit).

**Deposits (7600)**

Amounts reported should include deposits (debit) of residents of Myanmar with nonresident entities (usually banks), and the withdrawal (credit) of these deposits by the resident of Myanmar.

**Other (7800)**

Amounts reported should include the increase (debit) or decrease (credit) of assets of residents of Myanmar with nonresidents not included in the other categories listed above.

**8. Transactions in liabilities to nonresidents**

**Equity (8100)**

Amounts reported should include increase (for example new investments, capital subscription capital injection, and purchases of local enterprises) (credit) and reduction (debit) of equity in enterprises in Myanmar by nonresident entities. Also included in this item are the transfers made by parent companies for the payments of salaries of local staff of their affiliates (such as branches) and transfers made to the affiliates for the acquisition of goods and services. If such transfers are subject to

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<sup>2</sup> Trade credit and advances do not include loans to finance trade made by an institutional unit other than the supplier of the good or service, as they are included under loans.

repayment in the future, though, they should be classified under code 8200.

It is recommended that in the "particulars" the percentage of shares being acquired or sold be informed.

#### **Debt between affiliated enterprises (8200)**

Amounts reported should include the provision of funds (credit) by nonresident entities to their direct investment enterprises (affiliates) in Myanmar by means of debt instruments (loans, currency and deposits, debt securities, trade credit and advances) and their repayment (debit).

In the absence of information on whether the company in Myanmar is affiliated to the nonresident counterpart, the transaction should be classified in the instrument used.

#### **Payments of local expenses of resident affiliates by their parent companies (8250)**

Amounts reported should include the transfer of funds (credit) by nonresident entities to Myanmar for the payments of expenses of their affiliates (branches or subsidiaries). Not included in this item are transactions classifiable under codes 8100 and 8200.

#### **Long-term debt securities (8310)**

Amounts reported should include the sale (credit) and acquisition or repayment (debit) by residents of Myanmar of long-term debt securities issued by resident entities.

#### **Short-term debt securities (8320)**

Amounts reported should include the sale (credit) and acquisition or repayment (debit) by residents of Myanmar of short-term debt securities issued by resident entities.

#### **Options, futures, warrants, swaps, etc. (8400)**

Amounts reported should include the values settled (debits and credits) for claims related to these financial instruments.

#### **Loans, long-term (8510)**

Amounts reported should include the provision of long-term loans by nonresidents to residents of Myanmar (credit) and the repayments (debit) of these loans by the nonresidents.

#### **Loans, short-term (8520)**

Amounts reported should include the provision of short-term loans by nonresidents to residents of Myanmar (credit) and the repayments (debit) of these loans by the nonresidents.

#### **Trade credits and advances <sup>3</sup>, long-term (8530)**

Amounts reported should include the long-term advance payments extended by nonresident buyers to exporters of Myanmar for exports (credits) of goods or services, and the repayments to nonresident suppliers of goods or services for credits extended to importers in Myanmar (debit).

#### **Trade credits and advances, short-term (8540)**

Amounts reported should include the short-term advance payments extended by nonresident buyers to exporters of Myanmar for exports (credits) of goods or services, and the repayments to nonresident suppliers of goods or

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<sup>3</sup> Trade credit and advances do not include loans to finance trade made by an institutional unit other than the supplier of the good or service, as they are included under loans.

services for short-term credits extended to importers in Myanmar (debit).

**Deposits (8600)**

Amounts reported should include deposits (credit) of nonresident entities with residents of Myanmar (usually banks), and the withdrawal (debit) of these deposits by the nonresident.

**Other (8800)**

Amounts reported should include the increase (credit) or decrease (debit) of liabilities of residents of Myanmar with nonresidents not included in the other categories listed above.

**9. Transfer of funds between residents**

**Transfer of funds between residents' accounts (9000)**

Amounts reported should include transfers between accounts of residents in different banks in Myanmar.

**Transfer of funds between banks resident in Myanmar (9100)**

Amounts reported should include transfers between banks in Myanmar.

**Transfer of funds of resident banks with banks abroad (9200)**

Amounts reported should include transfers between banks in Myanmar and nonresident banks.

**Deposits in and withdrawals from residents' accounts (9300)**

Amounts reported should include deposits in and withdrawals from residents' accounts not classified elsewhere. Not included here are transfers of funds between residents' accounts, between banks resident in

Myanmar, and transfer of funds of resident banks with banks abroad.

**Purchase and sale of foreign currency between residents and resident banks (9400)**

Amounts reported should include purchase and sales of foreign currency banknotes (cash) from residents not classified elsewhere.

**10. Foreign exchange realized gains or losses (10100)**

Amounts reported should include banks' gains and losses with foreign currency exchange.