



CENTRALE BANK VAN ARUBA

Balance of Payments

Notes to the Quarterly

**Trade Credit and Advances Survey -
Free-Zone companies (TCAS-FZ)**



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1. Purpose of the survey/report

The Centrale Bank van Aruba (CBA) collects through this Trade Credit and Advances Survey-Free-Zone companies (TCAS-FZ) quarterly data on imports and exports of goods and services by resident enterprises and its subsidiaries in Aruba, as well as data on trade credit and advances related to these imports and exports. The information collected through the TCAS-FZ will be used to compile, inter alia, the Balance of Payments statistics and the International Investment Position of Aruba. The balance of payments statistics are published in the Quarterly Bulletin, Annual Report, and in the Annual Statistical Digest of the CBA, and are available on the website of the CBA: www.cbaruba.org

2. Legal basis

Pursuant to article 8 of the State Ordinance Foreign Exchange Transactions (the so-called *Landsverordening deviezenverkeer, SOFET*), a resident entity, including an importer and an exporter, is obliged in accordance with the relevant regulations and procedures of the SOFET and based on the related-guidelines issued by the CBA, to truthfully submit upon CBA's first request all information and data required in order to compile the Balance of Payments.

3. Submission period

The relevant *quarterly* TCAS-FZ report must be in CBA's possession *within a month after the end of each calendar quarter*. If final figures are not available by then, provisional figures must be submitted on the basis of prudent estimates in order to ensure submission takes place within the time limit. If the required information is not available at that time, a written request for postponement should be submitted to the CBA no later than one working day before the submission period expires. In the case of significant changes in any quarterly reports, a revised report for the relevant period must be submitted. The completed report forms should be sent to:

Centrale Bank van Aruba
Statistics Department
J.E. Irausquin Boulevard # 8
Oranjestad
Aruba

4. Residents and nonresidents

The Balance of Payments and the International Investment Position include transactions/positions between residents and nonresidents only. In accordance with the definitions of the International Monetary Fund, residents of a certain country are taken to be the group of natural persons and legal entities whose center of economic interest lies in the country concerned. In Aruba, this definition is elaborated further in the SOFET. Article 1 of the SOFET defines residents as:

- a. Natural persons residing in Aruba and registered in the population register of the Civil Registry, or those who actually have been living in Aruba for a period

exceeding one year after the date of their arrival in Aruba, as soon as that year has lapsed;

- b. Legal entities, partnerships, limited partnerships, and Aruba Exempt Corporations (the so-called AVVs), domiciled in Aruba;
- c. Branches, branch offices, enterprises and agencies domiciled in Aruba, as far as not covered under b; and
- d. Persons, legal entities and other institutions designated by the CBA, as far as not covered under a, b and c.

Nonresidents are: natural persons, legal entities, partnerships, branches, agencies and enterprises not covered by the definition of “residents”.

5. Who has to submit reports?

The CBA determines which entities are required to report and those involved with the format in which the reporting must take place. The CBA appoints, in principle, individual enterprises as a reporting entity.

6. Representation

Reporting entities usually report independently to the CBA, i.e., without the intervention of a third party. However, a reporting enterprise may have its reporting, done by an external party (the head office abroad, an accountant firm). The reporting enterprise shall remain responsible at all times for the fulfillment of its reporting requirements.

7. Instructions for completing the report forms

The TCAS enterprise register form covers general information of the resident enterprise, i.e.:

- The name of the reporting enterprise;
- Mailing address; and
- Contact person(s).

Import and export of goods and services (forms TCAS-1A, TCAS-1B, TCAS-1C, TCAS-1D and TCAS-1E):

The reporting forms make a distinction between import and export of goods and services. For import of goods (TCAS-1A), record the country of the foreign exporter(s) in the column country (see country code list), the free on board (f.o.b.) value (column A), and the cost of insurance and freight broken down by air and sea (column B and C). Please note that the sum of columns A through C should equal column D (c.i.f. value). For export of goods (TCAS-1B), the country of the foreign importer(s) and the export value of the goods (f.o.b. value) should be reported. The f.o.b. value is the value of goods at the point of departure from the exporting country (in this case, Aruba). The reporting form TCAS-1C covers data on import of goods delivered to the local market. In report TCAS-1D and TCAS-1E the services received from nonresident and services provided to nonresident broken down by type of services should be described.

Pursuant to the regulations of the State Ordinance Foreign Exchange Commission, a 1.3 percent foreign exchange commission should be paid on all payments to nonresidents not included in the payments mentioned under point 1 of the exemption of foreign exchange commission granted to the free-zone enterprises, as well as on sales of goods to the local market.

Short-term and long-term trade credit received on imports of goods and services (TCAS-2A and TCAS-2C)

The reporting forms TCAS-2A and TCAS-2C makes a distinction between short-term and long-term trade credit. Short-term trade credit has an original maturity of 1 year or less. Long-term trade credit has an original maturity of more than one year. Please note that the distinction lies on the original maturity of the credit. This implies that the long-term credits do not have to be reclassified if the residual maturity is less than one year.

Interest payables and interest receivables on long-term and short-term trade credit and interest receivables (TCAS-2B, TCAS-2D and TCAS-4B)

The reporting forms should be used to report transactions related to income on long-term and short-term trade credit received and trade credit extended. The report is broken down in position of accrued interest (column A), interest accrued in the course of the quarter (column B), interest paid (received) during the quarter (column C), other changes, i.e., all other changes since the previous report on accrued interest (column D) and the position of accrued interest at the end of the quarter (column E).

Advance payments on import and export of goods and services (TCAS-3 and TCAS-5)

The reporting form should be used for position and transactions related to advance payments on import and export of goods and services.

Trade credit extended on export of goods and services (TCAS-4A)

Trade credit extended on export of goods and services trade credit should be reported through this report form.

Country

This is the country where the company of the foreign exporter/importer is established. Please refer to the country code list included in the related worksheet in the report forms.

Beginning balance

The beginning balance is the outstanding balance of trade credit of each quarter. It should be equal to the reported ending balance of the previous quarter.

Other changes

This item relates to all other changes in the outstanding trade credit balance. For example, when the repayment is cancelled due to condition of the goods (services) received. Changes due to exchange rate fluctuations are also part of other changes. Other changes

should be reported as a negative (positive) amount if it leads to a reduction (increase) in the outstanding trade credit balance.

Ending balance

This is the outstanding trade credit balance at the end of each quarter. The ending balance should equal to the beginning balance plus trade credits received/extended minus repayments plus other changes (positive or negative).

8. Currency and conversion-rate

If the end-of-quarter trade credit positions of are denominated in foreign currency, these must be converted into Aruban florin at the reference (middle) rate of the last day of the quarter in question. The opening positions must be based on the quarter-end exchange rate of the previous quarter. For transactions, the cost price (import) and selling price (export) of these transactions should be recorded. Transactions denominated in foreign currency should be converted into Aruban florin according to the reference (middle) rate on the transaction day or the actual exchange rate used in the transaction.

9. Glossary of terms used in the TCAS

Import of goods

Import of goods consists of purchases of goods by resident from nonresidents, which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions.

Import of services

Import of services covers the value of all services received by resident from non-residents.

Export of goods

Export of goods consists of sales of goods by residents to nonresidents, which ownership right is passed from one institutional unit to another by engaging in transactions.

Export of services

Export of services covers the value of all services provided by residents to nonresidents.

Free on board (FOB)

This term means that the seller delivered the goods on a designated port appointed by the buyer.

Cost, insurance and freight (CIF)

This term means that the foreign exporter must pay the cost, insurance and freight necessary to bring the goods to the named port of destination. This implies that the c.i.f. value of the imported goods includes cost, insurance and freight at the border of the importing country. Information on cost, insurance and freight can be derived from the

shipping documents, e.g., bills of lading, invoices etc. These documents would help better estimate the percentage for these variables.

Insurance

Freight insurance premiums paid to the goods leaving the customs frontier of the exporter(s) should be included under this heading. Freight insurance premiums paid on exports of goods before leaving the economy of the exporter should be excluded in the column for insurance but included in the f.o.b. value of the goods.

Freight

Freight services cover the transport of the goods by means of air or sea.

Trade credit and advances

Trade credit and advances consist of credit extended directly by the suppliers of goods and services to their customers and advances of work that is in progress (or is yet to be undertaken) and prepayment by customers for goods and services not yet provided.

Interest payable and receivable

Interest accrued in the course of the reporting period on trade credit received or extended.

Affiliated enterprises

A distinction is made between *affiliated enterprises* because the nature of the relationship between debtor and creditor is different. Affiliated enterprises are related through direct investment ownership structures, such as branches, subsidiaries, associates, and joint ventures. Affiliated enterprises include those in a direct ownership relationship but also those that are related through a third enterprise and/or a chain of direct investment relationships.

10. Reporting process

To facilitate the reporting process, the CBA has developed electronic reporting forms in Excel format. It is the intention to make available standard reports by enterprises which can be emailed to statistics.department@cbaruba.org. These standard report forms are also available on the CBA's website www.cbaruba.org (Statistics/Reports/TCAS-Free-Zone companies).

11. Further information

The attached TCAS report forms need to be completed in accordance with the reporting instructions provided. If there are questions regarding these instructions, please contact the Statistics Department of the CBA via the e-mail address mentioned above.