

Methodology for reporting reinvested earnings/losses in the balance of payments

The case of direct investment company earnings

Foreign investors first formally withdraw their shares of earnings (reflected as an increase in the deficit of the current account BOPSY 3 333) and thereby reinvest these funds back into the direct investment company as foreign direct investment (reflected as an increase of foreign direct investment in the financial account BOPSY 4 575). In the case of dividend payment (BOPSY 3 332), the reinvested earnings BOPSY 3 333 in the current account are simultaneously reduced by an equivalent amount (the BOPSY 4 575 amount is reduced accordingly).

The case of direct investment company loss

A loss of direct investment company is recorded under foreign direct investment as investment outflow (BOPSY 4 575; as a rule, foreign investors compensate this outflow by additional inward investment into equity capital BOPSY 4 560 or as other capital BOPSY 4 580) thereby increasing the surplus of the current account BOPSY 3 333. In the case of dividend payment (BOPSY 3 332), reinvested losses BOPSY 3 333 in the current account are simultaneously increased by an equivalent amount (the BOPSY 4 575 negative value increases accordingly).