



January 7, 2015

In November 2014, the U.S. Bureau of Economic Analysis (BEA) released its newest reporting requirements for U.S. business enterprises (whether incorporated or not) that are acquired, established or expanded and are or have become foreign owned. During the first quarter of 2015, the BEA will be releasing its five-year reporting requirements for U.S. persons and business enterprises with ownership interests in foreign business enterprises. The BEA regularly requires U.S. persons and business enterprises that (i) own foreign business enterprises, or (ii) are owned by foreign persons or business enterprises, to file reports with the BEA if certain criteria are met. These reports include quarterly, annual and five-year filings, as well as the new filing requirement for acquisitions, establishments or expansions of U.S. business enterprises that are or become foreign owned. Failure to file required reports may be punishable by both civil and criminal penalties.

Below are general descriptions of who must file the newest mandatory BEA report relating to foreign investments in the U.S. (BE Form 13) and the BEA five-year report for U.S. persons and business enterprises with ownership interests in foreign business enterprises (BE Form 10). The BE Form 13, first released in November 2014, is retroactively effective to January 1, 2014 and is due within 45 days of the event triggering the reporting requirement. The BE Form 10 will be issued this quarter and will be due on or about May 2015.

Foreign Investment in the United States (BE Form 13)

- New BEA regulations require foreign owned U.S. business enterprises to file reports with the BEA within 45 days of any of the following three (3) occurrences:
 1. A foreign person or business enterprise has acquired a direct or indirect voting interest of ten percent (10%) or more in the U.S. business enterprise;
 2. Voting interests in the U.S. business enterprise are

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- directly or indirectly ten percent (10%) or more foreign owned and the U.S. business enterprise has been newly established; or
3. Voting interests in the U.S. business enterprise are directly or indirectly ten percent (10%) or more foreign owned and the U.S. business enterprise has expanded its operations to include a new facility.

Note that this regulation is retroactive to January 1, 2014, and therefore if any of the above transactions or events occurred on or after January 1, 2014, a report is due. In addition, the reporting requirement is not limited to voting interests in corporations and is applicable to similar interests in unincorporated business enterprises.

United States Investment Abroad (BE Form 10)

- On or about May 2015, U.S. persons and business enterprises that directly or indirectly own or control at least ten percent (10%) of the voting stock of a foreign business enterprise will be required to respond to the BEA's 2014 Benchmark Survey of U.S. Direct Investment Abroad.

Please note that the information above is for informational purposes only and not for purposes of providing legal advice, as BEA regulatory compliance requires case specific consideration. Porzio provides counseling on BEA filing requirements and assists clients with maintaining compliance. For more information on BEA filing requirements, including the two regulations referenced above and other BEA regulations, please contact Christopher F. Schultz, Esq. at cfshultz@pbnlaw.com or Robert M. Schechter, Esq. at rmschechter@pbnlaw.com.