

Special Purpose Entities in the International Transactions Accounts March 24, 2022

With the December 21, 2021, release of the U.S. International Transactions Accounts (ITAs), the U.S. Bureau of Economic Analysis (BEA) introduced two new ITA tables—tables 4.6 and 6.3—that featured annual statistics for 2020 on U.S. special purpose entities (SPEs), which are U.S. legal entities with little or no employment or physical presence. Table 4.6 presented primary income on foreign direct investment in U.S. SPEs, and table 6.3 presented financial transactions for direct investment in U.S. SPEs.

With the March 24, 2022, ITA release, tables [4.6](#) and [6.3](#) were updated with annual statistics for 2021 on U.S. SPEs and were published as prototype tables in BEA’s [Interactive Data Application](#). For 2021, U.S. SPEs accounted for \$9.3 billion, or 3.5 percent, of direct investment income on equity, or earnings, payments (table 4.6, line 9) and \$6.1 billion, or 1.4 percent, of direct investment liabilities transactions (table 6.3, line 8).

With the June 23, 2022, ITA release, BEA will expand the scope of tables 4.6 and 6.3 to include annual statistics on U.S.-owned foreign SPEs, which are foreign legal entities with little or no employment or physical presence. The addition of foreign SPE statistics will provide users with a more comprehensive perspective on direct investment involving SPEs. Prototype tables 4.6 and 6.3 released in March included placeholders for the forthcoming foreign SPE statistics. With the June 2022 release, tables 4.6 and 6.3 will be incorporated into the standard presentation of the ITAs in the Interactive Data Application and in BEA’s [Data Application Programming Interface](#) with U.S. and foreign SPE statistics for 2019–2021.

Multinational enterprises increasingly set up complex global structures to maximize their worldwide profits. These structures include SPEs that can be set up to take advantage of different tax or regulatory regimes. The increased prevalence of SPEs heightens the need for separate statistics on their activities for analysis and for improved interpretability of macroeconomic statistics.

BEA’s statistics on SPEs are compiled using its surveys of direct investment. Financial and operating data reported in the Annual and Benchmark Surveys of U.S. Direct Investment Abroad and Foreign Direct Investment in the United States are used to identify SPEs in the Quarterly Surveys of U.S. Direct Investment Abroad and Foreign Direct Investment in the United

States. Based on guidelines from the [International Monetary Fund Task Force on Special Purpose Entities \(TFSPE\)](#), BEA identifies entities as SPEs using the following criteria:¹

- Majority-owned by their U.S. or foreign parent(s)
- Zero to five employees
- Less than \$1 million of gross property, plant, and equipment
- Less than 10 percent of total sales to local customers

Additional information will be available in a preview article of BEA's annual update of the International Economic Accounts in the April 2022 [Survey of Current Business](#).

¹ BEA operationalized TFSPE's "little or no physical presence" and "transact almost entirely with nonresidents" criteria with thresholds of less than \$1 million of property, plant, and equipment and 10 percent of sales to local parties. These thresholds were tested for sensitivity, and changes to them did not affect the results.