

## SOLUTIONS TO WORKSHOP EXERCISES

### Exercise 1. Residence<sup>1</sup>

See *BPM6* Chapter 4.

- 1a. Country A - the criterion is principal dwelling, not location of job. See *BPM6* paras. 4.115 and 4.125.
- 1b. The criterion is principal dwelling, so it depends on the arrangements Mr. A has in Country B on weeknights. If he does not maintain a principal dwelling in Country B, he remains a resident of Country A; if he has no principal dwelling or principal dwelling in both countries, predominant amount of time is used. See *BPM6* para. 4.117.
- 1c. The definition involves actual or intended residence for a year or more. If Mr. C moves with the intention of living in Country B for one year or more, then he becomes resident in Country B (and when he moves back, there is another change of residence). However, if his intention is to remain in Country B for less than one year, his country of residence does not change. See *BPM6* paras. 4.114 and 4.117.
2. Ms. A becomes a resident of Country B for the period in which she lives there. See *BPM6* paras. 4.114 and 4.115.
3. Mr. A remains a resident of Country A while working in Country B. During his period of study, he is still a resident of Country A, unless he develops an intention not to return. If he had been resident for 15 months, he would have become a resident of Country B, and stayed that way as a student. The residence of the provider of the grant is not relevant to the residence while Mr. A is a student. See *BPM6* paras. 4.114 and 4.120.
4. Company A is a resident of Country A. See *BPM6* para. 4.136.
5. The individuals are residents of the United States. The IMF is not a United States resident. See *BPM6* paras. 4.124, 4.105, and 4.139.
- 6a./6b. Company A is a resident of Country A and there are no branches in other economies. The residence of enterprises is determined by criteria discussed in *BPM6* paras. 4.131-4.137. The residence of the owner(s) of the enterprise is not relevant.

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<sup>1</sup> Reproductions of this material, or any parts of it, should refer to the IMF Statistics Department as the source.

### Exercise 1. (concluded)

6c. See *BPM6* paras. 4.26-4.28, 4.29 refers specifically to site offices for construction projects. Probably, there is a branch of Company A in Economy B because the site office, management from there, and length of time suggest that the criteria in para. 4.29 will be met.

6d. Company A's residence does not change, but a notional unit in country B is identified for statistical purposes as being the owner of the land and buildings. This notional unit is a kind of quasicorporation, and the Company A is treated as owning the notional unit in country B, rather than owning the land or structures directly. This treatment is done so that land and other structures are always assets of the economy in whose territory they are located. See para. 4.34.

6e. Provided it meets the criteria for identifying a branch in *BPM6* para. 4.27, Bank C is a resident of Country B.

6f. Company A's residence does not change. The land and embassy are included in the economic territory of Country A - see *BPM6* para. 4.5(e). The transactions between the government of Country A and Enterprise A's permanent office in Country B (a resident of Country B) are transactions between residents of different economies.

7. Company A is a resident of Country A. The operations of Company A in Country B appear to be substantial and so would probably meet the criteria for a branch resident in Country B (see para. 4.27).

8. If it is not possible to divide the activities meaningfully among the countries based on actual operations, then the company is prorated amongst the three countries according to the proportions of their ownership. See *BPM6* paras. 4.41-4.44.

9. National central banks are resident in their own economies. The currency union central bank is a regional organization and not a resident where it is located (see *BPM6* paras 4.142 and A3.12). If statistics are prepared for that region as a whole, these regional organizations are residents of that region as a whole.

10. The tax free zone is part of the economic territory of Country A. See *BPM6* para. 4.8.