

CHAPTER 12

COLLECTING AND REPORTING OF FOREIGN INDEBTEDNESS
WITHIN THE DEPARTMENT OF DEFENSE (DOD)1201 POLICY

120101 Purpose. This chapter establishes standard procedures to be used for the collecting, billing, and reporting of foreign indebtedness. Such indebtedness may arise through the (a) sale of Defense articles and services pursuant to the Arms Export Control Act, as amended, (b) operation of military missions, (c) logistical support provided under country-to-country agreements, and (d) other programs which are contained in Table 12-1.

120102 Applicability. The provisions of this chapter apply to the Office of the Secretary of Defense, the Military Departments, the Unified Combatant Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to as "DoD Components").

120103 DoD Policy for Collections. It is the policy of the Department of Defense that timely and aggressive collection efforts will be conducted to assure that foreign arrearages to DoD Components are held to the absolute minimum. Foreign indebtedness will be uniformly and accurately reported to the Department of the Treasury on forms prescribed in the Treasury Financial Manual.

120104 Responsibilities

A. The Under Secretary of Defense (Comptroller) (USD(C)) is the DoD point of contact for matters concerning foreign indebtedness requirements imposed on DoD from outside the Department, such as by the Congress and Treasury Department.

B. The Defense Finance and Accounting Service-Denver Center (DFAS-DE)

has been delegated overall responsibility by the OUSD(C) for billing, collecting, follow-up, and consolidation of all arrearage reports and submissions except for those made under security assistance programs.

C. The DFAS-DE is responsible for collecting, follow-up, and consolidation of arrearage reports for all security assistance programs and submits them to the Defense Security Assistance Agency (DSAA) for review and approval.

D. Unless otherwise directed, the DoD Component which makes the sale, or is otherwise assigned responsibility, is responsible for taking initial collection action, accounting for indebtedness, preparation of feeder arrearage reports, and providing copies of arrearage reports to appropriate offices.

1202 COLLECTION AND FOLLOW-UP PROCEDURES

120201 General. Each DoD Component is responsible for taking timely and aggressive billing and follow-up collection actions for each category of indebtedness incurred by official and private organization pursuant to authorized programs.

120202 Foreign Military Sales (FMS) Indebtedness. Initial billings for debts incurred under the FMS program will be initiated by using the DD Form 645 (Foreign Military Sales Billing Statement) on the basis of billing procedures prescribed in Volume 15 of this Regulation. Follow-up action will be taken for any nonpayment by the due date or corresponding date specified in the DSAA supplementary billing statement.

PROGRAM CODES

(Source: U.S. Department of the Treasury)

<u>Code</u>	<u>Name</u>
<u>Under Military Sales</u>	
141	Arms Export Control Act
142	Logistical Support
143	Military Assistance Advisory Groups
144	Korean War Related Logistical Support
145	Subrogated Claims from Guarantee Contracts
146	U.N. Congo Logistical Support Operation
<u>Under Foreign Assistance Act</u>	
111	Country Loans
112	Social Progress Trust Fund
113	Deficiency and Basic Material Development
115	OPIC - Investment Support
118	Housing Guarantee Receivables
119	A.I.D. Refund Claims
<u>Under Surplus Property Sales</u>	
431	Sales of Overseas Surpluses
432	Sales of Domestic Surpluses
434	Sales of Foreign Service Property
<u>Under Debt Reorganization and Adjustments</u>	
911	Indonesian Debt Rescheduling of 3/16/71
915	Over-payments other than A.I.D. Refund Claims
950	Panama Canal Commission
<u>Other</u>	
170	Mutual Education and Cultural Exchange Act
250	Commodity Credit Corporation Charter Act
310	Export-Import Bank Act
350	Postal Debt Settlements
410	Administrative Area Development
440	British Loan
450	Loans to United Nations
460	Asset Acquired in European Fund Liquidation
470	War Account Settlements and Lend Lease
480	Atomic Energy Act
490	EURATOM Cooperation Act
610	International Ice Patrol
620	Canal Zone Government
630	Research & Special Programs Adm., OS/DOT
640	St. Lawrence Seaway Development Corporation
650	Federal Aviation Administration
660	United States Coast Guard
670	Library of Congress
680	Tennessee Valley Authority
690	Immigration and Naturalization Service
700	U.S. Customs Service
710	National Institute of Standards and Technology
720	National Oceanic and Atmospheric Administration
730	Bureau of the Census
740	Department of the Interior

TABLE 12-1

120203 Non-FMS Foreign Indebtedness. Initial billings and subsequent follow-up actions for all non-FMS foreign indebtedness will be initiated by the DFAS-DE in conjunction with the DoD component concerned. All follow-up actions for non-payment will be initiated by the DFAS-DE in accordance with established debt follow-up procedures cited in paragraph 120204.

120204 Follow-up Actions. All foreign debts require written follow-up by the applicable billing office should payment for billings not be received by the required date. The initial written follow-up actions will be taken 30 days after the payment due date established for the debt. If no response is received, additional written follow-up action will be made 60, 90, and 120 days after the payment due date. All billing/follow-up letters for the non-FMS foreign indebtedness program are prepared by the DFAS-DE. The first two follow-up letters are prepared by the DFAS-DE for the FMS program. A sample format for follow-up actions will be maintained by the billing office until final disposition of each bill has been made. Copies of follow-up letters prepared by the DFAS (non-FMS) or the DSAA (FMS) will be sent to the DoD components referring the debt. For FMS cases, the DFAS-DE also performs case-level follow-up action.

120205 Referral of Arrearages. All foreign indebtedness (arrears) not collected within 90 days after the due date will be reported to the Treasury (see Section 1203 of this Volume). DoD activities reporting arrears for the first time will include copies of the previous follow-up letters along with any responses received. The DoD activity which refers the debt will assure that the DoD reporting focal point is immediately notified of any payment received after referral. This is essential to preclude unnecessary and possibly embarrassing diplomatic collection actions being continued after payment has been received. Detailed directions for reporting these arrears are prescribed in Sections 1203 and 1204 of this Volume.

120206 Collection of Arrearages.

A. DSAA (FMS) will prepare a fourth follow-up letter on arrears referred from the

DoD components and will use all available means to effect collection of the foreign arrears within 60 days of referral of the report from the DoD component concerned.

B. After the 60 days have elapsed, all arrears from foreign countries and international organizations which cannot be collected through DoD efforts and are not compromised, terminated, or suspended in accordance with paragraph 120207 of this Volume, shall be referred to the Department of State via the Assistant Secretary of Defense (International Security Affairs) (ASD(ISA)), with a request for diplomatic assistance to effect settlement. Data provided to the State Department will include a listing of delinquent billings to the country. The State Department will provide appropriate listings to the American Embassies, whose personnel will contact the appropriate officials in their respective countries to assist in any follow-up action. Any additional supporting documentation should be requested from the DoD Component from which the bill was originated.

C. Arrears from foreign private parties will be referred to the Department of Justice by DFAS-DE.

120207 Compromise, Termination, or Suspension of Collection Actions

A. Pursuant to the Federal Claims Collection Act of 1966, the Secretary of Defense is authorized under certain circumstances, in accordance with Title 4, Chapter II of the Code of Federal Regulations (CFR), to compromise or cause collection action to be terminated or suspended for claims of \$100,000 or less. This dollar threshold will be computed on a contract or transaction basis (in FMS the DD Form 1513 represents a transaction). The actions permitted by references (f) and (g) shall be implemented in accordance with DoD Directive 7045.13. However, DoD Component proposals to reduce a claim by over \$100,000 through compromise or termination, or to suspend collection actions on such amounts will require the concurrence of the Director, DSAA (FMS only), and the OUSD(C). For claims of \$100,000 or less the concurrence of the Director, DSAA (FMS only) and the Director,

DFAS are required. For FMS, see paragraph 030207.B. of Volume 15 of this Regulation for bad debts.

B. Each DoD Component that compromises or terminates a foreign arrearage shall maintain sufficient records to respond to inquiries on the amounts written off. The records shall be maintained on a transaction basis and documented in compliance with the provisions of this chapter. The documentation shall show adherence to the specific steps required by reference (g) and that required coordination has been obtained.

120208 Accounting for Arrearages. Each foreign arrearage will be maintained as a receivable on the books of the DoD Component which established the debt, until disposition instructions are received from the OUSD(C) or there is a justified and documented compromise, termination, or suspension of collection actions pursuant to DoD Directive 7045.13.

1203 REPORTING OF ACCOUNTS RECEIVABLE AND SALES UNDER 120-DAY DELAYED PAYMENT TERMS (SHORT-TERM CREDIT)

120301 Reporting of Accounts Receivable. Foreign indebtedness to DoD Components for logistical support, mission support costs, and other programs is payable upon presentation of the appropriate billing documents. Amounts payable to DoD components for sales of Defense articles and services on terms that require payment of cash in advance of delivery/ performance or within 60 days thereof will be classified as accounts receivable. The DFAS-DE shall submit reports to the DFAS-HQ of foreign indebtedness related to non-FMS sales on TFS Form 4503. Reports on FMS indebtedness will be submitted by the DFAS-DE to the DSAA for review and evaluation prior to consolidation by DFAS on Forms TFS 4503 sent to the Department of Treasury.

120302 Reporting of Sales Under 120-day Delayed Payment Terms. Sales made by the DoD Components under existing FMS cases which provide for 120-day payment terms shall be classified as short-term credit sales. Similarly,

those sales made after September 30, 1976, under special emergency appropriations which provide for payments 120 days after delivery of articles or services will also be classified as short-term credit sales. The DFAS-DE shall submit reports to the DSAA Comptroller of these short-term credit sales on TFS Forms 4502 and 4502B. The DSAA will submit a description of each of these credit sales, or short-term loans, to the Treasury Department on TFS Forms 4501.

120303 Basis for Reporting. Amounts to be reported for FMS will be determined by analyzing unpaid bills using the criteria shown for conditions 3 and 4 in Table 12-3 and the following supplementary guidance:

A. Foreign Military Sales. The "total amount outstanding" and the "amount due and unpaid 90 days or more" will be determined as follows:

1. Countries will be reported as having a "total amount outstanding" (arrearage) in column 3 of the TFS Form 4503, based upon DSAA review of reports submitted by The DFAS-DE. The DFAS-DE will report using the following criteria:

a. The accrued expenditures recorded in column 10 exceeds (1) the total in column 13 of the DD Form 645 on a net country basis (adjusted for over-collected cases) plus the country's cash resources (including holding accounts, interest-bearing accounts, and undisbursed FMF); or (2) the total of the amount paid on the DSAA supplementary bill plus the country's cash resources (including holding accounts, interest bearing accounts, and undisbursed FMF).

b. When column 13 exceeds the accrued expenditures in column 10 and/or the cash resources exceed a six months' supply, no accounts receivable exists; therefore, the DFAS-DE will not report the country.

c. The DSAA will review the DFAS-DE reports to determine the values to be reported in column 3 of the TFS Form 4503.

2. Entries to column 5 of the TFS Form 4503 will be the amounts reported for the previous quarter less collections received during the current period.

B. Other Programs. For other programs, the amount of outstanding bills and any amount in arrears will be reported as "accounts receivable" unless specific credit terms have been authorized in a country-to-country agreement or similar document.

120304 Report Preparation. Instructions for the preparation of TFS Forms 4501, 4502, 4502B, and 4503 are contained in the following paragraphs. To facilitate preparation of the Department of Defense report, pre-punched cards or tape submission for each line entry on the TFS Forms 4502B will accompany the reports to the DSAA Comptroller. Card punching instructions are provided in Table 12-4. Country codes currently published in the Security Assistance Management Manual will be cited on the TFS Form 4503 prepared by the DoD Components. Conversion of the data to the Treasury

FOLLOW-UP SAMPLE LETTER

[Country/Organization Address]

Dear [Mr/Ms Addressee]:

Records of this activity reflect that payment has not been received to date for statement _____ covering [purchases/services] furnished in accordance with the [reference agreement] between the U.S. [Military Service] and the Government of _____. Interest will be charged for all disbursements not covered by cash deposits. In addition, we are required to report to the Department of Treasury indicating an arrearage for your [country/organization] 90 days after the due date for payment of these funds.

A copy of the original bill [or for FMS, a list of cases] is attached.

It is requested that an immediate response be made in order to preclude alternative actions which might result from further delay in payment.

Sincerely,

Signature

Attachment - 1
Cy Original Billing

cc: DSAA/COMPT/FMD

ANALYZING THE STATUS OF COUNTRY DEPOSITS

CONDITIONS	CASH POSITION (ALL SOURCES)	BILLING DUE/ PAYMENT STATUS	ACCRUED EXPENDITURES	DEBT OR ARREARAGE STATUS
1*	6 Months or more cash available	Billed per schedule Unpaid after due date	Less than cash available from all sources	No Debt
2*	6 Months or less cash available	Billed per schedule Paid on due date	Less than cash available from all sources	No Debt
3**	Less than 6 months cash available	Billed per schedule Unpaid after due date	Less than cash available from all sources	Debt
4***	Less than 6 months cash available	Billed per schedule Unpaid after due date	More than cash available from all sources	Arrearage

*No country-level follow-up required - no current accounts receivable.

**Country-level follow-up is required. This accounts receivable will be aged (see paragraph 050302 of Volume 15 of this Regulation. Termination liability is a component of debt but not arrearage.

***Country-level follow-up is required. This accounts receivable will be aged and the country will be reported to the Treasury on TFS Form 4503.

TABLE 12-3

Country Codes as contained in Appendix 8 of the Treasury Financial Manual will be made prior to final submission to Treasury. Instructions for the preparation of TFS Form 4501 are contained in Appendix 1 to the Treasury Financial Manual.

120305 Instructions for Preparation of TFS Forms 4502, Current Status of Active Credits.

A. General Instructions. TFS Form 4502 (Table 12-5) will be used to report the current status at the end of the quarter of each separate official long-term or short-term loan or credit agreement involving foreigners. TFS Forms 4502 also will be used to report the status of individual sales agreements. All amounts reported on TFS Forms 4502 should be stated to the nearest whole dollar or dollar equivalent. Separate TFS Form 4502 should be submitted for each program. TFS Forms 4502 should be stated to the nearest whole dollar or dollar equivalent. Separate TFS Form 4502 should be submitted for each program. TFS Form 4502 should be reported as follows: (a) all entries should be listed primarily by country name in alphabetical order, (b) entries within each country should be listed by classification (e.g., short-term obligations), (c) within each classification, entries should be listed in order of Treasury transaction number. All totals should be listed as one entry representing the combined total of U.S. dollar and dollar equivalent amounts reported.

B. Specific Instructions. The following instructions should be observed in filling out the TFS Form 4502:

1. Report Identification. The following information should be entered in the space provided at the top of the TFS Form 4502:

a. Reporting Agency. Enter the code and name of the reporting agency as follows:

9700	DSAA
9702	DSAA, TFS Form 4502
9705	DSAA, TFS Form 4505
9710	USAF
9720	Army
9730	Navy

b. Program. Enter code "141 FMSA" as indicated in Table 12-1. Enter also Section 22a or b of FMSA, as applicable.

c. Current Status as of. Enter the terminal date of the calendar quarter for which the report is required.

d. Date of Submission. Enter the date on which the report is transmitted to the Department of the Treasury. Under the Date of Submission add "page -- of -- pages."

e. Agreements Reported. Enter "Sale Agreements" in the space provided.

2. Agreement Identification - (Columns 1-3).

a. Country. Enter on the first available line the name of the first applicable country.

b. Classification. Agreements should be reported by classification as follows:

(1) Short-Term Obligations. Enter the words "Short-Term Obligations." List on subsequent lines the short-term obligations as follows:

(a) Treasury Transaction Number. Enter in column 1 the number assigned to the agreement by the Department of the Treasury for reporting purposes. If the number is not known, contact the DSAA. An alphameric suffix, other than "S" or "X," must be added to the agency assigned six digit Treasury transaction number of those credits where the agency has more than one case number, i.e., a sub-repayment schedule different and separate from the underlying basic credit agreement. The following are given as examples of the use of the alphameric suffix:

CHINA, Republic of
 ///// LONG-TERM OBLIGATIONS /////
 711506 TW712
 711506A TW713
 711506B TW714
 711506C TW715

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///// SHORT-TERM OBLIGATIONS /////
711506S                TW???
711506SA                TW???
711506SB                TW???
711506SC                TW???

//GOVERNMENT CREDIT INTERMEDIARY//
711506                TW???
711506XA                TW???
711506XB                TW???
711506XC                TW???

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(b) Agency Agreement Number. Enter in column 2 the number assigned to the agreement by the reporting agency for agency purposes.

(c) Currency Indicator. Enter in column 3 the code describing the amounts to be reported on that line. Right justified; e.g., CCs 33-35, enter "S" in CC35. Loans payable in foreign currencies without maintenance of dollar value should be reported in the given currency units (FC). The following codes are used for identification of amounts:

\$ - Repayable in U.S. dollars,

MOS - U.S. dollar equivalents of obligations to pay foreign currency amounts equivalent to a stated amount of U.S. dollars calculated at the reporting rate existing for that country at the time of payment (with maintenance of dollar value),

FC\$ - U.S. dollar equivalents of obligations, obligations, the liquidation of which requires repayment of a stated amount of foreign currency units (without maintenance of dollar value), and

FC - Foreign currency units.

(d) Classification Subtotals. Subtotals for each classification shall be reported by currency indicator where more than one agreement has been reported within the classification. A separate classification subtotal line should be provided for each currency indicator which has been designated in column 3. On the line(s) following the last agreement listed in steps (1)-(3), above, enter the words "Classification Subtotals" in columns 1-2 and the

currency indicator for those subtotals in column 3. Where only one currency indicator has been reported within the classification, the classification subtotals shall also serve as the classification totals and the entry should be labeled "Classification Totals" in columns 1-2 and column 3 should be left blank.

(e) Classification Totals. Totals of combined U.S. dollar and dollar equivalent amounts reported for each classification shall be provided where more than one currency indicator subtotal has been reported within the classification. On the line following the last classification subtotals, enter the words "Classification Totals" in column 1-2 and leave column 3 blank.

c. Country Subtotals. Country subtotals shall be reported by currency indicator where more than one classification has been reported within the country. A separate country subtotal line shall be provided for each currency indicator which has been listed in column 3 for the classification subtotals. On the line(s) following the last classification subtotals for the designated country, enter the words "Country Subtotals" in column 3. Where only one currency indicator has been reported within the country designation, the country subtotals shall also serve as the country totals and the entry should be labeled "Country Totals" in columns 1-2 and column 3 should be left blank.

d. Country Totals. Totals of combined U.S. dollar and dollar equivalent amounts reported for each country shall be provided where more than one currency indicator subtotal has been reported within the country. On the line following the last country subtotals, enter the words "Country Totals" in columns 1-2 and leave column 3 blank.

e. Repeat steps in subparagraphs 2a-d above until all applicable countries and the related agreements have been listed on the form.

3. Loan and Credit Data

a. Commitments. Enter in column 4 the gross amount of commitments as

of the end of the reporting quarter. For the purpose of loan or credit data, a "commitment" represents the dollar amount which is subject to delayed payment terms of the sales agreement. This figure must equal the total amount reported for each case agreement. (Column 7 of DD Form 645).

b. Cancellations. (Not applicable to FMS 120-day delayed payment cases. There, show "-0-" in this column.)

c. Undisbursed. Enter in column 6 the total amount undisbursed at the close of the reporting quarter for each loan or credit. This amount is equal to column 7 (Disbursed) less column 12 of the DD Form 645 and may be verified by subtracting Disbursed, column 7, from Commitments, column 4, of TFS Form 4502.

d. Disbursed. Enter in column 7 the total amount of disbursements (or noncash transfers) made under each agreement. (Column 10, Cumulative Deliveries/Work-In-Process, of the DD Form 645).

e. Disbursed and Still Outstanding. Enter in column 8 the total amount disbursed and still outstanding as of the close of the reporting quarter. This figure may be obtained from column 14 of DD Form 645 and should equal Disbursed (column 7), less Amortization (column 9).

f. Service Payment - Amortization. Enter in column 9 the total amounts of principal repayments received on each agreement. Obtain this amount from column 13 of the DD Form 645.

g. Service Payments - Interest. (Not applicable to FMS 120-day delayed payment cases.)

h. Fees Collected. (Not applicable to FMS 120-day delayed payment cases.)

120306 Instruction for Preparation of TFS Form 4502B - Current Status of Active Credits and Statement of Arrearages

A. General Instructions. TFS Forms 4502B (Table 12-6) will be used to report the status at the end of the quarter of accounts receivable from foreign obligors consisting of short-term obligations (sales financed under 120-day delayed payment terms) and long-term obligations (sales financed from loans or credits). All amounts reported on TFS Forms 4502B will be stated to the nearest dollar or dollar equivalent. The amounts reported on TFS Forms 4502B will be based on records maintained by the military components and DSAA as of the report dates. Accounts receivable from foreign obligors (under 120-day delayed payment terms and FMS credit programs) must be reported on TFS Forms 4502B as follows: (a) all entries will be listed by country name in alphabetical order, (b) all entries listed will represent the combined total of U.S. dollar and dollar equivalents, where applicable. For FMS, see instructions in paragraph 120302 for determining the reportable amounts.

B. Specific Instructions. The following instructions will be observed in filling out TFS Forms 4502B.

1. Report Identification. The following information must be entered in the space provided at the top of TFS Forms 4502B:

a. Reporting Agency. Enter the name of the reporting agency. Enter applicable agency codes as follows:

9700	DSAA
9710	USAF
9720	Army
9730	Navy

b. Program. Enter code "741 FMSA" as indicated in Table 12-1. Enter also Section 22 a or b of FMSA, as applicable.

c. Current Status as of. Enter the terminal date of the calendar quarter for which the report is required.

d. First Line of Report. Military components must enter the words "Short-Term Obligations," for amounts reported under 120-day delayed payment terms. The

DSAA will enter words "Long-Term Obligations" when reporting on the normal credit program

e. Columns 1 & 2. Enter country name, extending into column 2, if necessary. Then list "Treasury Transaction Numbers" and "Agency Agreement Numbers" which are applicable to that country.

f. Currency Indicator. Enter the code describing the code describing the amount reported on that line for that country. Foreign currency obligations shall be reported in dollar equivalents (FCS) computed at the appropriate reporting rate. The following codes are used for identification of amounts:

\$ - Repayable in U.S. dollars,

MO\$ - U.S. dollar equivalents of obligations to pay foreign currency amounts equivalent to a stated amount of U.S. dollars calculated at the reporting rate existing for that country at the time of payment (with maintenance of dollar value), and

FCS - U.S. dollar equivalents of obligations, the liquidation of which requires repayment of a stated amount of foreign currency units (without maintenance of dollar value).

g. Amount Due and Unpaid 90 Days or More. Enter in columns 4 and 5 the amounts of the principal and interest recorded in columns 6 and 7 which are due and unpaid 90 days or more. Note: For "short-term obligations" reported by military components, only the "principal" column will be used.

h. Due Date of Oldest Arrearage. This is not applicable to "short-term obligations," therefore, military components will make no entry. The DSAA will enter the due date of oldest arrearage applicable to each loan or credit program reported.

i. Footnote Codes. To be used only by the DSAA which will enter the applicable code listed in Appendix No. 3 of reference (a) for each loan or credit program being reported.

j. Agency Totals. On the line following the last country listed on the report, enter in columns 1-2 the words "Agency Totals" and enter the totals of all columns contained dollar amounts (and/or U.S. dollar equivalents where applicable).

120307 Instructions for preparation of TFS Form 4503 - Current Status of Accounts Receivable (Original Maturity of Less than 90 days) from Foreign Obligors

A. General Instructions. TFS Forms 4503 (Table 12-7) will be used to report the status at the end of the quarter of accounts receivable from foreign obligors. All amounts reported on TFS Forms 4503 will be stated to the nearest dollar or dollar equivalent. Accounts receivable from foreign obligors must be reported on TFS Forms 4503 as follows: (a) all entries will be listed primarily by country name in alphabetical order; (b) entries within each country are to be reported by program or legislative authorization (Table 12-1) applicable to the accounts receivable outstanding; (c) country totals are to be provided for each country for which accounts receivable are reported for more than one program; (d) program totals must be provided where more than one country is listed on the schedule; (e) Agency/Service totals will be provided where more than one program total is reported. All totals will be provided where more than one program total is reported. All totals are to be listed as one entry representing the combined total of U.S. dollar and dollar equivalent amounts reported. For continuing operations involving periodic settlement of accounts on a net settlement basis, the net balances representing receivables are to be reported. For FMS, see instructions in paragraph 120302 for determining reportable amounts.

B. Specific Instructions. The following instructions will be observed in filling out TFS Form 4503.

1. Report Identification. The following information must be entered in the space provided at the top of TFS Forms 4503:

a. Reporting Agency. Enter the name of the reporting agency. Enter applicable agency codes and titles as follows:

9700	DSAA
9710	USAF
9720	Army
9730	Navy

b. Current Status as of. Enter the terminal date of the calendar quarter for which the report is required. For example, the first and second quarter of calendar year 1994 will be identified as 941 and 942, respectively. In the open space show also the actual date of the quarter ending.

2. Report Data. In the space provided, enter the data for accounts receivable from foreign obligors as follows:

a. Country. Enter in column 1 on the first available line the name of the first applicable country from the alphabetical list of country names and codes provided in the SAMM and/or Table 12-8. Enter in column 7 the identification code assigned to the country.

b. Program. On the line(s) following the country designation, enter in column 1 each program applicable to the accounts receivable outstanding. Enter in column 8 the identification code assigned to the program.

c. Currency Indicator. Enter in column 2 the code describing the amounts to be reported on that line. Foreign currency obligations shall be reported in dollar equivalents (FC\$) computed at the appropriate reporting rate. The following codes are used for identification of amounts:

\$ - Repayable in U.S. dollars,

MO\$ - U.S. dollar equivalents of obligations to pay foreign currency amounts equivalent to a stated amount of U.S. dollars calculated at the reporting rate existing for that country at the time of payment (with maintenance of dollar value), and FC\$ - U.S. dollar equivalents of obligations, the liquidation of which requires

repayment of a stated amount of foreign currency units (without maintenance of dollar value).

d. Total Amount Outstanding - Official. Enter in column 3 the total amount of outstanding accounts receivable from foreign official obligors as of the end of the reporting period. Include foreign private obligations guaranteed by official foreigners.

e. Total Amount Outstanding - Private. Enter in column 4 the total amount of outstanding accounts receivable from foreign private obligors as of the end of the reporting period. Exclude foreign private obligations guaranteed by official foreigners (see step 4 above).

f. Amount Due and Unpaid 90 Days or More - Official. Enter in column 5 the portion of the amount recorded in column 3 which is due and unpaid 90 days or more.

g. Amount Due and Unpaid 90 Days or More - Private. Enter in column 6 the portion of the amount recorded in column 4 which is due and unpaid 90 days or more.

h. Country Totals. On the line following the data for the last program reported: (a) enter in column 1 the words "Country Totals;" (b) leave column 2 blank; (c) enter in columns 3-6 the totals of amount (U.S. dollars plus dollar equivalents) reported for the programs within that country. A separate entry for country totals will not be necessary where only one program has been reported.

i. Enter the next applicable country name and repeat steps 2a-h above until all countries and the related data have been reported.

j. Program Totals. On the line following the last country totals, enter the words "Program Totals" in column 1. On subsequent lines (a) enter in columns 1 and 8 the name and identification code, respectively, for each program listed on the schedule; (b) leave

column 2 blank; (c) enter in columns 3-6 the totals of amounts (U.S. dollars plus dollar equivalents) reported by country for each program. Separate entries for program totals will not be necessary where only one country has been listed.

k. Agency Totals. On the line following the last program totals (a) enter in column 1 the words "Agency Totals;" (b) leave column 2 blank; (c) enter in columns 3-6 the totals of all agency programs. A separate entry for agency totals will not be necessary where only one program total has been reported.

120308 Guaranteed Loans. The Treasury Department requires TFS Forms 4504, 4505, 4505A, and 4506 to be submitted on Guaranteed Loan programs. Currently these programs are managed by the DSAA. Instructions for the completion of these forms are found in the Treasury Financial Manual, Volume 1, Part 2, Chapter 4500, "Grants, Loans, Credits, and Contingent Liabilities Involving Foreigners," Appendix 1.

120309 Submission. The Treasury Department requires the submission of indebtedness reports within 30 days after the end of the quarter. DoD Components shall submit the original to DFAS with a copy to DSAA Comptroller (TFS Form 4503, TFS 4502 and 4502B) within 20 days after the end of the quarter; one copy of the report will also be provided to the OUSD(C) and the ASD(ISA). Copies of the reports may be distributed within the Military Departments as desired.

120310 Flash Report of Major Foreign Debt Arrearages. Major foreign debt arrearages are monitored by the NAC. Therefore, periodically, flash reports will be requested from the DoD Components to satisfy NAC requirements for information on major foreign debt arrearages. For this purpose, a "major" foreign debt arrearage is any country program arrearage which involves the sum of \$250,000 or more. Flash reports will be submitted directly to DFAS-DE by the local command in message form with information copies to the next higher command. The report will reflect any significant changes in major foreign debt arrearages from the quarterly

foreign indebtedness reports submitted in accordance with this section. Collections, information or increased indebtedness, problems encountered in unsuccessful collection attempts, or country circumstances which may adversely affect collections are examples of the information which should be included in the flash reports.

120311 Information Requirements. The reporting requirements prescribed in this Chapter are assigned to control numbers as given in the following subparagraphs.

A. TFS Form 4501. "Description of Foreign Loan or Credit." The DSAA is the focal point for submitting this report to the Department of the Treasury.

B. TFS Form 4502. "Current Status of Active Credits," cumulative amount at end of quarter, Interagency Report Control Number 0102-TD-QU. The DSAA is the focal point for submitting this report to the Department of the Treasury.

C. TFS Form 4502B. "Current Status of Active Credits Statement of Arrearages," Interagency Report Control Number 0104-TD-QU. The DSAA is the focal point for submitting this report to the Department of the Treasury.

D. TFS Form 4503. "Current Status Accounts Receivable (Original Maturity of Less than 90 Days) from Foreign Obligors," Interagency Report Control Number 0105-TD-QU. The DFAS is the focal point for submitting this report to the Department of the Treasury.

E. TFS Form 4504. "Description of Guaranteed (Insured) Foreign Loan, Credit, or Other Payment Scheduling Agreement and U.S. Government Contingent Liability."

F. TFS Form 4505. "Current Status of Active Credits Foreign Loans, Credits or other Payment Scheduling Agreements." The DSAA is the focal point for submitting this report to the Department of the Treasury.

G. TFS Form 4505A. "Current Status of Guaranteed (Insured) Foreign Loans, Credits or Other Payment Scheduling Agreements

Statement of Claims." The DSAA is the focal point for submitting this report to the Department of the Treasury.

1204 COLLECTING AND REPORTING OF FOREIGN DEBTS UNDER LONG-TERM LOANS AND DEBTS

120401 General. The DSAA is responsible for administering FMS long-term loans and credit programs authorized by Section 23 of the Arms

Export Control Act, as amended, and likewise is responsible for determining foreign indebtedness against these programs. Debts remaining uncollected 90 days after the due date must be reported to Congress via data submitted on the quarterly TFS Form 4502B (see Section 1203 of this Volume for instructions on completing the form). Debts remaining uncollected one calendar year after the due date subject the indebted country to Brooke-Alexander Amendment sanctions.

TFS FORM 4502B CARD

<u>Field</u>	<u>Caption</u>	<u>Columns</u>
1	Reporting Agency	1-4
2	Program	5-7
3	Current Status as of	6-8
4	Name of Country	11-32
5	Currency Indicator	33-35
6	Enter "E" (Indicates TFS Form 4502B)	36
7	Amount Due and Unpaid 90 Days or More - Principal	37-45
8	Amount Due and Unpaid 90 Days or More - Interest	46-54
9	Total Amounts Due and Unpaid - Principal	55-63
10	Total Amounts Due and Unpaid - Interest	64-72
11	Due Date of Oldest Arrearage	73-78
12	Footnote Codes	79-80

TABLE 12-4

TFS FORM 4503, CURRENT STATUS OF ACCOUNTS RECEIVABLE

Reporting Agency [9][7][0][8] NAVY		TFS FORM 4503 CURRENT STATUS OF ACCOUNTS RECEIVABLE (ORIGINAL MATURITY OF LESS THAN 90 DAYS) FROM FOREIGN OBLIGORS <i>(Amounts stated to nearest whole unit)</i>				Date of Submission April 30, 1976.	
Current Status as of [7][6][1] March 31, 1976.		(3). Total Amount Outstanding		(5). Amount Due and Unpaid 90 Days or More		(7). Codes	
(1). Country/Program	(2). Cur. Ind. (10-12)	Official 1/ (13-23)	Private (24-34)	Official 1/ (35-45)	Private (46-56)	CY (57-59)	Prg (60-62)
ARGENTINA		1 0 0 0 0 0		5 3 0 7 5		A R	
MILITARY SALES ACT	\$						1 4 1
LOGISTICAL SUPPORT		5 0 0 0 0 0		5 0 0 0			1 4 2
MILITARY ADVISORY GROUP		3 0 0 0		1 0 0 0			1 4 3
COUNTRY TOTALS		1 5 3 0 0 0		5 9 0 7 5			
BRAZIL						BR	
MILITARY SALES		2 0 0 0 0 0		1 5 0 0 0			1 4 1
MILITARY ADVISORY GROUP		5 0 0 0		3 0 0 0			1 4 3
COUNTRY TOTALS		2 5 0 0 0 0		1 8 0 0 0			
NATO							8 6 6
LOGISTICAL SUPPORT		1 0 0 0 0 0		7 5 0 0 0			1 4 2
PROGRAM TOTALS							
MILITARY SALES ACT		1 2 0 0 0 0		6 8 0 7 5			1 4 1
LOGISTICAL SUPPORT		1 5 0 0 0 0		8 0 0 0 0			1 4 2
MILITARY ADVISORY GROUP		8 0 0 0		4 0 0 0			1 4 3
AGENCY TOTALS		2 7 8 0 0 0		1 5 2 0 7 5			

1/ Includes foreign private obligations guaranteed by official foreigners.

(Note: 10 Pitch Typewriter spacing at 6 lines per inch).

Form 0105-TD-QU
DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

TABLE 12-7

UNSPECIFIED COUNTRY DESIGNATIONS AND OFFICIAL MULTINATIONAL ORGANIZATIONS

(Source: U.S. Department of the Treasury)

805	Andean Development Corporation
815	Caribbean Development Bank
820	Central American Bank for Economic Integration
825	Central American Fund for Monetary Integration
827	Central Treaty Organization
830	Council of the Entente States
835	East Africa Development Corporation
837	East African Common Services Organization
842	European Atomic Energy Community
844	European Coal and Steel Community
845	International Atomic Energy Agency
850	International Coffee Organization
855	International Finance Corporation
857	International Statistical Institute
860	Lake Chad Basin Commission
866	North Atlantic Treaty Organization
870	O.E.C.D.
881	United Nations
885	University of East Africa
890	West Africa Development Bank
970	Western European - Regional

TABLE 12-8