are the amounts calculated above and total NZD 
- 18,533,588.

The Base Price Adjustment is therefore:
128,356,205 - (109,090,909 + - 18,533,588) = NZD 37,798,884.

Being a positive amount in respect of the corporate issuer, 
this amount is deemed to be expenditure incurred by the issuer 
in this income year.

This determination is signed by me on the 19th day of July 
in the year 1988.

R. D. ADAIR, Deputy Commissioner of Inland Revenue. 20 
g09793

Determination G9: Financial Arrangements that are 
Denominated in a Currency or Commodity Other 
Than New Zealand Dollars

This determination may be cited as “Determination G9: 
Financial Arrangements that are Denominated in a Currency 
or Commodity other than New Zealand Dollars”.

1. Explanation (which does not form part of the 
determination)—

(1) This determination rescinds and replaces Determination 
G8: Financial Arrangements that are Denominated in a Currency 
or Commodity other than New Zealand dollars, made on 19 July 1998.

(2) This determination sets out a method for calculating the 
income or expenditure in respect of a financial arrangement 
where any rights and obligations of the parties are expressed 
in a “base currency” other than New Zealand dollars; this base 
currency might be a foreign currency or a commodity.

(3) The method used is essentially the base price method set 
out in Chapter 9 of the Consultative Document on Accrual Tax 
Treatment of Income and Expenditure (Government Printer, 
October 1986). Income or expenditure is calculated for each 
income year in accordance with the Act and other 
determinations where appropriate (for example G3), in the 
base currency.

(4) This income or expenditure, together with the opening 
tax book value and adjusted for amounts paid or received 
during the income year, is used to calculate the closing tax 
book value of the financial arrangement as at year end. In the 
case of a conventional loan, this closing tax book value is equivalent 
to the outstanding principal and accrued interest 
under the loan as at year end, in the base currency. This 
closing tax book value is converted to New Zealand dollars at 
the spot rate applicable at that date.

(5) The income or expenditure in New Zealand dollars is 
determined from:
(a) The amounts paid and/or received during the income 
year, converted to New Zealand dollars on the dates of 
payment; together with
(b) The net change in the amount of closing tax book values 
in New Zealand dollars during the income year.

This brings to account for income tax purposes all accrued 
gains and losses on the financial arrangement, including gains 
and losses arising from currency translation.

(6) This determination requires that where a financial 
arrangement involves or is expressed in more than one 
currency or commodity, each separate currency or commodity 
tranche is to be treated as a separate financial arrangement.

(7) Where—
(a) A facility provides for the rollover of a financial 
arrangement; and
(b) No payment under any arrangement arising from the 
rollover is material to or contingent upon the financial 
arrangement;

the financial arrangement matures when the rollover occurs. 
However, where a payment under an arrangement arising 
from the rollover is material to or contingent upon the 
financial arrangement, any arrangement that includes the 
payment is a part of the financial arrangement.

(8) This determination corrects clause 6 (1) of 
Determination G8: Financial Arrangements that 
are Denominated in a Currency or Commodity other than New 
Zealand dollars, with consequential changes to the examples.

2. Reference—This determination is made pursuant to section 

3. Scope of Determination—(1) This determination shall 
apply where it is necessary to calculate the income or 
expenditure of a person in respect of a financial arrangement 
and any right or obligation of the person in relation to the 
financial arrangement is fixed or otherwise determined in a 
currency or commodity other than New Zealand dollars (NZD) 
and is not fixed in NZD.

(2) This determination shall not apply to—
(a) A forward or future contract;
(b) A futures contract;
(c) A swap contract;
(d) An option;
(e) A security arrangement;

or to any agreement for the sale and purchase of 
property.

4. Principle—(1) Income or expenditure shall be calculated in 
the base currency or commodity in accordance with the Act 
and determinations, as if the base currency or commodity were 
NZD.

(2) Amounts paid or received during an income year shall be 
converted to NZD at spot rates at the time of the payment or 
receipt.

(3) At the end of each income year the closing tax book value 
is calculated in the base currency equal to—
(a) The closing tax book value (if any) in relation to the 
previous income year;
(b) Amounts paid by the holder or received by the 
issuer (as the case may be) during the income year and in 
relation to the financial arrangement;
(c) Income or expenditure calculated as in clause 4 (1) 
of this determination;
(d) Amounts received by the holder or paid by the 
issuer (as the case may be) during the income year in 
relation to the financial arrangement.

(4) The closing tax book value is converted to NZD at the then 
spot rate and the net change from the previous income year 
is brought into income or expenditure for the income year.

(5) The total income or expenditure is the sum of the amounts 
calculated in clauses 4 (2) and 4 (4) of this determination.

(6) For the purpose of determining the income deemed to be 
derived or expenditure deemed to be incurred in respect of a 
financial arrangement that involves separate amounts 
expressed in more than one currency or commodity and in 
respect of an income year, the financial arrangement shall be 
treated as separate financial arrangements in relation to each 
separate amount.

5. Interpretation—In this determination, unless the context 
otherwise requires—

Expressions used have the same meanings as in the Act, 
except that where there is a conflict between the meaning of an 
expression in sections 64B to 64M of the Act and the meaning 
of the expression elsewhere in the Act the expression shall 
have the same meaning as in the said sections 64B to 64M:


“Base currency” in relation to a financial arrangement means