

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

(1) This determination applies where for the purpose of calculating the income or expenditure of a person in respect of a futures or option contract denominated in a foreign currency, it is necessary to determine the price of that contract.

(2) This determination sets out the approved markets, sources of information and method for determining the prices for futures and option contracts denominated in a foreign currency.

2. *Reference*—This determination is made pursuant to section 64E (1) of the Income Tax Act 1976.

3. *Scope of Determination*—This determination applies where, for the purpose of calculating the income or expenditure of a person in respect of futures or option contract traded in foreign markets, it is necessary to determine the price of the futures or option contract.

4. *Principle*—(1) Markets are approved having regard to the following criteria—

(a) The number of participants in the market or having access to the market:

(b) Frequency of trading in the market:

(c) The nature of trading in the market—how the price is determined and how the financial assets are traded on the market:

(d) The potential or demonstrated capacity of a person or group of persons to significantly influence the market:

(e) Significant barriers to entry:

(f) Discrimination on the basis of the quantity bought and sold unless based on the risks involved or the transaction costs or economies of scale.

(2) Sources of information are approved having regard to the following criteria—

(a) Reliance on the sources of information by the market:

(b) The accessibility of the sources of information by participants in the market.

(3) A method of obtaining a price for a futures or option contract is approved if it is determined by an independent source and is adopted by the participants of the market.

5. *Interpretation*—(1) In this determination, unless the context otherwise requires—

Expressions used, except the expression “income year”, have the same meanings as in the Act and where a word or expression is given a particular meaning for the purposes of sections 64B to 64M of the Act it shall have the same meaning as in the said sections 64B to 64M:

“The Act” means the Income Tax Act 1976:

“Futures contract” means a contract traded on a futures market outside New Zealand:

“Option contract” means a contract traded on an organised and regulated option market outside New Zealand:

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(a) Reuters New Zealand Limited; or

(b) Telerate New Zealand Limited—

or any firm that is associated with either of those firms and provides similar services:

“Income year means—

(a) Where a taxpayer furnishes a return of income under section 15 of the Income Tax Act 1976 for an accounting year ending with an annual balance date other than the 31st day of March, the period commencing on the day after the end of the immediately preceding accounting year and ending on that balance date:

(b) In respect of the income of any other person, the year in which that income has been derived by that person.

(2) Any reference in this determination to another determination made by the Commissioner shall be construed as including a reference to any fresh determination made by the Commissioner to vary, rescind, restrict, or extend that determination.

6. *Method*—(1) The following futures and option markets are approved:

New York Commodities Exchange

Gold Futures contract

Silver Futures contract

Copper Futures contract

Gold Option contract

Silver Option contract

Copper Option contract

New York Mercantile Exchange

Heating Oil Futures contract

Gasoline Futures contract

Crude Oil Futures contract

New York Coffee, Sugar, Cocoa Exchange

Coffee Futures contract

Sugar Futures contract

Cocoa Futures contract

New York Futures Exchange

NYSE Composite Stock Index Futures contract

New York Cotton Exchange

Cotton Futures contract

Chicago Board of Trade

US Treasury Note (5 year) Futures contract

US Treasury Bonds (15 year) Futures contract

Gold Futures contract

Silver Futures contract

Wheat Futures contract

Corn Futures contract

Soya Bean Futures contract

Soya Bean Oil Futures contract

Soya Bean Meal Futures contract

Oats Futures contract

US Treasury Notes (5 year) Option contract

US Treasury Bonds (15 year) Option contract

Silver Option contract

Wheat Option contract

Corn Option contract

Soya Bean Option contract

Chicago Mercantile Exchange

Gold Futures contract

S & P 500 Stock Index Futures contract

Eurodollars Futures contract

US Treasury Bills (90 day) Futures contract

Swiss Francs Futures contract

Australian Dollars Futures contract

Deutschmark Futures contract

Canadian Dollars Futures contract

British Pounds Futures contract

Japanese Yen Futures contract

French Franc Futures contract

Live Cattle Futures contract

Live Hogs Futures contract

Pork Bellies Futures contract

S & P 500 Stock Index Option contract

Eurodollars Option contract

US Treasury Bills (90 day) Option contract

Swiss Francs Option contract

Australian Dollar Option contract

Deutschmark Option contract

British Pounds Option contract

Japanese Yen Option contract

Canadian Dollars Option contract

London International Financial Futures Exchange