

lake levels below 176.2 m during the equinoctial periods (March, April, October and November).

(b) The annual total of days below any particular elevation should not exceed twice the maximum duration specified for any one event below that elevation.

(c) The rates of drawdown should not exceed natural rates off drawdown namely 0.05 m per day for Lake Manapouri and 0.03 m per day for Lake Te Anau. Both averaged over 4 days.

3. Mean Annual Lake Level—For each lake the aim will be to achieve an annual mean value within the main operating range.

2. Gate Opening and Closing Procedures

(a) The gate opening and closing procedures adopted for the Te Anau Control Structure are designed amongst other things to reduce or eliminate scour action on the upper Waiau River banks to facilitate repair following periods of extremely high flow and to facilitate the successful spawning of salmonids, and these may be modified from time to time based on experience.

(b) The gate opening and closing procedures adopted for the Manapouri Lake Control structure are designed amongst other things to reduce potentially dangerous increases in river flow downstream of the gates and to bypass flood flows from the Mararoa River in such a manner as to prevent the dirty debris-laden water from entering Lake Manapouri.

3. Benchmarks—For the purposes of the Manapouri—Te Anau Development Amendment Act 1981.

(a) The level of Lake Te Anau at any time shall be determined by reference to the Lands and Survey Benchmark Z58, National grid co-ordinates (176 284) guards east (319 170) yards north, which is adjacent to the lake water level recorder and staff gauge. The benchmark shall be deemed to represent a height 205.127 metres above sea level.

(b) The level of Lake Manapouri at any time shall be determined by reference to the Lands and Survey Benchmark Z47, National grid co-ordinates (170 051) yards each (305 873) yards north. The benchmark shall be deemed to represent a height of 208.910 metres above sea level.

Signed at Wellington this 1st day of March 1990.

D. J. BUTCHER, Minister of Energy.

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Inland Revenue

Income Tax Act 1976

Determination G21: Discounted Value of Amounts Payable in Relation to Deferred Property Settlements Denominated in a Foreign Currency

This determination may be cited as "Determination G21: Discounted Value of Amounts Payable in Relation to Deferred Property Settlements Denominated in a Foreign Currency".

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

(1) In this determination an agreement for the sale and purchase of property, or specified option, where payment in full is not made at the time at which the first right in the specified property is to be transferred, will be called a "deferred property settlement". Where the first right in the property is transferred at the time of payment of the purchase price in full, the purchase price will be the lowest price determined in accordance with section 64BA (1) (c) (i) and the discounting provisions described in this determination will not apply.

(2) A short-term agreement or option for the sale and purchase of property is defined as an agreement or option under which settlement is required within—

(a) 93 days in the case of real property; or

(b) 63 days in the case of other property—

after the date on which the agreement was entered into or the option was granted. Such short-term agreements or options are excepted from the accruals provisions of the Act. A private or domestic agreement for the sale and purchase of property as defined in section 64B (1) of the Act is also an excepted financial arrangement.

(3) Any other agreement for the sale and purchase of property or specified option is subject to the normal accrual provisions of the Act and relevant determinations.

(4) For all deferred property settlements, a core acquisition price must be determined as at the date on which the first right in the property is transferred; for ease of reference, this date is called the "transfer date" in this determination.

(5) Sections 64BA (2) and (3) of the Act define acquisition price in terms of the core acquisition price, which is itself defined in Section 64BA (1). In subparagraph (c) (i) of that section an amount "w" is defined as being the lowest price that the buyer and seller would have agreed upon for the property had all rights and consideration passed at transfer date. If there is no such lowest price stipulated in the agreement, subparagraph (c) (ii) provides that "w" shall be "the discounted value of the amounts payable for the specified property as determined pursuant to a determination made by the Commissioner under section 64E (1) (f) of this Act".

(6) For these purposes any amount determined in a currency other than New Zealand dollars is required to be discounted using an interest rate appropriate to the currency. This determination allows the use of—

(a) A foreign currency interest rate ascertained using a method consistent with Determination G13: Prices or Yields as at the transfer date—this interest rate is the interbank offer rate for the currency and the term of the deferred property settlement; or

(b) An implied foreign currency interest rate calculated by reference to appropriate forward and spot exchange rates and the New Zealand bank bill or New Zealand Government Stock rates appropriate to the term of the deferred property settlement.

(7) The interest rate appropriate to the term of the deferred property settlement is selected by the taxpayer, and once chosen the rate is required to be used in respect of every income year in which the taxpayer is a holder or an issuer in respect of the deferred property settlement.

(8) The amounts payable are then discounted to the transfer date, using the interest rate so ascertained and present value calculation Method A in Determination G10: Present Value Calculation Methods or an alternative method producing not materially different results.

(9) The discounted value of the amounts payable, together with any deposit or other amounts paid on or before the transfer date, is the amount "w" to be used for calculating the core acquisition price.

(10) The core acquisition price is used to determine the acquisition price of a deferred property settlement in accordance with sections 64BA (2) or (3) of the Act.

(11) Once the acquisition price is known in the base currency, income derived or expenditure incurred in relation to a deferred property settlement shall be calculated as if the value of the specified property were equal to the amount of the core acquisition price, using the yield to maturity method and Determination G9A: Financial Arrangements that are Denominated in a Currency or Commodity other than New Zealand Dollars. The yield to maturity method chosen may be that determined in Determination G3: Yield to Maturity Method, or Determination G11: Present Value Based Yield to Maturity Method, or an alternative method producing a result which is not materially different.