

- (c) The nature of trading in the market—how the rate for the foreign currency is determined and how the foreign currency is 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; and
- (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 for foreign currency rates are approved having regard to the following criteria—
- (a) Reliance on the sources of information by participants in the market; and
- (b) The accessibility of the sources of information for participants in the market.
- (3) Methods of obtaining a rate for foreign currency at the end of the income year for the purposes of valuing a financial arrangement are approved if:
- (a) The rate is obtained at the cut-off time; and
- (b) The method for determining the cut-off time adopted by a person will be consistently applied in respect of each income year.

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

Expressions used, except the expression “income year”, have the same meanings as in sections 2 and 64B to 64M of the Income Tax Act 1976:

“The Act” means the Income Tax Act 1976.

“Approved foreign exchange dealer” means—

- (i) In New Zealand, a foreign exchange dealer that is a registered bank for the purposes of the Reserve Bank of New Zealand Act 1989 and is active in the market; and
- (ii) In Australia a registered bank which is an authorised dealer as defined in the Australian Commonwealth Banking (Foreign Exchange) Regulations and which has been authorised by the Reserve Bank of Australia to engage in foreign currency transactions:

“Australian foreign currency market” means the Australian market in spot contracts and forward contracts:

“Contributor page” means a page of information provided by an approved foreign exchange dealer that is displayed on a screen provided by Reuters New Zealand Limited or Telerate New Zealand Limited or an organisation in Australia or New Zealand that provides a similar service:

“Cut-off time”, in relation to a person and an income year, means the time at the end of the income year when all financial arrangements held or issued by the person are valued in order to determine the assessable income of the person for the income year:

“Forward contract” means a contract, other than a futures contract or a spot contract, for the sale or purchase of a foreign currency for delivery at a specified future time:

“Futures contract” means a contract traded on a Futures Exchange:

“Income year” means—

- (a) Where a taxpayer furnishes a return of income under section 15 of the Act for an accounting year ending with an annual balance date other than the 31st day of March, the annual accounting period 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:

“Multicontributor page” means a multicontributor page of information that is displayed on a screen provided by Reuters New Zealand Limited or Telerate New Zealand Limited or an organisation in Australia or New Zealand that provides a similar service:

“New Zealand foreign currency market” means the New Zealand market in spot contracts and forward contracts:

“Spot contract” means a contract for the sale or purchase of a foreign currency for delivery in 2 days.

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

#### 6. *Method*

(1) *Approved markets*—The New Zealand foreign currency market in European Currency Units and in the currencies of the following countries and territories are approved:

Japan  
 Canada  
 French Republic  
 The Territory of Hong Kong  
 Commonwealth of Australia  
 Republic of Singapore  
 The Swiss Confederation  
 Federal Republic of Germany  
 The United States of America  
 Kingdom of the Netherlands  
 United Kingdom of Great Britain and Northern Ireland  
 The Federation of Malaysia  
 New Zealand  
 The Independent State of Papua New Guinea  
 Republic of Ireland  
 Portuguese Republic  
 Republic of Austria  
 Kingdom of Sweden  
 Kingdom of Denmark  
 Republic of Italy  
 Kingdom of Norway  
 Kingdom of Spain  
 Republic of Turkey  
 The Hellenic Republic  
 Finland.

(2) *Sources of Information*—The following sources of information for foreign currency rates are approved:

- (a) In relation to spot contracts, a multicontributor page that quotes rates for spot contracts;
- (b) In relation to forward contracts, a multicontributor page or a contributor page that quotes rates for forward contracts; and
- (c) Where a person does not have access to a multicontributor page or a contributor page or where the rates for a forward contract are not available from a multicontributor page, advice as to the buy and sell rates for a forward contract or spot contract given to that person by an approved foreign exchange dealer, which rates shall be derived from an approved source and shall be the rates at which the approved foreign exchange dealer would perform the foreign exchange transaction.

(3) *Spot Contracts*—(a) Where, for the purposes of determining the income or expenditure of a person in respect of a financial arrangement, it is necessary to determine the rate for a spot contract at the end of an income year, the rate for the spot contract shall be the midpoint between the buy and sell rates for that spot contract.

(b) Where, for the purposes of determining the income or expenditure of a person in respect of a financial arrangement, it is necessary to ascertain in New Zealand currency the value of a cashflow paid or received in a foreign currency, the rate of exchange to be applied shall be—

- (i) Where the cashflow is not converted to New Zealand currency on the day it is paid or received, the midpoint between the buy and sell rates for a spot contract for that currency at any time on that day; or