



Legislative Instrument

Wine Equalisation Tax New Zealand Producer Rebate Foreign Exchange Conversion Determination (No. 35) 2016

I, Timothy Dyce, Deputy Commissioner of Taxation, make this determination under subsection 17-10(2B) of the *A New Tax System (Wine Equalisation Tax) Act 1999*.

Timothy Dyce

Deputy Commissioner of Taxation

Dated: 24 February 2016

Citation

1. This determination may be cited as the *Wine Equalisation Tax New Zealand Producer Rebate Foreign Exchange Conversion Determination (No. 35) 2016*.

Commencement

2. This determination commences on the day after registration.

Repeal of previous instrument

3. The following determination is repealed on the commencement of this determination:
 - *Wine Equalisation Tax New Zealand Producer Rebate Foreign Exchange Conversion Determination 2006* (the previous instrument) - F2006L00923, registered on 24/03/2006.

Application of determination

3. This determination applies to approved New Zealand participants that are required to calculate the approved selling price of their wine in Australian currency, when one or more components of the approved selling price are expressed in a currency other than Australian currency.

Note: For approved New Zealand participants, the amount of a WET producer rebate is calculated using the approved selling price of their wine.

Definitions

4. (1) In this determination:

- **RBA rate** means the foreign exchange rate calculated by the Reserve Bank of Australia (RBA) when the New Zealand participant works out the value of the component used to determine the approved selling price on a conversion day:
 - (a) that is a RBA business day, then the RBA rate is the unit of foreign currency per \$A calculated by the RBA at 4:00pm Australian Eastern time on that RBA business day, and
 - (b) that is *not* a RBA business day, then the RBA rate is the unit of foreign currency per \$A calculated by the RBA at 4:00pm Australian Eastern time of the previous RBA business day.
- **New Zealand participant's agreed rate** means a foreign exchange rate agreed to between the New Zealand participant and the recipient of the wine. The agreed rate only applies for sales made under the agreement and for the period of the agreement applying to the Australian financial year in which the producer rebate is being claimed.
- **conversion day** is the date you use to convert foreign currency into Australian currency for wine equalisation tax purposes, and is the earlier of:
 - (a) the day on which any of the consideration is received by the New Zealand participant for the supply of the wine (the receipt date);
or
 - (b) the invoice date.
- **RBA business day** means a day that the head office of the RBA is open for business.
- **Reserve Bank of Australia** means the body corporate continued in existence under the *Reserve Bank Act 1959*.
- **average monthly RBNZ rate** means the average of the RBNZ rate for a particular month calculated by the Reserve Bank of New Zealand (RBNZ) at 11:10am New Zealand time on the last RBNZ business day of that month.
- **RBNZ rate** means the foreign exchange rate calculated by the RBNZ that is the unit of Australian currency per \$NZ calculated by the RBNZ at 11:10am New Zealand time on that RBNZ business day.
- **RBNZ business day** means a day that the head office of the RBNZ is open for business.
- **Reserve Bank of New Zealand** is the body corporate continued in existence under the *Reserve Bank of New Zealand Act*.

(2) Other terms in this determination have the same meaning as in the *A New Tax System (Wine Equalisation Tax) Act 1999*.

Manner in which the conversion to Australian currency may be made

5. *Option 1 – conversion for components expressed in any foreign currency*

In working out the value of the component used to determine the approved selling price, you convert the value of the component expressed in a foreign currency (including New Zealand currency) on a conversion day in accordance with the following formula:

$$\begin{array}{ccc} \text{Value of component expressed} & \times & \frac{1}{\text{the New Zealand participant's}} \\ \text{in a foreign currency} & & \text{particular exchange rate on} \\ & & \text{the conversion day} \end{array}$$

where,

- the ***New Zealand participant's particular exchange rate*** is the ***RBA rate*** or the ***New Zealand participant's agreed rate***, whichever is applicable; and
- the ***conversion day*** is the date that the foreign currency is converted into Australian currency for wine equalisation tax purposes.

Option 2 – additional option for components expressed in New Zealand currency

Where the value of the component used to determine the approved selling price is expressed in New Zealand currency, then in working out the value of that component you have the option of converting the value on a conversion day in accordance with the following formula:

$$\begin{array}{ccc} \text{Value of component expressed} & & \\ \text{in New Zealand currency (\$NZ)} & \times & \text{average yearly RBNZ rate} \end{array}$$

where,

- ***average yearly RBNZ rate*** is the total of the ***average monthly RBNZ rates*** for each month in the Australian financial year in which the ***conversion day*** occurs, divided by twelve; and
- the ***conversion day*** is the date that the New Zealand currency is converted into Australian currency for wine equalisation tax purposes.

6. You must use your particular exchange rate and conversion option consistently.