amounts are Payable are not known by the first balance date after the Transfer Date fair and reasonable estimates of the amounts Payable and the dates on which those amounts are Payable are to be used for the purposes of calculating the core acquisition price. The 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 core acquisition price calculated in accordance with the Act and subclauses (1) to (5) of this clause, using the yield to maturity method or an alternative method producing not materially different results.

(8) If estimates of the credit term or amounts payable or receivable or the dates on which amounts are payable or receivable change an adjustment must be made using the method specified in Determination G25: Variations in the Terms of a Financial Arrangement in the income year in which the change occurs.

That method requires an adjustment to be made in the year the estimates change. The effect of the adjustment is that the total income or expenditure up to the end of the year in which the estimates change is equal to what it would have been had the timing and exact details of the new estimates been known at the first balance date after the Transfer Date.

(9) Where any party to a Deferred Property Settlement fails to undertake any such estimate or re-estimate or to communicate such estimate or re-estimate to the Commissioner in the income tax return for the relevant year, or where any party adopts an estimate or re-estimate which is in the Commissioner's opinion not or no longer fair and reasonable, the Commissioner may determine his own estimates or re-estimates and the method used in this determination shall be applied. Such estimates or re-estimates by the Commissioner may also be subject to change, so as to reflect different actual cashflows and/or factual circumstances, in the manner contemplated in subclause 6 (8) and this subclause 6 (9) of this determination.

7. *Examples*—(1) A commercial property is sold for $1,500,000 under a sale and purchase agreement, subject to certain planning consents being obtained.

A deposit of $150,000 is Paid on 20 December 1988, when the agreement is entered into. The balance of $1,350,000 is Payable in two equal instalments due 3 and 6 months after the date of possession.

Under the agreement, possession passes to the purchaser on the date the sale becomes unconditional; the purchaser has no other prior rights.

The purchaser's balance date is 31 March.

On 3 March 1989 the planning consents are obtained and the sale becomes unconditional.

The Credit Term of the agreement (3 March 1989 to 4 September 1989) is 185 days (or 2 quarters). As this is under twelve months the yield on Bank Bills must be ascertained.

The yield on Bank Bills of a similar term to the Credit Term ascertained on 20 December 1988 pursuant to Determination G23: Specified Rate, is 13.2%.

In this case, the purchaser is the "issuer" for purposes of the accruals regime.

Method A of Determination G10: Present Value Calculation Methods, is applied to calculate the present value as at 3 March 1989 ("the specified date") as follows—

R = 13.2% (the Specified Rate)
N = 4 (since the payments are at quarterly intervals)

$$F = \frac{R}{100 \times N}$$

$$= 0.03300$$

At 3 June 1989:

A = 0

B = $675,000 (Payable by the issuer or receivable by the holder on September 4 1989)

C = 0 (Payable by the holder or receivable by the issuer)

thus the present value at 3 June 1989 $= \dfrac{A + B - C}{1 + F}$

= $653,437

At 3 March 1989:

A = $653,437, B = $675,000, C = 0

therefore the present value at 3 March 1989 $= \dfrac{A + B - C}{1 + F}$

= $1,285,999

To this must be added the $150,000 deposit, giving a total present value of $1,435,999 which is the item "w" used in calculating the core acquisition price.

For the purposes of recognising the expenditure incurred in the 1989 and 1990 income year Determination G3 is used (alternatively, G11A could be used), where—

R = 13.2%
N = 4
F = 0.0330

The expenditure incurred for the first 3 months is—

$1,285,999 × 0.0330 = $42,437.96

This expenditure is allocated to the 1989 income year in accordance with Determination G1A—

1989 income year − 28 days = $12,915.90

On the maturity of the financial arrangement, in the 1990 income year, a base price adjustment is calculated to arrive at the expenditure deemed to be incurred.

Base Price Adjustment = a − (b + c) where—

a = all consideration Paid =$1,500,000

b = the acquisition price = $1,435,999

c = expenditure incurred in previous income years = $12,915.90

bpa = $51,085.10 which is deemed to be expenditure incurred in the 1990 income year.

As this is a positive amount it is deemed to be income derived by the holder in that income year.

(2) An agreement for the sale and purchase of a rural property (which is to be subdivided) was entered into on 10 September 1990. The terms of the agreement are:

Price:	$525,000 (including the deposit)
Deposit:	$25,000 Paid on 10 September 1990
Possession:	1 February 1991
Settlement:	On the later of 1 August 1991 or 14 days after deposit of the subdivision plan in the land office

The lowest price, at the time the agreement for the sale and purchase of property was entered into on the basis of Payment in full on the date the property is transferred, has not been agreed between the parties.

This determination requires the buyer and seller to make a fair and reasonable estimate of the anticipated settlement date in order to calculate income or expenditure accruing at balance date.

The acquisition price for the purposes of the base price adjustments will be recalculated if the facts change from those which are estimated.

It would be appropriate in this case to expect settlement on 1 August 1991, the last day for settlement under the terms of