

Strata+

# GST REQUIREMENTS

for strata schemes

# GST REQUIREMENTS FOR STRATA SCHEMES

This guide aims to provide committee members a clear understanding of their GST obligations and entitlements, ensuring compliance and maximising financial efficiency within their community.

## GST REGISTRATION FOR STRATA SCHEMES

Under the A New Tax System (Goods and Services Tax) Act 1999, an owner corporation must register for GST if its turnover surpasses the \$150,000 threshold for a not-for-profit body and \$75,000 for owners corporations not considered a not-for-profit body. Registering for GST must be resolved at an AGM.

## CRITERIA FOR NON-PROFIT BODIES

An owners corporation is considered a non-profit body if it does not intend to distribute any profits from activities to its members (most owners corporations fall into this category).

## GST OBLIGATIONS

Once registered, the owners corporation is obligated to:

- + Charge GST on taxable supplies: This includes general levies and special levies.
- + Lodge regular Business Activity Statements (BAS): This involves reporting the GST collected and claimed back over the reporting period.
- + Pay any net GST due: If the GST collected on supplies exceeds the GST credits for purchases made, the difference must be remitted to the Australian Taxation Office (ATO).

## WHAT IS CONSIDERED INCOME?

In strata schemes, the primary source of income comes from both anticipated and actual levies collected for the Administrative and Capital Works funds. Additional income includes interest earned on investments, revenues from penalties imposed by the Tribunal for by-law violations, penalty interest received for late payment of

levies, bank interest, proceeds from the leasing or selling of common property, and fees for inspecting strata records.

## LEASING OF COMMON PROPERTY

Leasing of common roof space for mobile antennas and similar leasing of common property for commercial purposes has been ruled as Non-Mutual Income under Tax ruling TR205/D1. This ruling requires the income derived from a lease to be claimed proportionally by each lot owner on their own personal income tax return, even though monies have been paid solely to the strata scheme. This is because owners are considered to have benefited from the lease through a reduction in the levies to be paid.

## APPLYING GST TO LEVIES

Once registered, an owners corporation must add GST to its levies. These levies, considered taxable supplies, mean the collected GST must be forwarded to the ATO.

## CLAIMING INPUT TAX CREDITS

Owners corporations can reclaim GST on goods and services over \$82.50, provided they keep a valid tax invoice. This reclaiming process applies to expenses related to the maintenance and administration of common property, including:

- + Electricity
- + Landscaping
- + Management services
- + Cleaning
- + Repair and maintenance services

These input tax credits are then used to offset the GST amount owed to the ATO when submitting the quarterly BAS.

## SUPPLIERS WITH NO ABN (AUSTRALIAN BUSINESS NUMBER)

An owners corporation registered for GST must withhold a certain amount from payments to businesses without an ABN. ABN withholding requires a business to withhold a portion of the payment made to an individual or entity that does not have an ABN and remit that amount to the ATO on their behalf. The withheld amount is typically 47% of the total payment, representing the highest marginal tax rate.

## COMMERCIAL UNIT OWNERS

Owners of commercial units within a strata scheme registered for GST might be eligible to claim an input tax credit if their unit is utilised for business purposes.

## DURATION OF GST REGISTRATION

A strata scheme with a turnover of \$150,000 or more must remain registered for GST for the following 12 months. After this period, the scheme may opt to deregister if the income and expenditure fall below the threshold. This must be resolved at an AGM. Once deregistered from GST, the quarterly levies will be adjusted to exclude GST.

## WHEN IS BAS LODGED

Strata Plus's team of qualified accountants prepares the quarterly BAS statements.

Quarterly reporting is as follows:

Quarter 1. July, August and September  
Due date: 28 October

Quarter 2. October, November and December  
Due date: 28 February

Quarter 3. January, February and March  
Due date: 28 April

Quarter 4. April, May and June  
Due date: 28 July

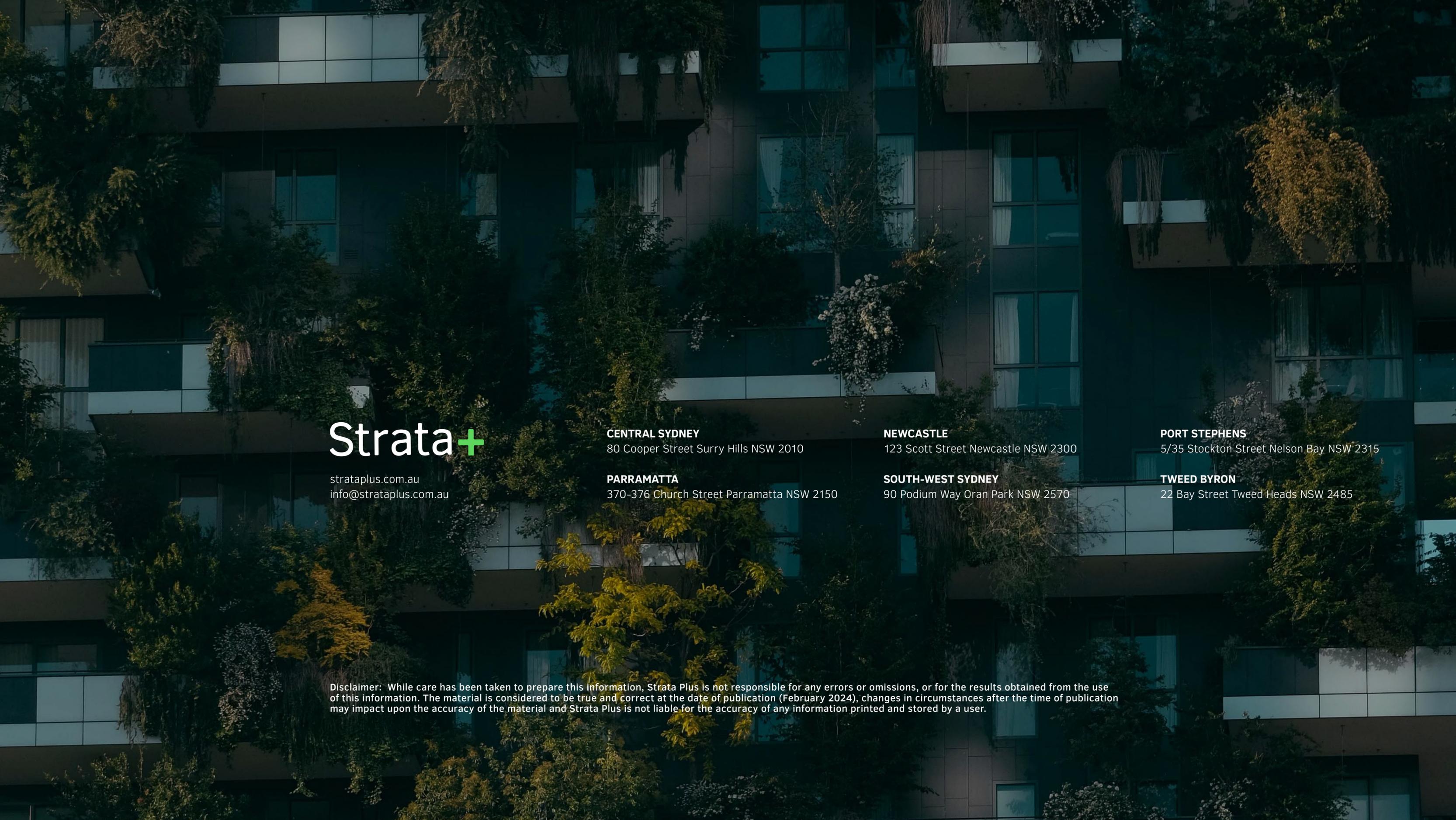
The BAS accounts for either GST owed on income or GST refundable on expenses. Therefore, in any given quarter, the BAS may result in either a payment to the ATO if the GST on receipts exceeds the GST on payments, or a refund from the ATO if the GST on payments exceeds the GST on receipts.

## GST REFUNDS

The ATO typically processes GST refunds within one to two weeks following the lodgement of the quarterly BAS for a strata plan. This efficient turnaround time ensures that any GST returns are credited back to the strata plan's account promptly.

## FINANCIAL STATEMENTS

GST credits are reflected in the financial statements under the Balance Sheet, specifically within account 940 labelled as GST. This account tracks the ongoing total of GST that is either due to be paid to or refunded by the ATO at any given moment.



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