

Accounting and tax support for the busy strata manager



Tax Time Essentials

Types of income in strata

Mutual Income is income derived from the owners of the scheme such as levies, late fee interest and utility recoveries etc. Mutual income is not assessable for income tax purposes.

Non-mutual Income is income derived from sources other than the owners of the scheme. Examples of non-mutual income included interest earned on a cash investment, payments from a phone company for the use of the roof for a phone tower, payments for signage or a billboard on the building, rent collected for a commonly owned unit, laundry income, status certificates income etc.

Non-mutual Income in detail

There are 2 types of non-mutual income in strata and each has a very different treatment for taxation purposes; income derived from common property sources and income derived from personal property sources.

Common Property Income

As strata managers would be aware, common property is an asset held in common between the owners of the strata company. Some common examples include buildings, the roof, a billboard attached to the roof, land, car parks, gardens etc. The types of income that can be earned from common property sources include telephone tower income, billboard income and rent received for a commonly held unit.

It's a common misconception that common property income should be declared on a strata company tax return. The key element though is that common property income is derived from sources that are held in the name of the owners of the strata company... and not in the name of the strata company itself. It's for this reason that any income earned from a common property source should actually be declared on the individual tax returns of the lot owners and not on the strata company's own tax return.

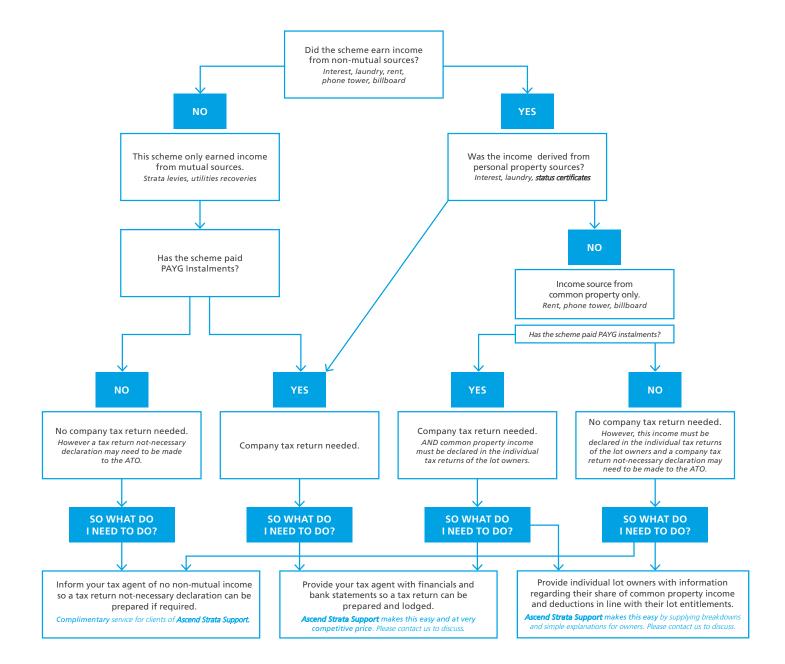
Personal Property Income

Personal property is an asset the strata company itself owns and can usually be defined by answering yes to the question: "can the asset be picked up and moved around?". Examples of personal property include cash, a washing machine, gym equipment etc.

The types of income that can be earned from personal property sources include interest earned on an investment and laundry collections. Services charged for by the strata company such as providing status certificates reports are also considered to be personal property income.

Income from personal property sources is considered to be assessable income for tax purposes. In the case of a scheme earning this type of income, a company tax return should be prepared and lodged by a registered tax agent.

Tax Time Flow Chart The financial year just ended. What do I need to do?







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