



Australian Government

Australian Taxation Office

FILE REF:

N/A

Dear Sir / Madam,

Please find attached some text for you to circulate your members or clients as the case may be.

The text below provides an outline of a recent change in ATO view that increases the GST registration threshold for bodies corporate from \$75,000 to \$150,000. Bodies corporate are now considered to be non-profit bodies for GST purposes provided they do not have an intention to distribute interest or other income to members.

If you, or your members / clients, require additional information about these changes please contact Colin Davis on (03) 921 **53704**.

Tony Long
Assistant Commissioner

FOR YOUR INFORMATION

Change in GST registration threshold for bodies corporate (also known as owners corporations in some jurisdictions)

As a result of a recent change in Tax Office view, the GST registration threshold for bodies corporate has increased from \$75,000 to \$150,000. Bodies corporate are now considered to be non-profit bodies for GST purposes, provided they do not have an intention to distribute interest or other income to members. This includes both when the body corporate is in operation or considering winding up.

If you are a new body corporate and satisfy the above proviso to be considered a non-profit body, then you are not required to register for GST unless your GST turnover is greater than \$150,000. However if you are not considered to be a non-profit body and your GST turnover is more than \$75,000 you must register for GST.

Bodies corporate that are currently registered for GST, that are considered to be a non-profit body and have a GST turnover of \$150,000 or less, may choose to:

- cancel their GST registration - follow the process outlined in [Leaving the GST system](#) (NAT 14829)
- remain voluntarily registered and report annually - follow the process outlined in [Report your GST once a year](#) (NAT 12906), or
- do nothing and continue with their current reporting and lodgment obligations.

Bodies corporate with a GST turnover greater than \$150,000 must register, or continue to be registered for GST purposes.

Bodies corporate are still **not** considered non-profit companies for income tax purposes.

- For more information, refer to Property and Construction Industry Partnership - Issues Register - **Section 01** - Bodies Corporate/Owners Corporations and Strata Managers
- ⓘ When consulting on the revised view, we received a number of queries as to why body corporate fees are subject to GST. GST is payable on all taxable supplies and for GST purposes a body corporate and its members are separate entities. The Administrative Appeal Tribunal has held that contributions to sinking and administration funds of a residential apartment body corporate are consideration for taxable services provided by the body corporate to its members. Refer to **Re Body Corporate, Villa Edgewater CTS 23092 and Federal Commissioner of Taxation 2004** ATC 2056; (2004) 55 ATR 1162; [2004] AATA 425).

The Tribunal decision is consistent with our decision in ATO Interpretative Decision **ATO ID 2001/650** Goods and Services Tax: GST and a special levy charged by a body corporate.