TD 92/D206 - Income tax: under what circumstances is a strata title body corporate required to lodge an income tax return?

Draft Taxation Determination

Income tax: under what circumstances is a strata title body corporate required to lodge an income tax return?

1. A strata title body corporate is deemed to be a public company for income tax purposes and is required to lodge an income tax return when it has derived assessable income or when requested by the Commissioner.

2. Assessable income of a body corporate is income derived from non-mutual sources. Non-mutual sources includes interest and dividends from invested funds and fees from non-proprietors for access to books etc.

3. Assessable income does not include mutual income. Mutual income is proprietors' levies or contributions towards administrative and sinking funds. (See IT 2505 for a full discussion of the mutuality principle and apportionment of expenses between mutual and non-mutual income.)

Example 1:

Strata title body corporate 'abc' receives $ 4000 from proprietors' levies. No interest is received from the bank.

An income tax return is not required to be lodged.

Example 2:

Strata title body corporate 'xyz' receives $ 30000 from proprietors' levies and $ 1500 net interest from investment of these funds.

An income tax return is required to be lodged.

Commissioner of Taxation
12/11/92

FOI INDEX DETAIL: Reference No. 1211429

Related Rulings: IT 2505

Subject Ref: exemption from lodging returns; lodgment requirements; strata titles

Legislative Ref: ITAA 103A(5); 161;

ATO Ref: Case #53

ISSN 1038 - 8982