

***GSTA TPP 068 - Goods and services tax: Would the addition of a second storey to a single storey house constitute 'substantial renovations' so as to make the premises 'new residential premises'?***

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! This document has changed over time. This is a consolidated version of the ruling which was published on *30 November 2005*



## Goods and Services Tax Advice

### **Goods and services tax:** Would the addition of a second storey to a single storey house constitute 'substantial renovations' so as to make the premises 'new residential premises'?

#### **Preamble**

*This document is a ruling for the purposes of section 37 of the Taxation Administration Act 1953. It illustrates the principles contained in **Goods and Services Tax Ruling GSTR 2003/3 on new residential premises**. You can rely on the information presented in this document, which provides advice on the operation of the GST system.*

#### **Answer**

On this broad scenario, the addition of the second storey would not amount to 'substantial renovations'.

#### **Background**

A property owner adds a second storey to a single storey house. The entire roof is removed and a new storey added, but the existing ceilings are not replaced. Only one room is affected - it is converted into a staircase.

#### **Explanation**

Substantial removal or replacement of the structural components of a building is substantial renovation. However, if the existing rooms in the original building remain predominantly unchanged no substantial renovation has occurred.

In cases where there is no substantial removal or replacement of a building, but merely additions to the building, the building has not been substantially renovated. Therefore, if the existing rooms in the original building remain predominantly unchanged, the additions do not amount to substantial renovations. This is provided that there is no removal or replacement of the structural components of the building (see paragraphs 68 to 79 of GSTR 2003/3). The lifting of the roof by itself, would not amount to removal or replacement of a

substantial part of the structural components of a building.

#### **Application of this GST Advice**

This Advice is based on GSTR 2003/3. It explains our view of the law as it applied from 1 July 2000. You can rely on this Advice on and from its date of issue for the purposes of section 37 of the *Taxation Administration Act 1953*. Goods and Services Tax Ruling GSTR 1999/1 explains the GST rulings system and our view of when you can rely on our interpretation of the law in GST public and private rulings.

If this Advice conflicts with a previous private ruling that you have obtained, this public ruling prevails. However, if you have relied on a private ruling, you are protected in respect of what you have done up to the date of issue of this public ruling. This means that if you have underpaid an amount of GST, you are not liable for the shortfall prior to the date of issue of this later ruling. Similarly, you are not liable to repay an amount overpaid by the Commissioner as a refund.

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#### **Commissioner of Taxation**

Date: 30 November 2005

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#### **Related Rulings/Determinations/GST Advice:**

GSTA TPP 069

#### **Subject references:**

new residential premises  
substantial renovations  
additions  
building

#### **Legislative references:**

TAA 1953 37

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#### **ATO references**

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