

TD 93/7 - Income tax: under what circumstances is a strata title body corporate required to lodge an income tax return?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *21 January 1993*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

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 for any year of income in which 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 include 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 Taxation Ruling 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 investment of the funds.

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 returning assessable income of \$ 1500 representing the net interest from investment.

Commissioner of Taxation

21/01/93

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Related Rulings: IT 2505

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

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

ATO Ref: Case #53

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