


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'?

 This cover sheet is provided for information only. It does not form part of *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'?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *31 October 2012*



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 was published prior to 1 July 2010 and was a public ruling for the purposes of former section 37 of the **Taxation Administration Act 1953** and former section 105-60 of Schedule 1 to the **Taxation Administration Act 1953**.*

*From 1 July 2010, this document is taken to be a public ruling under Division 358 of Schedule 1 to the **Taxation Administration Act 1953**.*

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

[Note: This is a consolidated version of this document. Refer to the Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

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 applies [to tax periods commencing] both before and after its date of issue. However, this Advice will 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 this Advice (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10)..

Commissioner of Taxation
30 November 2005

Related Rulings/Determinations/GST Advice:
TR 2006/10; GSTA TPP 069

Subject references:
new residential premises
substantial renovations
additions
building

Legislative references:

GSTA TPP 068

FOI status: **may be released**

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ATO references

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