

Non Mutual Income from Common Property Information Sheet

INTERNAL USE ONLY

Income Received by the Body Corporate

- Mutual income is the income received from the owners of the Body Corporate, but non- mutual income is the income received from a third party.

New Tax Ruling

- There has been a new ruling from the ATO (TR 2015/3) which instructs Bodies Corporate how to declare income received from a third party for the use of the Common property.
- The new ruling determines that the income received from the common property is taxable on the income tax return of the owners, not the Body Corporate. (Owners in a body corporate own a portion of the common property based on their lot entitlements).
- Examples of income received from the common property:
 - Lease or access of the rooftop for communication companies,
 - Lease or access of the rooftop for parties or for photography,
 - Lease of part of a lobby for an office for the caretaker,
 - Lease of part of the voids under the ceilings for wireless installation,
 - Lease of part of the common property space for advertising signage,
 - Use of the common property as a car park for the public.
- Costs attributable to earning the non-mutual income are tax deductible.
- SSKB tax compliance calculates the income received during the tax year, then estimates the deductible costs, then splits the result between the owners in accordance with their contribution entitlements. We will then send a letter to each owner providing them the amount to declare in their tax return.
- That means that a Body Corporate who in the past was declaring that same income in the Body Corporate tax return and paying 30% tax, will save paying tax on that revenue.
- The fee for the SSKB service will be at cost. It includes the time spent: \$200 plus GST up to 100 lots & \$300 plus GST for 101 lots and above, plus the handling and disbursements costs (\$1.91 for Aust post plus GST). Emails will not be charged. This fee is deductible in the next income tax year.
- If you have any queries regarding the above don't hesitate to contact your SSKB accountant.

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