

A GUIDE TO GST in Strata

How does GST apply to strata companies?

Goods and Services Tax (GST) is a consumption based tax charged on most goods and services produced in Australia. GST registered entities must charge 10% GST on all taxable supplies (**including levies**) they make and can claim back any GST included in supplies they purchase. The net amount (GST on sales less GST on supplies) is then paid to / refunded by the Australian Taxation Office (ATO) via Business Activity Statements (BAS).

When a strata company is registered for GST, it is allowed to claim back any GST paid to suppliers in the course of maintaining the common property. This reduces the amount of levies that need to be raised each year, however 10% GST needs to then be added on top of all levies raised.

When should a Strata Company register for GST?

A Strata company **must** register for GST if the forecast total of all levies for the coming 12 months exceeds \$150,000.*

If a strata company is expected to raise levies totalling under \$150,000 for the coming 12 months, it may still **voluntarily** register for GST.

Instances where this may be financially beneficial include:

- **commercial schemes, and**
- **where a significant deficit is forecast.**

Note: It is important to obtain professional advice from a suitably qualified accountant whenever a strata company is considering voluntary registration.

***The GST registration threshold for strata companies is double the normal GST registration threshold of \$75,000 because the ATO allows strata companies to be regarded as not-for-profit entities for GST purposes, so long as there is no intention to distribute profits to the owners.**

How are BAS prepared?

A business must be registered with the **Tax Practitioners Board (TPB)** in order to legally provide BAS services for another entity. The definition of a BAS service is wide ranging and even includes simply advising about any GST obligations or entitlements of a client.

For this reason, Strata CFM always engages TPB registered professionals to look after the GST requirements of our clients. Our accounting partners thoroughly review the financial records each BAS period before lodging with the ATO and advising our team of the correct amount payable/receivable.

Registration with the TPB ensures that the preparers of tax documents are experienced, qualified, engage in ongoing professional development and have sufficient professional indemnity insurance as required by the TPB.

What are the costs involved?

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