

**Executive Officer  
National Community Titles Institute**

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National Community  
Titles Institute

ABN 90 617 076 120

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*Our Ref: NCTI ExecOff\_ATO\_0109*

Mr Colin Davis  
Australian Taxation Office  
GPO Box 9990  
Sydney NSW 2000

Dear Sir

**RE: Submission - 1.1.5 Are Bodies Corporate non-profit bodies for the purpose of the registration turnover threshold as provided for in section 23-15 of the GST Act?**

On behalf of the National Community Titles Institute (NCTI) Board I wish to thank you for the opportunity to respond on behalf of their members to the above ATO changes.

NCTI is the Australian national representative professional association for home owners, community associations, body corporate management practitioners, solicitors, trades people, insurers, bankers and other parties involved in the professional, full-time administration of community and strata schemes. It currently has more than 1500 members through its State affiliate members i.e. the Community Titles Institute Queensland, Institute of Strata Title Management NSW, Owners Corporations Victoria, Community Titles Institute South Australia, Strata Titles Institute of Western Australia and the Strata Managers Institute of the ACT.

As such the views expressed in this response are the collective views of the above organizations and form the basis of a National coordinated response.

For the purposes of this report the following is provided:

- 1. "Under the revised view, bod(ies) corporate with a turnover between \$75,000 and \$150,000 that are currently required to be registered for GST purposes, may choose to:**
  - **cancel their GST registration**
  - **remain voluntarily registered and report annually, or**
  - **do nothing and continue with their current reporting and lodgement obligations".**

**Response:** NCTI supports the above options being available to bodies corporate and would suggest that most will choose option 1 – "cancel their GST registration" for the very reason that by doing so will reduce any unnecessary reporting requirements and paperwork.

**2. *“The meaning of 'non-profit body' for GST purposes (as it applies to Bodies Corporate)”.***

**Response:** NCTI recognises the disparate arrangements that exist from state to state in respect to the way in which income is derived from the activities of Bodies Corporate and how it may be distributed. NCTI supports the recommendations and the treatment of Bodies Corporate as ‘non-profit bod(ies)’ for GST purposes.

**3. *“A non-profit body will be required to register for GST where its GST turnover of taxable supplies and GST-free supplies meets or exceeds \$150,000”.***

**Response:** NCTI supports the raising of the threshold as recommended as it will allow many corporations to operate without the necessity to register and subsequently will reduce any unnecessary reporting and lodgement requirements etc.

**4. *“For income tax purposes, a strata title body corporate fails the statutory test of prohibition on distribution to members (as set out in the definition) and is not a non-profit company”.***

**Response:** NCTI acknowledges as a general proposition that a strata title body corporate is not carried on for the purposes of profit or gain to its individual members. However, a non-profit company must also be prohibited from making any distribution to its members. NCTI also recognized that a strata title body corporate can make distributions to its members in certain circumstances and that these disbursements are subject to income tax provisions.

**Comments:**

NCTI supports the recommendations of the review by the ATO on whether bodies corporate are non-profit bodies for GST registration threshold purposes. The lifting of the threshold provides the mechanism for a reduction in administrative compliance on the majority of these bodies and accordingly will reduce the cost to them in meeting their current obligations.

It should be noted that the some member’s fee base will inevitably be reduced in line with the changes as many strata/community/body corporate managers currently charge for compiling records to enable preparation and/or employ registered tax agents/accountants to prepare and lodge BAS statements on behalf of their owners.

Once again thank you for the opportunity and should you require any additional information please do not hesitate contacting me.

Yours truly

Bernie Galletti  
Executive Officer