



Australian Government
Australian Taxation Office

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Body corporate fees and charges

Strata title body corporates are constituted under the strata title legislation of the various states and territories.

You may be able to claim a deduction for body corporate fees and charges you incur for your rental property.

Body corporate fees and charges may be incurred to cover the cost of day-to-day administration and maintenance or they may be applied to a special purpose fund.

Payments you make to body corporate administration funds and general purpose sinking funds are considered to be payments for the provision of services by the body corporate and you can claim a deduction for these levies at the time you incur them. However, if the body corporate requires you to make payments to a special purpose fund to pay for particular capital expenditure, these levies are not deductible.

Similarly, if the body corporate levies a special contribution for major capital expenses to be paid out of the general purpose sinking fund, you will not be entitled to a deduction for this special contribution amount. This is because payments to cover the cost of capital improvements or repairs of a capital nature are not deductible; see [Repairs and maintenance \(?anchor=Repairs_and_maintenance#Repairs_and_maintenance\)](#) and [Taxation Ruling TR 97/23 \(/law/view/document?DocID=TXR/TR9723/NAT/ATO/00001\)](#). You may be able to claim a capital works deduction for the cost of capital improvements or repairs of a capital nature once the cost has been charged to either the special purpose fund or, if a special contribution has been levied, the general purpose sinking fund; see [Capital works deductions \(?anchor=Capitalworksdeductions#Capitalworksdeductions\)](#).

A general purpose sinking fund is one established to cover a variety of unspecified expenses (some of which may be capital expenses) that are likely to be incurred by the body corporate in maintaining the common property (for example, painting of the common property, repairing or replacing fixtures and fittings of the common property). A special purpose fund is one that is established to cover a specified, generally significant, expense which is not covered by ongoing contributions to a general purpose sinking fund. Most special purpose funds are established to cover costs of capital improvement to the common property.

If the body corporate fees and charges you incur are for things like the maintenance of gardens, deductible repairs and building insurance, you cannot also claim deductions for these as part of other expenses. For example, you cannot claim a separate deduction for garden maintenance if that expense is already included in body corporate fees and charges.

Common property

Common property is that part of a strata plan not comprised in any proprietor's lot, and includes stairways, lifts, passages, common garden areas, common laundries and other facilities intended for common use.

The ownership of the common property varies according to the relevant state strata title legislation. However, in all states, the income derived from the use of the common

property is income of lot owners. Accordingly, you can claim deductions for capital works and, in some cases, the decline in value of depreciating assets that form part of the common property in proportion to your lot entitlement. For more information, see [Deduction for decline in value of depreciating assets](#) ([?anchor=Capitalallowancesdeductionsfordeclinein1#Capitalallowancesdeductionsfordeclinein1](#)).

For more information about strata title body corporates, see [Taxation Ruling TR 2015/3](#) ([/law/view/document?DocID=TXR/TR20153/NAT/ATO/00001](#)).

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