

How does the GST apply to landlords who own residential properties?

- Landlords cannot charge GST on rental income they receive from tenants of **residential properties**.
- The supply of the residential property by a landlord to a tenant by way of a lease, is an input taxed supply. **Input taxed supplies are not subject to GST.**
- Residential landlords will also pay GST on some property expenses, such as insurance premiums and repairs and maintenance. **The landlord cannot claim a refund of the GST included in the cost of these items.** In effect, the landlord is treated as the final consumer who pays the GST.
- The renting of commercial properties is a taxable supply. Commercial rents are subject to GST, and GST included in the expenses of commercial renting can be claimed back as an input tax credit.
- Where the landlord rents a residential property and commercial property the expenses and rents relating to residential property must be separately recorded.
- Only the rentals and expenses from commercial property rentals are recorded in the **Business Activity Statement (BAS)**.
- What a property is used for is important:
 - Where commercial property is rented for residential use, the rent is not subject to GST, and GST included in the expenses **can not** be claimed back as an input tax credit;
 - GST is payable on rents from a residential property rented for commercial use, and GST included in expenses relating to that property **can** be claimed back as an input tax credit.

FOR FURTHER INFORMATION

BUSINESS INFORMATION

GST Start-Up Assistance Office: **Ph 13 30 88**
Internet: **www.gststartup.gov.au**

BAS Preparation

ATO: **Ph 13 24 78**

BAS Lodgement and Payment

ATO: **Ph 13 28 66**
Internet: **www.taxreform.ato.gov.au**