



**Commercial Lease  
Specialists**

**LEASE INSIGHTS** – March 2018

## **Should I charge my tenant GST on Outgoings?**

This is still a frequently asked question and the reason is probably that the actual answer (which is YES) doesn't make much sense.

In a nutshell here is how it works - Not long after the introduction of the GST the Australian Taxation Office issued a "Determination" called GSTD 2000/10 that said in effect that any outgoings or other services that the landlord claimed back from the tenant were to be included in what the landlord "supplied" to the tenant.

As we know GST is payable by the landlord to the ATO on the total value of the "supply". In other words, the landlord (assuming he is registered for GST purposes) must add up the rent, outgoings and other services that he supplies to the tenant (and that he gets reimbursed for) and send 1/11<sup>th</sup> of that amount to the ATO when he does his BAS return.

Where it stops making sense is that there is no GST included in some outgoings such as rates and taxes, but the landlord still has to remit 1/11<sup>th</sup> of the total amount to the ATO.

The same rule applies even if the tenant pays the rates directly to the levying body (ie local council, SA Water, ETSA). Technically, the value of those outgoings will be added to the value of the "supply" and the ATO will want 1/11<sup>th</sup> paid to it by the landlord.

In reality a lot of landlords and tenants close their eyes and pretend these tax rules don't exist. That approach works well UNTIL the ATO comes knocking.

Regards

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