



**GST BULLETIN  
ON TAX RULING ON COMMUNAL FACILITIES  
WITHIN A RETIREMENT VILLAGE**

Friendly societies that own and/or operate retirement villages should note the release today of *GST Ruling 2007/1*, which may be found on the following website of the Australian Taxation Office: <http://law.ato.gov.au/atolaw/view.htm?docid=GST/GSTR20071/NAT/ATO/00001>.

The ruling seeks to explain

- ❑ when 'retirement village' premises include 'communal facilities' for use by the residents of the premises as required by paragraph (c) of the definition of *retirement village* in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* – for purposes of meeting the *communal facilities requirement* in that definition;
- ❑ when the residential premises of the retirement village include communal facilities;
- ❑ what are 'communal facilities' in the retirement village context; and
- ❑ when communal facilities are for use by the residents of the premises.

The ruling also considers the *communal facilities requirement* in regard to services, off-site facilities and facilities not yet in existence, and explains the Tax Commissioner's view of the law as it applied from 1 July 2000 (when GST came into effect in Australia).

The definition of a 'retirement village' in section 195-1 of Act is stated as follows:

“Premises are a retirement village if:

- (a) the premises are residential premises; and
- (b) accommodation in the premises is intended to be for persons who are at least 55 years old, or who are a certain age that is more than 55 years; and
- (c) the premises include communal facilities for use by the residents of the premises;

but the following are not retirement villages:

- (d) premises used, or intended to be used, for the provision of residential care (within the meaning of the *Aged Care Act 1997*) by an approved provider (within the meaning of that Act);
- (e) commercial residential premises.”

In relation to any *GST-free supply* of

- ❑ care services and accommodation to a resident of a ‘serviced apartment’ of a retirement village (where that resident requires and receives daily living activities assistance or nursing services) – under subsection 38-25(3); and
- ❑ accommodation, services related to accommodation and meals to a resident provided by a charitable retirement village – under section 38-260;

it is important to meet the definition of ‘retirement village’ ... and, as a consequence, the *communal facilities requirement*.

Societies that are retirement village owner/operators, whether ‘serviced apartments’ are included or not, are urged to examine the contents of the ruling and refer any queries or issues for immediate professional advice.

Any industry-level concerns or issues should be forwarded to AFSA.

**Tony C Jacob**  
**Chairman**  
**AFSA Tax Committee**

**7 February 2007**

*An AFSA tax bulletin does not constitute advice. Affected societies and their investors are encouraged to seek and obtain appropriate, timely and independent professional advice prior to making any decisions on the basis of its contents – and to help meet their respective obligations under relevant tax laws.*