



FSO1 FACT SHEETS

OWNERS CORPORATION FINANCES - FINANCE SERIES 01

As a lot owner, you risk financial and legal consequences through poor financial management of your owners corporation (formerly body corporate).



IMPORTANT NOTE:

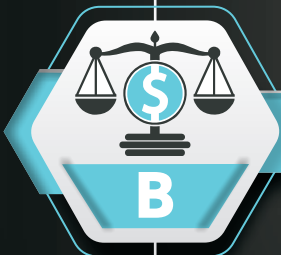


An owners corporation is responsible for actions taken on its behalf by delegates, such as a professional manager or committee member. It can pass on costs incurred by these actions to members by raising fees. As a lot owner, there is no limit to your financial and legal liability for actions of your owners corporation or its delegates



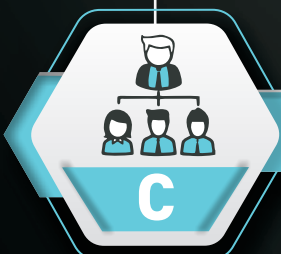
FINANCIAL POWERS OF AN OWNERS CORPORATION

- Borrow money
- Invest money
- Recover money owed
- Charge penalty interest
- Operate a bank account
- Levy special fees for extraordinary expenditure
- Set fees to cover general administration, maintenance and insurance
- Establish a maintenance fund to cover the cost of works in the maintenance plan



FINANCIAL RESPONSIBILITIES

- Use an approved form called a **'fee notice'** to give notice of fees and charges
- Lodge business activity statements (**BAS**) with the **Australian Taxation Office**
- Use an approved form called a **'final notice'** to give final notice of fees and charges
- Withhold tax from suppliers who fail to provide their **ABN**
- Have a tax file number. Australian Business Number (**ABN**) and register for goods and services tax (**GST**) with the Australian Taxation Office if income meets or exceeds \$75,000 a year
- Pay remuneration to managers and employees
- Prepare annual financial statements
- Pay insurance premiums
- Keep financial records



PRESCRIBED OWNERS CORPORATIONS

A prescribed owners corporation must:

- Audit financial statements after the end of the financial year
- Establish a maintenance fund to cover the cost of implementing the maintenance plan
- Prepare financial statements in accordance with standards set out in the Owners Corporations Regulations 2018
- Have these financial statements audited at the end of the financial year



[<https://www.consumer.vic.gov.au/housing/owners-corporations>]

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1300 278 728

info@strataplan.com.au

www.strataplan.com.au

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