

## JobKeeper Payment: What You Need To Know

Date	<ul style="list-style-type: none"> <li>From 30 March 2020 for six months</li> <li>For employees employed at and from 1 March 2020</li> <li>First payments in <b>first week of May 2020</b></li> </ul>
Applies to	<p>Based on comparable periods:</p> <ul style="list-style-type: none"> <li>Employers &lt;\$1 bn that have experienced a downturn of more than 30%</li> <li>Employers ≥\$1bn that have experienced a downturn of more than 50%</li> </ul>

A subsidy of **\$1,500 per fortnight per employee**, administered by the ATO, will be paid to businesses that have experienced a downturn of more than 30% (50% for businesses over \$1bn).

To be a part of the subsidy, employers will need to ensure that their employees receive at least \$1,500 per fortnight (before tax). *See the example below.*

### Eligibility

There are two levels of eligibility; for employers and employees.

**Eligible employers** are those with:

- Turnover below \$1bn (if part of a group for income tax purposes, then group turnover below \$1bn) that have experienced a **reduction in turnover of more than 30%** relative to a comparable period 12 months ago (of at least a month); or
- Turnover of \$1bn or more that have experienced a reduction in turnover of more than 50% relative to a comparable period 12 months ago (of at least a month); and
- Are not subject to the Major Bank Levy.

Charities that are registered with the ACNC are subject to slightly different rules which look at whether they have experienced a drop in turnover of at least 15%.

Government entities (including wholly owned corporations) at Federal, State, Territory, and local councils are not eligible. Foreign governments and their agencies are also not eligible. Companies in liquidation or a partnership, trust or sole trader in bankruptcy, do not qualify.

**Eligible employees** are those who:

- Were employed by the relevant employer at 1 March 2020; and
- Are currently employed by the employer (including those who have been stood down or re-hired); and
- Are full time, part-time, or long term casuals (a casual employee employed on a regular basis for 12 months as at 1 March); and

- Were at least 16 years of age at 1 March 2020; and
- Were an Australian citizen, held a permanent visa, or a Special Category (Subclass 444) Visa Holder as at 1 March 2020; and
- Were a resident of Australia for tax purposes on 1 March 2020; and
- Are not in receipt of a JobKeeper Payment from another employer.

Employees on parental leave are not able to access the JobKeeper payment if they are receiving Government Paid Parental Leave or Dad and Partner Pay. If they are not receiving these payments they are eligible for JobKeeper payments if they meet the eligibility criteria. An employee will not be eligible if they are receiving support under a workers compensation scheme.

If you employ apprentices or trainees eligible for the 50% wage subsidy, you can potentially receive this subsidy up to 31 March 2020 and then the JobKeeper payment from 1 April 2020 onwards. Where a small business is eligible for the JobKeeper payment they cannot receive the apprentice and trainee wage subsidy from 1 April 2020.

**Sole traders** and the self-employed with an ABN will be eligible for the payment if the following conditions are met:

- Their turnover has or will fall by 30% or more;
- They had an ABN on or before 12 March 2020;
- They had some income in the 2018-19 income year or made some supplies between 1 July 2018 and 12 March 2020 and provided a 2019 tax return or certain activity statements to the ATO by 12 March 2020;
- They were actively engaged in the business;
- They are not entitled to another JobKeeper Payment;
- They were aged at least 16 years of age as at 1 March 2020; and
- They were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020.

Where the business is operated as a partnership, company or trust the entity can receive JobKeeper payments in relation to one nominated partner, beneficiary, director or shareholder who works in the business.

### Calculating a reduction in turnover

To access the JobKeeper payment, you need to establish that the turnover of your business has reduced by 30% or more (or 50%).

Most businesses will be expected to establish that their turnover has fallen in the relevant month or three month period compared with the same period from the previous year.

Turnover for the JobKeeper payment is assessed in the same way as turnover for GST purposes. This means that most sales that are connected with Australia will be taken into account, although input taxed supplies such as residential rental income, interest income, dividends etc will be ignored.

Where a business was not in operation a year earlier, or where turnover a year earlier was not representative of the usual or average turnover, it is expected that the ATO will have some discretion to consider additional information that the business can provide to establish that it has been adversely affected by the impacts of COVID-19. The ATO will also have discretion to set out alternative tests that would establish eligibility in specific circumstances.

### How the support is calculated

The ATO will administer this program and will make the \$1,500 payments based on payroll information (through single touch payroll). The payments will be made monthly in arrears, so it is essential that you ensure your business and your employees continually meet the eligibility criteria. The payment is intended to reimburse the employer for amounts that have already been paid to employees.

**JobKeeper employers must, as a minimum, pay the full JobKeeper amount to employees even if the employee is normally paid less than the JobKeeper amount (failing to do so or deliberately misusing the payment may incur penalties of up to \$126,000).**

That is, the rules require an employer who is eligible for the JobKeeper scheme to ensure the total amount payable to a particular employee in respect of a fortnight is at least the greater of:

- The amount of the JobKeeper payment for the employee (i.e., \$1,500 per fortnight before tax); or
- The amount payable to the employee for the performance of work during that fortnight.

The business will continue to receive the payments for eligible employees while they are eligible for the payments. While the program runs until 27 September 2020, payments will stop if the employee is no longer employed by the relevant employer.

### How the support is provided

To access the JobKeeper subsidy, you should talk to your adviser to assist you with the registration process and calculations. If you want to manage the process yourself, you must:

#### 1. Register

- Applications are not yet open. However, you should **register your intent** to apply for the JobKeeper subsidy with the ATO [here](#). The ATO will provide you with regular updates and advise you when you can lodge your application

#### 2. Assess turnover

- Ensure you have an accurate record of your revenue for the 2018-19 income year and for the 2019-20 year to date
- Ensure you keep an accurate record of revenue from March 2020 onwards

- Compare your turnover for the month or quarter ended 31 March 2019 with revenue for the month or quarter ended 31 March 2020 to make a high level assessment of whether this measure is likely to be available the whole of March 2020
- Measure the % decline in your turnover to see whether it has declined by at least 30%
- If you are not eligible in March, you may become eligible in another month

### 3. Identify eligible employees

- Nominate the employees eligible for the JobKeeper payments – you will need to provide this information to the ATO and keep that information up to date each month. The ATO will use Single Touch Payroll to prepopulate the information in most cases.
- Notify all eligible employees that they are receiving a JobKeeper payment. Employees can only be registered with one employer.
- Pay eligible employees at least \$1,500 per fortnight (before tax). The employee must continue to be paid the greater of:
  - The amount payable for the work they perform (including any incentives, bonuses, loadings, allowances, overtime or penalty rates, and leave payments owing); or
  - The JobKeeper payment of \$1,500
- Pay superannuation guarantee on normal salary and wages amounts paid to employees. That is, you do not reduce superannuation guarantee unless the employee was earning less than the JobKeeper payment amount. If the employee normally receives less than \$1,500 per fortnight before tax, the employer can decide whether to pay superannuation guarantee on the additional amount that is paid as a result of the JobKeeper program.

Sole traders and the self-employed can register their interest in applying for the JobKeeper payment with the ATO. These businesses will need to provide an ABN for the business, nominate an individual to receive the payment, provide the individual's TFN and declare their continued eligibility for the payments. Payments will be monthly to the individual's bank account.

### Example

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30% in the coming months. The employees are:

Employee	Employment type	Salary per fortnight (before tax)
Anne	Full-time	\$3,000
Nick	Part-time	\$1,000

Both Anne and Nick are still working in the business.

Adam registers his interest in the JobKeeper scheme (from 30 March 2020), then applies to the ATO providing details of his eligible employees. Adam also advises Anne and Nick that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Adam's business is eligible to receive the JobKeeper Payment for each employee.

For Anne, the business will:

- Continue to pay Anne her full-time salary of \$3,000 per fortnight before tax,
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Anne's salary

For Nick, the business will:

- Continue to pay Nick \$1,000 per fortnight before tax salary
- Pay Nick an additional \$500 per fortnight before tax (totalling \$1,500)
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Nick's wage of \$1,000 per fortnight (but can choose to pay SG on the full \$1,500)

Adapted from Treasury fact sheet: *JobKeeper payment – information for employers*

Should you wish to discuss this subsidy further or need assistance with the registration process & calculations, please contact **SRJ Walker Wayland** on 07 3409 9988.