

# JOBKEEPER SUBSIDY

April 2020

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## What is the JobKeeper program?

Businesses and not-for-profits affected by COVID-19 will receive fortnightly payments to help cover the costs of wages of their employees. The program starts on 30 March 2020 and ends 27 September 2020.

## Which business are eligible?

Employers (including not for-profits) whose turnover has declined relative to a comparable period **in the prior year** by at least:

1. 15% - if an NFP ACNC registered charity
2. 30% - if their aggregated turnover is **less than** \$1 billion
3. 50% - if their aggregated turnover is \$1 billion or more

Where the business has been impacted by COVID-19, but is not able to satisfy the relevant test above (e.g. start-ups or businesses not in operation a year ago), the business may be entitled to access **an alternative decline in turnover test**. The Commissioner of Taxation has been empowered to issue guidelines for these alternative tests, but has not yet issued any.

## Self-employed individuals, including sole traders, company directors, partners in partnerships and beneficiaries of trusts

**Only One** self-employed individual working in each of the following business entities can be nominated for the payment;

1. Sole trader > the individual.
2. Partnership > One individual partner.
3. Trust > One individual beneficiary.
4. Company > One director **or** individual shareholder.

## How do I determine my decline in turnover?

You will need to determine your **projected GST turnover** for the relevant tax period and that will need to demonstrate at least the minimum percentage decline (i.e. 15%, 30% or 50%) over **the comparison period**.

Comparing the current turnover for the period ending...	Against the projected turnover for the period ending...
<b>Monthly Comparison</b>	
31 March 2019	31 March 2020
30 April 2019	30 April 2020
31 May 2019	31 May 2020
30 June 2019	30 June 2020
31 July 2019	31 July 2020
31 August 2019	31 August 2020
30 September 2019	30 September 2020
<b>Quarterly Comparison</b>	
30 June 2019	30 June 2020
30 September 2019	30 September 2020

To work out your fall in turnover, you can compare either:

1. GST turnover for March 2020 with GST turnover for March 2019
2. Projected GST turnover for April 2020 with GST turnover for April 2019
3. Projected GST turnover for the quarter starting April 2020 with GST turnover for the quarter starting April 2019.

The decline in turnover test needs to be satisfied before an entity becomes eligible for the JobKeeper payment. **Once this occurs there is no requirement to retest in later months<sup>1</sup>**. If an entity does not qualify for the month of April 2020 because its turnover has not been sufficiently affected, it can test in later months to determine if the test is met. This allows entities that only become affected part way through the six month period of operation of the JobKeeper scheme to continue to monitor for any decline in turnover until they qualify for the scheme in a later period.

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<sup>1</sup> Coronavirus Economic Response Package (Payments and Benefits) Rules 2020 Explanatory Statement

## Are there alternative tests?

The Commissioner is expected to issue a separate legislative instrument setting out alternative tests for certain “classes of entities”. The ATO is currently working on guidance which will be released soon.

## Are my employee eligible?

Basic eligibility criteria - An eligible employee includes an employee who was in your employment at 1 March 2020 and:

1. Is currently directly employed by you (including those stood down or re-hired by you).
2. Is a full-time or part-time employee who were employees as at 1 March 2020.
3. Is a casual employee who has been employed on a ‘regular and systemic basis’ for longer than 12 months as at 1 March 2020.
4. Was aged 16 years or older at 1 March 2020.
5. Was an Australian resident as at 1 March 2020 and are one of an Australian citizen, holder of a permanent visa, or Special Category (Subclass 444) Visa at 1 March 2020.
6. Continues to be employed by you during the period you claim the JobKeeper payment.
7. Complete the JobKeeper employee nomination notice.

Additional eligibility criteria - Eligible

1. An eligible employee who is on annual or sick leave.
2. A fixed term contractor who meets the basic eligibility criteria.
3. An eligible employee who is receiving support under a compensation scheme but you are still under an obligation to pay some component of their salary and wages.

**Ineligible -**

1. An employee in receipt of Government Paid Parental Leave or Dad and Partner Pay
2. An employee who is fully incapacitated, unable to work and being supported by a worker’s compensation scheme.
3. An employee who is fully compensated under your WorkCover insurance.
4. An employee not directly employed by you (e.g. labour hire arrangement).
5. An employer who receives an Australian Government wage subsidy (e.g. Supporting Apprentices and Trainees wage subsidy or Australian Apprentice Wage Subsidy) in respect of an eligible Australian apprentice or trainee.
6. An eligible employee who resigned before 1 March 2020, were employed after 1 March 2020, nominated by another employer.

## How does PAYG Withholding and Superannuation apply?

You must pay a minimum of \$1,500 per fortnight to your eligible employees, withholding income tax as appropriate. The \$1,500 per fortnight per employee is a before tax amount.

*“Over archiving principal is that the employer should NOT be out of pocket by taking on the JobKeeper payment”*

New rules are being introduced by the government with the intention to not require super guarantee to be paid on additional payments that are made to employees as a result of JobKeeper payments. We will update this information once legislation or regulations are in place.

## What do I need to do next to participate?

### 1. Enrol for the JobKeeper payment - from **20 April onwards**

You or **JDG Accountants & Advisors** can enrol for the JobKeeper payment:

- **Step 1** – Register your interest and subscribe for JobKeeper payment updates.
- **Step 2** – Check you and your employees meet the eligibility requirements.
- **Step 3** – Continue to pay at least \$1,500 to each eligible employee per JobKeeper fortnight (the first JobKeeper fortnight is the period from 30 March to 12 April).
- **Step 4** – Notify your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they aren't claiming JobKeeper payment through another employer or have nominated through another business.
- **Step 5** – Send the **JobKeeper employee nomination notice to your nominated employees** to complete and return to you **by the end of April** if you plan to claim JobKeeper payment for April. Keep it on file and provide a copy to your registered tax agent if you are using one.
- **Step 6** – **From 20 April 2020**, you can enrol with the ATO for the JobKeeper payment using the Business Portal and authenticate with myGovID. You must do this by the end of April to claim JobKeeper payments for April.
- **Step 7** – In the online form, provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.
- **Step 8** – Specify the estimated number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April).

## 2. Confirmation of eligible employees you will claim JobKeeper Payment for - available from **4 May 2020** onwards

You or **JDG Accountants & Advisors** can apply for the JobKeeper payment for your eligible employees:

- **Step 1** – Apply to claim the JobKeeper payment by logging in to the ATO Business Portal
- **Step 2** – Ensure you have paid each eligible employee a minimum of \$1,500 per JobKeeper fortnight before tax.
- **Step 3** – Identify your eligible employees in the application form by;
  - selecting employee details that are prefilled from your STP pay reports if you report payroll information through an STP enabled payroll solution, or
  - manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution, or
  - using a registered tax agent who will submit a report on your behalf through Online services for agents.
- **Step 4** – Submit the confirmation of your eligible employees online and wait for your confirmation email or SMS showing it has been received.
- **Step 5** – Notify your eligible employees you have nominated them.
- **Step 6** – ATO will pay you the JobKeeper payment for all eligible employees after receiving your application.
- **Step 7** – Each month, you will need to reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or via your registered tax agent. This will ensure you will continue to receive the JobKeeper payments from the ATO. **You do not need to retest your reported fall in turnover, but you will need to provide some information as to your current and projected turnover.** This will be done in your monthly JobKeeper Declaration report.
- **Step 8** – If your eligible employees change or leave your employment, you will need to notify the ATO through your monthly JobKeeper Declaration report.

## Paying Employees

### When to pay

You should pay your employees for each JobKeeper fortnight you plan to claim for. The first fortnight is from 30 March – 12 April and each JobKeeper fortnight follows after that.

For the first two fortnights (30 March – 12 April, 13 April – 26 April), ATO will accept the minimum \$1,500 payment for each fortnight has been paid by you ***even if it has been paid late***, provided it is paid by you by the end of April. This means that you can make two fortnightly payments of at least \$1,500 per fortnight before the end of April, or a combined payment of at least \$3,000 before the end of April.

If your eligible employees change or leave your employment, you need to notify the ATO.

#### Tax Warning!

1. The JobKeeper Payment contains robust integrity features - Preventing exploitation by way of contrived schemes. There are comprehensive and severe penalties for anti-avoidance and contrived schemes.
2. **The amount inappropriately obtained as a result of the scheme is repayable by the employer and the employer is liable to general interest charge calculated from the date of receipt of the JobKeeper payment.**
3. You cannot pay your employees less than \$1,500 per fortnight and keep the difference. You will not be eligible for the JobKeeper payment if you pay your nominated employee less than \$1,500 before tax per fortnight.
4. You cannot claim the JobKeeper payment on behalf of employees who were not paid at least \$1,500 before tax during each JobKeeper payment period.
5. You cannot claim the JobKeeper payment in advance. The JobKeeper payment is a reimbursement from the ATO to an employer in arrears, and cannot be paid in advance in any circumstances.

## Tax consequences

All JobKeeper payments are assessable income of the business that is eligible to receive the payments. The normal rules for deductibility apply in respect of the amounts your business pays to its employees where those amounts are subsidised by the JobKeeper payment.

The JobKeeper payment is not subject to GST.

Please contact JDG for assistance with navigating the stimulus packages and determining your eligibility for the tax and business measures. Certain incentives in the packages will only be available for a short period of time, businesses should consider taking action as soon as practicable.

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