



Monthly Information Newsletter – Tax & Super

April 2020

The new JobKeeper wage subsidy package

The government announced at the end of March a further massive subsidy for businesses to help them retain employees, so they are ready to get back to business when the current coronavirus issues subside. The new subsidy is called a JobKeeper payment.

The key things to note about this are:

1. The payment will be made to eligible employers for eligible employees. The payment will be \$1,500 per fortnight per employee for a period of six months. It will be paid in respect of full time and part time employees who were employed as at 1 March 2020. Also, casual employees will be eligible if they have been with their employer on a regular basis for at least the previous 12 months as at 1 March 2020.
2. The employees must continue to be engaged by the business. If an employee has been stood down or has had their employment terminated, they can still be eligible. If an employee's employment has been terminated, the employee must be re-engaged by the business.
3. Not all employers are eligible for the payment. A business will be eligible:
 - a. If the business has a turnover of less than \$1 billion and its turnover will be reduced by more than 30% relative to a comparable period a year ago, of at least one month; or
 - b. If the business has a turnover of \$1 billion or more and its turnover will be reduced by more than 50% relative to a comparable period a year ago, of at least one month; and
 - c. If the business is not subject to the Major Bank Levy.
4. Employers must elect to receive the JobKeeper payment and provide supporting information. This can be done through the ATO website.
5. Employers must report the number of eligible employees employed by the business on a monthly basis.
6. Where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer is eligible for the JobKeeper payment, the employee will need to advise Services Australia of their new income. An individual cannot receive both the JobKeeper and JobSeeker payments.
7. If an employee has more than one employer, only one JobKeeper payment will be made to one employer. The employer claiming the JobKeeper payment will usually be the one from whom the employee claims the tax-free threshold.
8. Superannuation Guarantee contributions (9.5%) need not be made on the JobKeeper payments. However, to the extent an employee is paid their normal salary or wages, the 9.5% contributions still need to be paid as normal.
9. If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
10. If an employee has been stood down, their employer must pay the employee, at a minimum, \$1,500 per fortnight, before tax.
11. If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight.
12. With regard to the timing of payments, the payments will be made to an employer monthly in arrears by the ATO. The Prime Minister has pointed out that this should not delay employers from making payments to employees. This is because the employer can make payments to their employees in the knowledge that the employer will receive the JobKeeper payment. Of course, this assumes that the employer has the cashflow to make the payment in the first place!

13. The JobKeeper entitlement will start on 30 March 2020, with the first payments to be received by employers in the first week of May.
14. For most businesses, the ATO will use the Single Touch Payroll system data to pre-populate the employee details for the business.
15. Employers must notify all eligible employees that they are receiving the JobKeeper payment.
16. The JobKeeper payment will be available for not-for-profit organisations.
17. The JobKeeper payment will also be available for the self-employed where they expect to suffer a 30% decline in turnover relative to a comparable prior period.

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