



Monthly Information Newsletter – Tax & Super

May 2020

Your business and the JobKeeper scheme

The ATO has been charged with running the JobKeeper Payment scheme, which is intended to support businesses that are financially affected by COVID-19 to help keep their staff employed.

Employers will be required to pay their eligible employees a minimum of \$1,500 a fortnight, before tax, to claim the JobKeeper payment. This is then paid in arrears back to the employer each month by the ATO.

Note that if a staff member had been earning more than this amount before tax, the business will need to make up the rest as the employer will still only get the \$1,500. If they earned less, the employer will still be required to pay them \$1,500. There is no “keep the difference” option in these cases, and not paying the full \$1,500 cancels a business’s eligibility.

Payments are made each fortnight, with the first fortnight period (30 March to 12 April) already having passed. The run of fortnights is intended (at present) to end at 27 September.

There is no need to adjust any payroll periods already adopted, but the JobKeeper reimbursements will follow this fortnightly schedule.

Entitlement to JobKeeper reimbursements will usually pivot on a business’s payroll, but the ATO says the first two fortnights can be deemed as already compliant as long as staff had been paid the required amounts by the end of April.

All JobKeeper payments are assessable income of a business, and the normal rules on deductibility apply on their payment to eligible employees.

The payments are not subject to GST. Super guarantee obligations apply to previous income levels, but there is no SG on additional payments resulting from the scheme.

Eligibility

The central measure on gaining access to the JobKeeper payments is a fall in turnover. A business with an aggregated turnover of \$1 billion or less will qualify if facing a 30% fall in turnover (the trigger is 50% for greater aggregated turnover businesses and 15% for registered charities).

If an employer wants to be involved with JobKeeper payments for the months of April and May 2020 (just by way of example), the fall in turnover is found by comparing either:

- GST turnover for April 2020 with GST turnover for April 2019
- projected GST turnover for May 2020 with GST turnover for May 2019
- projected GST turnover for the quarter starting May 2020 with GST turnover for the quarter starting May 2019.

Reporting BAS monthly or quarterly does not necessarily influence the outcome, and once the decline in turnover is established there is no need to keep testing each month. Also, the Commissioner has discretion to use an “alternative” measure if the above is inappropriate (if for example the business has been operating for less than a year). The ATO has released a set of alternative tests for turnover, and we can explain these if appropriate to your circumstances.

Eligibility also generally depends on you having been carrying on a business on 1 March and employing at least one eligible employee. Sole traders, partners in partnerships, beneficiaries in trusts, shareholders of companies and directors of companies who are not employed in the business can participate in the JobKeeper scheme – but only one per entity and only if they are actively engaged in the business.

This rule applies whether or not the business has other employees, but a further qualifying factor is that the entity must have held an ABN at 12 March.

Government bodies or companies in liquidation are unable to enrol for JobKeeper. Individuals that are bankrupt also cannot enrol.

As far as employees go, they can be permanent full or part time, or casual if employed on a regular or systematic basis for at least 12 months at 1 March. They must also be Australian residents (as defined) aged 16 or over, not receiving parental leave or dad and partner pay, nor workers compensation. Note that they cannot receive payments from more than one employer.

Steps to enrol

A central part of receiving the benefits of the JobKeeper package is of course for you to put your hand up and let the government know it is required. Your employees will also have to a form to fill out and return.

Before you enrol for JobKeeper, you need to complete the *JobKeeper employee nomination notice* to:

- notify eligible employees that you intend to participate in the scheme
- ask them if they agree to be nominated and receive payments from you as part of the scheme.

We can supply you with the necessary forms and can help guide you in filling them out.

Finally, note that the JobKeeper rules are something of a moving feast at the moment and therefore it is vital to get professional assistance in relation to eligibility for the support.

DISCLAIMER

All information provided in this article is of a general nature only and is not personal financial or investment advice. Also, changes in legislation may occur frequently. We recommend that our formal advice be obtained before acting on the basis of this information.

Our liability may be limited by a scheme approved under Professional Standards Legislation.