



Monthly Information Newsletter – Tax & Super

August 2020

The JobKeeper scheme gets an update, plus an extension

The JobKeeper payment, which was originally due to end after 27 September, will now continue to be available to eligible businesses (including the self-employed) until 28 March 2021.

However, there are some changes to consider.

The JobKeeper payment rate of \$1,500 per fortnight for eligible employees and business participants will be reduced to \$1,200 from 28 September 2020 and to \$1,000 per fortnight from 4 January 2021. Also, from 28 September, lower payment rates will apply for employees and business participants who worked less than 20 hours per week prior to 1 March 2020 (see below)— first dropping to \$750, and then \$650 from 4 January 2021.

Businesses claiming JobKeeper will be required to demonstrate that they have suffered an ongoing significant decline in turnover using *actual* GST turnover (rather than projected GST turnover) from 28 September. Claimants will need to reassess their eligibility with reference to their actual GST turnover in the June and September quarters 2020, and will need to demonstrate that they have met the relevant decline in turnover test in both of those quarters to be eligible for the JobKeeper payment from 28 September 2020 to 3 January 2021.

A further re-assessment of turnover will be required from 4 January 2021. Businesses will need to demonstrate that they have met the relevant decline in turnover test with reference to their actual GST turnover in each of the June, September and December quarters 2020 to remain eligible for JobKeeper from 4 January 2021 to 28 March 2021.

To be eligible for JobKeeper under the extension, the decline in turnover tests remain at previous JobKeeper eligibility levels:

- 50% for those with an aggregated turnover of more than \$1 billion;
- 30% for those with an aggregated turnover of \$1 billion or less; or
- 15% for Australian Charities and Not for profits Commission-registered charities (excluding schools and universities).

If a business does not meet the additional turnover tests for the extension period, this does not affect their eligibility prior to 28 September. Also new recipients can continue to apply for the JobKeeper payment, provided they meet the existing eligibility requirements and the additional turnover tests during the extension period. Other eligibility rules for businesses and their employees remain unchanged.

The JobKeeper payment rate

From 28 September 2020 to 3 January 2021, the JobKeeper payment rates will be:

- \$1,200 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$750 per fortnight for other eligible employees and business participants.

From 4 January 2021 to 28 March 2021, the JobKeeper rates will be:

- \$1,000 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business for 20 hours or more a week on average and for business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$650 per fortnight for other eligible employees and business participants.

Additional turnover tests

In order to be eligible for the first JobKeeper extension period of 28 September 2020 to 3 January 2021, businesses will need to demonstrate that their actual GST turnover has significantly fallen in both the June quarter 2020 (April, May and June) and the September quarter 2020 (July, August,

September) relative to comparable periods (generally the corresponding quarters in 2019).

Very important to note is that because the September turnover must be based on actual GST supplies, the accounting for relevant businesses will need to very much be kept up to date.

In order to be eligible for the second JobKeeper extension period of 4 January 2021 to 28 March 2021, businesses will again need to demonstrate that their actual GST turnover has significantly fallen in each of the June, September and December 2020 quarters relative to comparable periods (generally the corresponding quarters in 2019).

The ATO will have discretion to set alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019. We may be able to provide assistance should your circumstances require such application.

Businesses will generally be able to assess eligibility based on details reported in your BAS, with the ATO stating when it announced the JobKeeper extension that alternative arrangements will be put in place for businesses not required to lodge a BAS (for example, if a member of a GST group).

As the deadline to lodge a BAS for the September quarter or month is in late October, and the December quarter (or month) BAS deadline is in late January for monthly lodgers or late February for quarterly lodgers, businesses will need to assess their eligibility for JobKeeper in advance of the BAS deadline in order to meet the wage condition (which requires them to pay their eligible employees in advance of receiving the JobKeeper payment in arrears from the ATO). Again, the ATO will have discretion to extend the time to pay employees in order to meet the wage condition, so that businesses have time to first confirm their eligibility for JobKeeper.

And just to be clear, in case there is any doubt, if a business fails a decline in turnover test in respect of the June, September and December 2020 quarters, this does not mean that a business that has been claiming the JobKeeper subsidy needs to repay any of the money that has been paid to it.

Employees

Only one employer can claim the JobKeeper payment in respect of an employee. The self-employed will be eligible to receive JobKeeper where they meet the relevant turnover test and are not a permanent employee of another employer.

But the eligibility rules for employees remain unchanged. This means you are eligible if you:

- are currently employed by an eligible employer (including if you were stood down or re-hired)
- were for the eligible employer (or another entity in their wholly owned group) either:
 - a full-time, part-time or fixed-term employee at 1 March 2020; or
 - a long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at 1 March 2020 and not a permanent employee of any other employer.
- were aged 18 years or older at 1 March 2020 (if you were 16 or 17 you can also qualify for fortnights before 11 May 2020 and continue to qualify after that if you are independent or not undertaking full time study).
- were either:
 - an Australian “resident” for social security purposes; or
 - an Australian “resident” for taxation purposes.
- were not in receipt of any of these payments during the JobKeeper fortnight:
 - government parental leave or Dad and partner pay; or
 - a payment in accordance with Australian worker compensation law for an individual’s total incapacity for work.

Employees will continue to receive the JobKeeper payment through their employer during the period of the extension if they and their employer are eligible and their employer is claiming JobKeeper — but remember the rates are to change as set out above.

Note that as there has been no change to the Australian residency requirements for eligible employees, international students and temporary visa holders will continue to not be eligible for the JobKeeper subsidy.

However, in better news, currently a person whose wages are being subsidised by JobKeeper payments cannot also obtain JobSeeker support. This is because the JobKeeper subsidy is taken into account when assessing the eligibility of an individual for JobSeeker payments.

Under the new arrangements it may be possible for such individuals to also claim JobSeeker payments. An individual can earn just over \$1,200 per fortnight and still receive the full coronavirus supplement of \$250 under the new arrangements.

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