

# Eligible Employers - JobKeeper

## Eligibility

10am, 1<sup>st</sup> April, 2020

Based on the recent updated advice from Treasury

**It is not law yet!** It is extremely likely to become law. The details may change

## Relevant Dates

Eligible employees with the employer as at 1 March.

JobKeeper payments will apply to pays for the period following 30<sup>th</sup> March.

Government will pay the subsidy after 1<sup>st</sup> May.

## Did your turnover drop by 30%

(If turnover is above \$1b then drop must be 50% or more)

## Normally

Based on your Business Activity Statement Reporting.

Monthly or Quarterly

Comparing the March 2020 Quarter to the March 2019 Quarter

or the month of March 2020 to March 2019

## ATO will consider other evidence

New Businesses / Growth Businesses / Unusual Circumstances

Including where the turnover a year ago was not indicative of current business circumstances

Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely affected by the impacts of the Coronavirus. The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business ceases or significantly curtails its operations).

There will be some tolerance where employers, in good faith, estimate a greater than 30% fall in turnover but actually experience a slightly smaller fall.

## Employees as at 1 March 2020

Each eligible employee as of 1<sup>st</sup> March

Full-time, part-time, long-term (more than 12 months) Casuals

Includes those employees that have been stood down.

Are at least 16 years of age

Includes those Employees that are “re-engaged” by a business that was their employer on 1 March, 2020. (If you terminated and paid out the employee, the employer would now need to re-engage the employee to facilitate the JobKeeper payments and to facilitate their re-employment during and after the COVID-19 period.)

An Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder; and

Eligible employees must NOT be receiving JobKeeper payments from another employer.

## Employee actions

Contact employees (Use the ICB Template) and indicate whether you will be including them in the JobKeeper payments through the employer, or alternatively that the employee should continue to apply for JobSeeker through Services Australia (Centrelink).

If the employee has commenced an application or receiving payments from JobSeeker and will be converted to JobKeeper payments through the employer, then the employee should advise Services Australia of the change at my.gov.au or by phone.

Note that JobKeeper payments are disclosed as income to Services Australia

## Administration

Employers register interest in participating in the JobKeeper scheme to receive information – Available Now – [Click here](#).

ATO will make contact – SMS confirmation is sent, further information will follow when the system is established.

Assess whether turnover has decreased by 30%.

Make an Application to the ATO which will include the proof of decrease in turnover – **Not yet available** but refer above principles.

Employers must report the number of eligible employees on a monthly Basis – we expect this will be through the ATO Online Services or Business Portal. We anticipate this will be prefilled by the ATO based on STP information but also able to be amended.

Pay employees, through normal payroll (but see below)

Receive the Subsidy, with the first payment AFTER 1<sup>st</sup> May

Monthly reporting.

## You must pay people first

JobKeeper can be paid to you for each eligible employee on the books as of 1<sup>st</sup> March 2020, including those you terminated but can now re-engage.

Based on the current information:

JobKeeper is a Government subsidy paid to employers in ARREARS. You will need to be paying the employees and then advise Government they have been paid and they you will receive the subsidy.

## Cashflow

The payment is to subsidise wages after 30<sup>th</sup> March 2020.

The Cash will not be paid by government until after 1<sup>st</sup> May and then it appears the subsidy will be paid monthly direct to the bank account of the business.

It is paid AFTER you have paid the employees.

### Short of cash

Government have established the \$250k Bank Borrowing Guarantee scheme.

- Arranged with your bank
- A no repayment for 6 months
- Overdraft type facility – so if you don't use it then no costs
- Low interest on amounts drawn down

Consider using this facility to overcome the cash timing issue.

## How much to pay employees

The subsidy will be \$1500 paid by the ATO to employers for each eligible employer.

It is paid in arrears – ie the employer must pay the employee and then be “reimbursed”.

The employer must pay at least \$1500 to the employee (so for some employees they will receive more than normal)

- If the employee received \$1500 or less then they are to receive \$1500 per fortnight
- If the employee received more than \$1500 and they are still being paid by the employer, then the employer pays the \$1500 and also any top up amounts that they decide.

There is no Superannuation Guarantee amount on the Government supported component

- If you were already paying the employee less than \$1500 then the Super would apply to your amount but NOT the extra amount up to \$1500
- If you are going to pay above \$1500 then super should be accrued on the whole amount.

Therefore Super does not apply to amounts that you were not going to pay if you had not been receiving the JobKeeper subsidy.

## Payroll systems

The “Subsidy” part of any payment to employees is likely to be categorised as an allowance in your payroll software so that the Government can see the amount. We are awaiting further detail on this – do not act yet.

It is taxable and it is to be included on the employee Income Statements at the end of the year.

We are as yet unaware of Leave entitlement obligations and workers compensation.

## Self – employed / Sole Traders

Refer separate specific information