



JobKeeper Payment

The Government has introduced a wage subsidy program to support employees and businesses. The JobKeeper Payment is designed to help businesses affected by the Coronavirus to cover the costs of their employees' wages, so that more employees can retain their job and continue to earn an income.

Keeping Australians in work and businesses in business will lay the foundations for a stronger economic recovery once the Coronavirus crisis passes.

On 21 July 2020, the Government announced that the JobKeeper Payment would be extended until 28 March 2021 with some changes to the eligibility criteria and payment amounts. Further changes were announced on 7 August 2020. Information about the extension is available in the 'Extension of the JobKeeper Payment' fact sheet on the [Treasury website](https://www.treasury.gov.au). Further information about the JobKeeper Payment is also available at: <https://www.ato.gov.au/general/JobKeeper-Payment/>.

JOBKEEPER PAYMENT

Summary

The economic impacts of the Coronavirus pose significant challenges for many businesses — many of which are struggling to retain their employees.

Under the JobKeeper Payment, businesses and not-for-profits significantly impacted by the Coronavirus outbreak are able to access a wage subsidy from the Government to continue paying their employees. This assistance is helping businesses to keep people in their jobs and re-start when the crisis is over. For employees, this means they can keep their job and earn an income.

The JobKeeper Payment is a temporary scheme open to businesses impacted by the Coronavirus. The JobKeeper Payment is also available to the self-employed.

The Government provided \$1,500 per fortnight for each eligible employee until 27 September 2020.

The JobKeeper Payment supports employers to maintain their connection to their employees. These connections enable business to reactivate their operations quickly — without having to rehire staff — when the crisis is over.

Eligibility

Employers (including not-for-profits) are eligible for the subsidy if, at the time of applying:

- their business has an aggregated turnover of \$1 billion or less (for income tax purposes¹) and they estimate their turnover has fallen or will likely fall by 30 per cent or more; or
- their business has an annual turnover of more than \$1 billion (for income tax purposes) and they estimate their turnover has fallen or will likely fall by 50 per cent or more; and
- their business is not subject to the Major Bank Levy.

Self-employed individuals are eligible to receive the JobKeeper Payment where they meet the relevant turnover test outlined above, and are not a permanent employee of another employer. Registered religious organisations, that meet the turnover test, will be able to receive the JobKeeper Payment for each eligible

¹ Aggregated turnover is an entity's annual turnover from carrying on a business plus the annual turnover from carrying on a business of any business or individual connected with or affiliated with the entity.

religious practitioner (with the exception of those that are students only) for which they are responsible under the tax law.

For charities registered with the Australian Charities and Not-for-profits Commission (ACNC), they are eligible for the subsidy if they estimate their turnover has or will likely fall by 15 per cent or more relative to a comparable period. This lower turnover decline test does not apply to universities and non-government schools that are registered charities, who will remain subject to the turnover decline tests set out above for other not-for-profits and businesses.

The Australian Government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper payment.

To establish that a business or not-for-profit has faced or is likely to face the relevant fall in turnover, most would be expected to establish that their turnover has or will likely fall in the relevant month or quarter (depending on their Business Activity Statement reporting period) relative to their turnover in a corresponding period a year earlier. Table A universities will need to meet the turnover decline test by comparing their projected turnover for the six month period of January to June 2020 with turnover for January to June 2019.

Turnover is calculated as it is for GST purposes, and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected. Charities other than schools and universities can also elect to exclude government revenue from the turnover test. The core Commonwealth Government financial assistance provided to universities must be included in the turnover test for these entities.

Where a business or not-for-profit was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover (for example, because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business or not-for-profit can provide to establish that they have been adversely affected by the impacts of the Coronavirus. Businesses that are in liquidation are not eligible for this payment.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (for example, 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 30 per cent or more or 50 per cent or more fall in turnover but actually experience a slightly smaller fall.

If a business has an aggregated turnover of more than \$1 billion (for income tax purposes), the 50 per cent or more GST turnover test will apply to each business connected with or affiliated with that business. If the business has an aggregated turnover of \$1 billion or less, the 30 per cent or more GST turnover test is applied to each business connected with or affiliated with that business. Individual businesses within a corporate group may be eligible for the JobKeeper Payment while other businesses in the group may not be eligible.

An alternate decline in turnover test will apply to special purpose employment entities. In circumstances where an employment entity is utilised within a group of companies, and that employment entity is unable to demonstrate a decline in its own turnover because, for example, it has had its full year of staffing fees paid in advance, the employment entity will be able to refer to the decline in turnover of the operating entities it services. This will provide for eligibility of special purpose service entities that provide employee labour to group members and that have not met the basic test for decline in turnover.

Employers must elect to participate in the scheme. They will need to make an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business.

Eligible employers will receive the payment for each eligible employee that was on their books on 1 July 2020 and continues to be engaged by that employer — including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those

employees who have been with their employer on a regular and systematic basis for at least the previous 12 months as at 1 July 2020. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder as at 1 July 2020. The employee must also be a resident for Australian tax purposes on 1 July 2020. Employees must be a permanent employee of the employer or, if a long-term casual employee, not a permanent employee of any other employer.

Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment. However, employees on parental leave from their employer will be eligible. Employees receiving workers compensation will be eligible for the JobKeeper Payment if they are working, for example on reduced hours, but will generally not be eligible if they are not working. Employees 18 years or older at 1 July 2020 are eligible for the JobKeeper Payment. 16 and 17 years olds may also qualify for fortnights before 11 May 2020 and may continue to qualify if they are not undertaking full time study or are independent. From 20 July 2020, employees of a Child Care Subsidy approved service under Family Assistance Law and sole traders operating a child care service will not be eligible for the JobKeeper payment. In addition, for organisations providing child care and other services, an employee whose duties relate principally to the delivery of Child Care Subsidy supported child care will not be eligible for the JobKeeper Payment from that date. From 13 July 2020, the Child Care Subsidy will resume to support families to access affordable child care and the Government will pay child care services an additional Transition Payment of \$708 million to replace the JobKeeper Payment. Where a charity has employees that are fully funded from government revenue and the charity meets the turnover decline test by excluding that revenue, the charity may choose not to nominate those employees.

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 July 2020 will be eligible.

Prior to 3 August 2020, the relevant date of employment for assessing which employees were eligible for the JobKeeper Payment was 1 March 2020.

Where an employee is accessing support through Services Australia and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone to avoid incurring a debt that will be required to be repaid.

Payment process

From 30 March to 27 September 2020, eligible employers were paid \$1,500 per fortnight per eligible employee. Eligible employees received, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee.
- If an employee would otherwise receive 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.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight before tax.

No superannuation guarantee payments are required to be paid on any additional payment made because of the JobKeeper Payment.

Payments will be made to the employer monthly in arrears by the ATO.

Timing

The subsidy started on 30 March 2020, with the first payments received by employers in the first week of May.

Self-employed

Melissa is a sole trader running a florist. She does not have employees. Melissa's business has been in operation for several years. The Coronavirus has adversely affected Melissa's business, and she expects that her business turnover will fall by more than 30 per cent compared to a typical month in 2019.

Melissa will be able to apply for the JobKeeper Payment and is able to receive \$1,500 per fortnight before tax, paid on a monthly basis.

Worker with multiple jobs

Michelle currently works two permanent part-time jobs, earning \$1,000 a fortnight at an art gallery during weekdays, and \$1,000 a fortnight at the local café on the weekend. The gallery has recently closed and Michelle has been stood down without pay under the Fair Work Act. Michelle continues to work at the café delivering take-away orders.

Michelle can only receive the JobKeeper Payment from the employer she nominates as her primary employer. As Michelle only claims the tax free threshold from her job at the art gallery, this will be treated as her nomination of the art gallery as her primary employer.

The art gallery is eligible for the JobKeeper Payment. The art gallery will pass the JobKeeper Payment on to Michelle, so she will receive \$1,500 per fortnight before tax. During the application process, the art gallery will notify the ATO that Michelle receives the payment from them. The art gallery is also required to advise Michelle that she has been nominated to the ATO as an eligible employee to receive the payment.

The café is not eligible to receive the JobKeeper Payment for Michelle. The \$1,000 a fortnight that Michelle receives from her job at the café does not change her entitlement to the JobKeeper Payment she receives from the art gallery.

Employee made redundant after 1 July and later rehired by same business

Miles worked as a permanent part-time personal trainer at a gym for six months earning \$1,200 a fortnight and was made redundant on 20 July 2020.

In response to the announcement of the JobKeeper Payment, the gym re-engages Miles so they are well placed to resume their operations once the Coronavirus restrictions are lifted.

Under the JobKeeper Payment he will receive \$1,500 a fortnight before tax. Miles will need to advise Services Australia of his income so that he does not incur a debt that he will then need to repay. He is no longer eligible for the JobSeeker Payment and the Coronavirus Supplement from Services Australia as a result of receiving the JobKeeper Payment.

Employer with 5 employees who all currently get paid more than \$1,500 per fortnight

Sara runs a landscaping company, and employs five full-time gardeners. Sara is paying her employees \$1,700 per fortnight before tax. She expects that her turnover will decline by more than 30 per cent over the coming months and that she will either need to lay staff off, or reduce their hours significantly.

As a result of the JobKeeper Payment, Sara is able to keep employing every gardener at \$1,700 per fortnight, with the JobKeeper Payment subsidising these wage costs by \$1,500 per fortnight.