

## Government Economic Stimulus Package – JOBKEEPER PAYMENT

The Government is introducing 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.

### 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 will be able to access a wage subsidy from the Government to continue paying their employees. This assistance will help 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 will also be available to the self-employed.

The Government will provide \$1,500 per fortnight per employee for up to 6 months.

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

### Eligibility

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

- their business has an annual turnover of less than \$1 billion 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 \$1 billion or more (or is part of a consolidated group for income tax purposes with turnover of \$1 billion or more) 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.

***Liability limited by a scheme approved under Professional Standards Legislation***

Self-employed individuals will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test outlined above.

For charities registered with the Australian Charities and Not-For-Profit Commission (ACNC), they will be 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.

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. Non-government schools and private vocational education providers are eligible. 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. 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.

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 is part of a consolidated group for income tax purposes, with a turnover of more than \$1 billion, the 50 per cent or more turnover test will apply to each business in that consolidated group. If the consolidated group has turnover of less than \$1 billion, the 30 per cent or more turnover test is applied to each business in that consolidated group. Individual businesses within a consolidated group may be eligible for the JobKeeper payment while other businesses in the group may not be eligible.

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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 March 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 March 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 March 2020. The employee must also be a resident for Australian tax purposes on 1 March 2020.

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.

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 March 2020 will be eligible.

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](https://my.gov.au) or by telephone.

### Payment process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, 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.

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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 will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the Payment from 30 March 2020 at [ato.gov.au](https://ato.gov.au).

If you have any specific queries, please contact Briana on 07 3367 0663.

Kind Regards,

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