

### What is the JobKeeper Payment?

The JobKeeper Payment is a wage subsidy that will be paid through the tax system (i.e., it will be administered by the ATO) to eligible businesses impacted by the Coronavirus.

Under the scheme, eligible businesses will receive a payment of \$1,500 per fortnight per eligible employee and/or for one eligible business participant (i.e., an eligible sole trader, partner, company director or shareholder or trust beneficiary).

The subsidy will be paid for a maximum period of six months (i.e., from 30 March 2020 up until 27 September 2020). It will be paid to eligible businesses monthly in arrears, with the first payments to employers commencing from the first week of May 2020.

### Who is an 'eligible employer'?

An employer will only be eligible to receive a JobKeeper Payment in respect of an 'eligible employee' (refer below) if, at the time of applying:

- for employers with an aggregated annual turnover of \$1 billion or less - the employer estimates that their projected GST turnover has fallen (or is likely to fall) by **30% or more**; and

### What is a 30% fall in Turnover

A 30% fall in turnover occurs when the Projected or actual GST turnover for a period is at least 30% less than the corresponding period in the previous financial year. The periods may be on a monthly basis between March and September or for the June 20 and September 20 Quarters.

The 30% reduction only needs to be met for one period in order to be eligible for future payments.

In order to qualify for the May 2020 Payment, the periods which may be used are

- Actual March 20 compared to Actual March 19
- Projected April 20 compared to Actual April 19
- Projected June 20 Quarter compared to Actual June 19 Quarter

It is important that any projections are based on facts and you have detailed documentation and calculations. It is not sufficient to just say your turnover has dropped by 30% without some basis.

### Who is an 'eligible employee'?

A business can only claim a JobKeeper Payment in respect of an employee who is an 'eligible employee'.

Importantly, an employer that elects to participate in the JobKeeper Scheme is required to include all eligible employees in the scheme (unless the employee advises the employer they do not wish the employer to claim the JobKeeper Payment on their behalf).

An 'eligible employee' is an employee who satisfies the following requirements:

- a) The employee is currently employed by the employer (which includes an employee who has been stood down or re-hired after they had already lost their job).
- b) The employee was employed by the employer as at 1 March 2020.
- c) The employee is a full-time or part-time employee, or a long-term casual employee (i.e., one who has been employed by the employer on a regular and systematic basis for longer than 12 months as at 1 March 2020).
- d) The employee was at least 16 years of age on 1 March 2020.

- e) The employee was, on 1 March 2020, either:
  - a resident of Australia for social security purposes (e.g., an Australia citizen, a holder of a permanent visa or a holder of a protected special category visa); or
  - a resident of Australia for tax purposes and was a holder of a Subclass 444 (Special Category) visa.
- f) The employee has not given any other employer a nomination notice.
- g) If the employee is a long-term casual employee – they are not a permanent employee of any other employer.
- h) The employee is not in receipt of a government-funded parental leave pay or dad and partner pay and nor are they fully supported by a workers' compensation scheme.
- i) **The minimum payment of \$1,500 gross per fortnight has been made to the eligible employee by the last day of the fortnight.** (The ATO has exercised its discretion to allow employers to make the minimum payment for the first two fortnights (30<sup>th</sup> March 2020 to 27<sup>th</sup> April 2020) by the end of April 2020. Going forward, the minimum payment will need to be strictly made by the end of the relevant fortnight.)

### **Employers must pay eligible employees at least \$1,500 per fortnight**

The minimum \$1,500 (before tax) payment requirement will operate as follows:

- a) If an employee has been receiving at least \$1,500 in gross salary income per fortnight since 30 March 2020, they will continue to receive their regular income according to their prevailing workplace arrangements. In this case, the JobKeeper Payment will effectively subsidise the first \$1,500 of the employee's gross fortnightly salary income.
- b) If an employee has been receiving less than \$1,500 in gross salary income per fortnight since 30 March 2020, the employer must pay the employee a 'top-up' payment to ensure the employee has been paid at least \$1,500 per fortnight to be eligible to receive the JobKeeper Payment. This means some employees will receive more than their ordinary salary and wages derived from the employer.
- c) If an employee has been stood down without pay after 1 March 2020 their employer must pay the employee a minimum gross fortnightly salary income of \$1,500 from 30 March 2020, to be eligible to receive the JobKeeper Payment in respect of the employee.
- d) If an employee was employed on 1 March 2020, has subsequently ceased employment with their employer, and then has been re-engaged by the same employer, the employer must pay the employee a minimum gross fortnightly salary of \$1,500 under the JobKeeper Scheme.

### **What you can't do**

- You cannot claim the JobKeeper payment on behalf of employees who were not paid at least \$1,500 before tax during each JobKeeper payment period.
- You cannot claim the JobKeeper payment in advance. The JobKeeper payment is a reimbursement from the ATO to an employer in arrears, and **cannot be paid unless an employee has received at least \$1,500 per fortnight prior to a JobKeeper application being lodged.**

### **When can a business claim the JobKeeper Payment for a business owner?**

The JobKeeper Scheme also recognises that certain owners in a business have also been affected by the economic downturn caused by the Coronavirus. Accordingly, in order to provide a benefit to such business owners, payments can also be made to an entity in respect of what is referred to as an eligible business owner (i.e., generally controlling individuals who are not employees of their business).

A 'business owner' is an individual who is actively engaged in the business carried on by the entity and is either:

- a sole trader;
- an individual partner of a partnership;
- a director or individual shareholder of a company; or
- an adult beneficiary of a trust.
- Importantly, however, while a business may have more than one business owner, it can only nominate one of these individuals in respect of whom it can receive a JobKeeper Payment.

Further, a JobKeeper Payment can only be claimed by an eligible business where all of the relevant conditions are satisfied, some of which include:

- The business meets the decline in turnover test (broadly, where its turnover has fallen, or is likely to fall, by at least 30%).
- The business had an ABN on or before 12 March 2020 and either the business entity:
- had an amount included in its assessable income for the 2019 income year and it was included in their income tax return lodged on or before 12 March 2020 (or such later time as allowed by the Commissioner); or
- made a supply during the period 1 July 2018 to 12 March 2020 and provided this information to the Commissioner (i.e., in a BAS that was lodged) on or before 12 March 2020

The relevant business participant was:

- actively engaged in the business (i.e., in the operations and activities of the entity) as at 1 March 2020;
- not entitled to another JobKeeper Payment, either as a nominated eligible business participant of another business or as an eligible employee;
- not a permanent employee of any other employer;
- at least 16 years of age as at 1 March 2020; and
- on 1 March 2020, either: – a resident of Australia for social security purposes (e.g., an Australia citizen, a holder of a permanent visa or a holder of a protected special category visa); or – a resident of Australia for tax purposes and was a holder of a Subclass 444 (Special Category) visa.

### **Registration Process**

- Online application completed through ATO Tax Agent Portal or ATO Business Portal
  - Apply from 20<sup>th</sup> April
  - Must be completed by 26<sup>th</sup> April for May payment
- Determine employee eligibility
- Provide all employees with a Jobkeeper Employee Nomination Notice for them to complete and return to employer by end of April.
- Apply for Jobkeeper payment on ATO portal
  - Apply from 4<sup>th</sup> May
  - Need to confirm eligible employees at this time
- Eligible employers must advise eligible employees in writing that they have nominated them under JobKeeper no later than 7 days after application submitted to ATO.

We appreciate that there is a lot of information and understand that everyone has many questions. To assist in the first instance we have provided a link to [FAQ's from the Treasury's website](#).

**If you believe you are eligible and expecting JobKeeper payments to commence in May, you need to start the process ASAP to ensure completion by 26<sup>th</sup> April 2020.**

If you believe you may be eligible in the future, please be aware that you can register at a later date and we can help you through this process after we assist the clients that have 26<sup>th</sup> April deadlines.

If you have access to the Business Portal, you can undertake the application process yourself. Be mindful that there is risk that if you get it wrong and turnover is not reduced by 30%, the ATO can and more than likely will come calling to recoup any payments you were not entitled to. Ensure you keep detailed documentation in case of any future audits.

If you do not have access to the Business Portal or you require tailored assistance, we can undertake this whole process on your behalf. There will be a professional fee for this service, please contact our office to discuss the next steps.

#### **Pinnacle Accounting & Business Services**

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