

WELCOME

Welcome to our special edition of the StewartBrown newsletter where we keep you informed and updated with the latest tax and Government assistance package developments as they arise.

This newsletter outlines the JobKeeper package from the employer's perspective. A separate newsletter will follow detailing how these payments are viewed from an employee's perspective.

JOBKEEPER OVERVIEW

JobKeeper is a \$130 billion initiative of the Federal Government designed to support businesses significantly affected by the coronavirus. Its objective is to subsidise the employer's wages cost to enable them to retain their employees. The scheme runs for the six-month period 30 March 2020 - 27 September 2020.

The payment is available to eligible employers and enables them to pay eligible employee's wages of at least \$1,500 (before tax) per fortnight per eligible employee.

Employers will need to pay eligible employees a minimum \$1,500 (before tax) per fortnight to claim the JobKeeper payment. This will be paid to the employer in arrears each month by the ATO. The first payments will commence in the first week of May 2020. JobKeeper payments can be claimed for periods beginning on or after 30 March 2020 until 27 September 2020.

If employers do not continue to pay employees for each pay period they will cease to qualify for the JobKeeper payment.

To be eligible for the JobKeeper payment, employers and their employees must meet a range of criteria.

ELIGIBLE EMPLOYERS

Employers can choose to participate in the scheme and nominate the employees for whom they are entitled to claim. An employer can choose not to participate in the programme by simply not registering.

Employers will be eligible for the JobKeeper payment if ALL of the following apply:

- (1) On 1 March 2020, you carried on a business in Australia or were a not-for-profit organisation that pursued your objectives principally in Australia;

- (2) You employed at least one eligible employee on 1 March 2020;
- (3) Your eligible employees are currently employed by your business for the fortnights you claim for (including those who are stood down or re-hired);
- (4) Your business has faced a:
 - (a) 30% fall in turnover (for an aggregated turnover of \$1 billion or less); or
 - (b) 50% fall in turnover (for an aggregated turnover of more than \$1 billion); or
 - (c) 15% fall in turnover (for ACNC-registered charities other than universities and schools) and
- (5) You are not in one of the ineligible categories (see next page).

Turnover for most businesses is based on GST turnover. There are some modifications, including disregarding GST grouping where two or more associated business entities operate as a single GST group. *The ATO will provide further information soon about applying the turnover test.*

You, or your tax agent on your behalf, will be able to enrol in the JobKeeper scheme online with the ATO from 20 April 2020 until 31 May 2020. After you enrol, you will later identify your specific eligible employees and submit the information to the ATO.

INELIGIBLE EMPLOYERS

An employer is ineligible for the JobKeeper payment if:

- (1) the Major Bank Levy was imposed on the entity or a member of its consolidated group for any quarter before 1 March 2020;
- (2) the entity is an Australian government agency (within the meaning of the *Income Tax Assessment Act 1997*);
- (3) the entity is a local governing body;
- (4) the entity is wholly owned by an Australian government agency or local governing body;
- (5) the entity is a sovereign entity;
- (6) the entity is a company in liquidation; or
- (7) the entity is an individual who has entered bankruptcy.

SOLE TRADERS

Sole traders can be eligible for the JobKeeper payment if their business has experienced a downturn according to the eligibility criteria. *The ATO will provide more information*

soon about the eligibility of sole traders for the JobKeeper payment.

BUSINESS OWNERS ACTIVELY ENGAGED IN THEIR BUSINESS

Other businesses in the form of a company, trust or partnership can also qualify for JobKeeper payments where a business owner (a shareholder, adult beneficiary or partner) is actively engaged in the business, or a director is actively engaged in the business. This is limited to one entitlement for each entity even if there are multiple business owners or participants. *The ATO will provide more information soon about the eligibility of these businesses for the JobKeeper payment.*

AGGREGATED TURNOVER

Your aggregated turnover broadly includes your annual GST turnover, plus the annual turnover of all the entities that are connected or affiliated with you, subject to specific adjustments (for example, for transactions between you and those other entities). These connected entities or affiliates may be based in Australia or overseas.

ENTITIES THAT ARE MEMBERS OF A LARGER GROUP

Where an entity is part of a larger group this may affect how they apply the decline in turnover test to determine whether they are eligible. If the larger group has, or estimates they will have, an aggregated turnover of more than \$1 billion for the income year in which the test period occurs or had an aggregated turnover of more than \$1 billion for the previous year, the entity will be required to show a 50% decline in turnover to be eligible to receive JobKeeper payments.

Testing the decline in turnover is done on an individual employer entity basis. It only takes into account the turnover of the entity which is the employer, and not other members of a group.

HOW TO DETERMINE A FALL IN TURNOVER

At the time you enrol in the JobKeeper payment scheme, you need to confirm that your business in a relevant period has had, or is likely to have, a:

- (1) 30% fall in turnover (for an aggregated turnover of \$1 billion or less); or
- (2) 50% fall in turnover (for an aggregated turnover of more than \$1 billion), or
- (3) 15% fall in turnover (for ACNC-registered charities other than universities and schools).

You only need to satisfy this requirement once – you don't need to retest turnover each month.

HOW TO CALCULATE A FALL IN TURNOVER

To work out your fall in turnover, you can compare either:

- (1) GST turnover for March 2020 with GST turnover for March 2019;

- (2) projected GST turnover for April 2020 with GST turnover for April 2019; or
- (3) projected GST turnover for the quarter starting April 2020 with GST turnover for the quarter starting April 2019.

How you choose to project your fall in turnover is not dependent on whether you report a quarterly or monthly BAS, though you can do that if it is easier. The turnover calculation is based on GST turnover, but there are some modifications, including disregarding GST grouping (where two or more associated business entities operate as a single GST group). *The ATO will provide more information soon about applying the turnover test.*

If you determine you qualify for the JobKeeper payments for the first fortnight because your turnover has declined by the relevant amount, you remain eligible and do not need to retest turnover in following months. However, you will have ongoing monthly reporting requirements. *More information will be provided by the ATO soon.*

The Commissioner of Taxation also has discretion to set out alternative tests that can establish your eligibility when turnover periods are not appropriately comparable (for example, if your business has been in operation less than a year). *The ATO will provide more information soon about alternative tests.*

NOT-FOR-PROFIT ORGANISATIONS

Not-for-profit entities (including charities) that meet the turnover tests are eligible to apply for the JobKeeper payment. An ACNC-registered charity, other than universities and schools, only needs to show a decline in turnover of 15% or more. Registered Charities may elect to exclude Government revenue from the turnover test, we expect more details will be released this week. *The ATO will provide more information soon to help charities.*

WHEN YOU HAVE DETERMINED YOU ARE AN ELIGIBLE EMPLOYER

After you have determined you are an eligible employer, you need to check whether your employees are eligible.

YOUR ELIGIBLE EMPLOYEES

Your employees are eligible under the JobKeeper Payment scheme if they:

- (1) are employed by you (including those stood down or re-hired); and
- (2) were either a:
 - (a) permanent full-time or part-time employee at 1 March 2020; or
 - (b) 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; and
- (3) were at least 16 years of age on 1 March 2020; and

- (4) were an Australian resident as at 1 March 2020 within the meaning of the *Social Security Act 1991*, which requires that they reside in Australia, and are one of an Australian citizen, the holder of a permanent visa, or a Protected Special Category Visa Holder. Your employee can also be an Australian tax resident who is a Special Category (Subclass 444) Visa Holder. Employees who are not permanent residents of Australia must notify you of their visa status to allow you to determine if they are eligible; and
- (5) were not in receipt of any of these payments during the JobKeeper fortnight:
 - (a) government parental leave or Dad and partner pay; or
 - (b) a payment in accordance with Australian worker compensation law for an individual's total incapacity for work; and
- (6) agree to be nominated by you.

You cannot claim for any employees who:

- (1) were first employed by you after 1 March 2020; or
- (2) left your employment before 1 March 2020; or
- (3) have been, or have agreed to be, nominated by another employer.
- (4) are full time students who are 17 years old and younger who are not financially independent.

Casual employees are not eligible unless they were employed by you on a regular and systematic basis for at least 12 months as at 1 March 2020.

If your employees have multiple employers, they can choose which employer they want to nominate. However, if your employees are long-term casuals and have other permanent employment, they must choose the permanent employer and cannot nominate you. They cannot receive the JobKeeper payment from more than one employer.

NOMINATING EMPLOYEES

Before you enrol to receive JobKeeper payments, you need to notify each eligible employee that you intend to nominate them as eligible employees under the JobKeeper scheme.

You must tell those employees that you have nominated them as an eligible employee to claim the JobKeeper payment. They must agree to be nominated by you by completing the JobKeeper employee nomination notice and returning it to you for your records.

The nomination form does not need to be provided to the ATO, however employers are required to keep a copy of the completed form as part of their record keeping obligations under the law. These forms can be found [here](#).

EMPLOYEES WHO WERE STOOD DOWN OR ON LONG TERM LEAVE

Employees who have been stood down from work under the *Fair Work Act* without pay may still be eligible employees as long as they were in your employment and met the eligibility criteria on 1 March 2020.

You will need to have paid them at least the minimum amount of \$1,500 for each fortnight you claim for, to receive the JobKeeper payment.

EMPLOYEES WHO HAVE BEEN TERMINATED

If you terminated an employee after 1 March 2020 you can re-engage them and they will be eligible if they met the eligibility criteria on 1 March 2020.

If you want to claim the JobKeeper payment for employees you have re-engaged, you will need to:

- (1) confirm they want to be re-hired and participate in the JobKeeper scheme with you;
- (2) re-engage the employees you want to claim for;
- (3) ask them to complete the JobKeeper employee nomination notice and return it to you. You are required to keep this form as part of your records keeping obligations under the law; and
- (4) start paying them a minimum of \$1,500 (before tax) for each fortnight they are employed and you claim for.

You will only be paid a JobKeeper payment for employees from the fortnight they were re-engaged. You cannot claim retrospectively for employees you re-engage.

AFTER YOU HAVE DETERMINED YOU AND YOUR EMPLOYEES ARE ELIGIBLE

If you meet the eligibility criteria and want to start claiming the JobKeeper payment on behalf of your employees, you need to start paying them at least \$1,500 per fortnight (before tax) and continue to pay them for as long as you keep claiming.



AMOUNT OF JOBKEEPER PAYMENT

As an employer, you will receive a payment from the ATO of \$1,500 per employee per fortnight as long as you and your employees meet the eligibility criteria.

The ATO will pay you for each eligible employee monthly in arrears beginning in May 2020. Payments will be made from the first week of May.

An employer will usually get \$3,000 a month per eligible employee for the two fortnightly periods in that month.

Example of amounts paid to employers

Payment date	Amount per employee
May	\$3,000 (for fortnights starting 30 March and 13 April)
June	\$3,000 (for fortnights starting 27 April and 11 May)
July	\$3,000 (for fortnights starting 25 May and 8 June)
August	\$3,000 (for fortnights starting 22 June and 6 July)
September	\$4,500 (for fortnights starting 20 July, 3 August and 17 August)
October	\$3,000 (for fortnights starting 31 August and 14 September)

ENROL FOR AND APPLY FOR THE JOBKEEPER PAYMENT

To enrol and apply for the JobKeeper payment, follow the steps below.

ENROL FOR THE JOBKEEPER PAYMENT (FROM 20 APRIL ONWARDS)

You or a registered tax professional (such as StewartBrown) can enrol for the JobKeeper payment as follows:

Step 1 – Register your interest and subscribe for JobKeeper payment updates.

Step 2 – Check you and your employees meet the eligibility requirements.

Step 3 – Continue to pay at least \$1,500 to each eligible employee per JobKeeper fortnight (the first JobKeeper fortnight is the period from 30 March to 12 April).

Step 4 – Notify your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they aren't claiming JobKeeper payment through another employer or have nominated through another business.

Step 5 – Send the JobKeeper employee nomination notice to your nominated employees to complete and return to you by the end of April if you plan to claim JobKeeper payment for April. Keep it on file and provide a copy to StewartBrown.

Step 6 – From 20 April 2020, you can enrol with the ATO for the JobKeeper payment using the Business Portal and authenticate with myGovID. **You must do this by the end of April to claim JobKeeper payments for April.**

Step 7 – In the online form, provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.

Step 8 – Specify the estimated number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April).

CONFIRMATION OF ELIGIBLE EMPLOYEES YOU WILL CLAIM JOBKEEPER PAYMENT FOR (AVAILABLE FROM 4 MAY 2020 ONWARDS)

You or a registered tax agent (StewartBrown) can apply for the JobKeeper payment for your eligible employees as follows:

Step 1 – Apply to claim the JobKeeper payment by logging in to the ATO Business Portal.

Step 2 – Ensure you have paid each eligible employee a minimum of \$1,500 per JobKeeper fortnight before tax.

Step 3 – Identify your eligible employees in the application form by:

- (a) selecting employee details that are prefilled from your STP pay reports if you report payroll information through an STP enabled payroll solution, or
- (b) manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution, or
- (c) using a registered tax agent (StewartBrown) who will submit a report on your behalf through Online services for agents.

Step 4 – Submit the confirmation of your eligible employees online and wait for your confirmation email or SMS showing it has been received.

Step 5 – Notify your eligible employees you have nominated them

Step 6 – The ATO will pay you the JobKeeper payment for all eligible employees after receiving your application.

Step 7 – Each month, you will need to reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or via your registered tax agent. This will ensure you will continue to receive the JobKeeper payments from the ATO. You do not need to retest your reported fall in turnover, but you will need to provide some information as to your current and projected turnover. This will be done in your monthly JobKeeper Declaration report.

Step 8 – If your eligible employees change or leave your employment, you will need to notify the ATO through your monthly JobKeeper Declaration report.

If you use the ATO Business Portal, you will need a myGovID linked to your ABN in relationship Authorisation

Manager (RAM). You can find out how to set this up at ato.gov.au/mygovid

WHAT DO YOU NEED TO DO FOR YOUR EMPLOYEES

You need to identify which employees you intend to claim the JobKeeper payment for and tell them you intend to claim the JobKeeper payment for them.

You need to provide these employees with the *JobKeeper employee nomination notice* and ask them to return it to you by the end of April if you want to claim JobKeeper payment for April.

If your employees have multiple employers, they can usually choose which employer they want to nominate through. However, if your employees are long-term casuals and have other permanent employment, they cannot nominate you. They cannot receive the JobKeeper payment from more than one employer.

If an employee is currently receiving an income support payment, they must notify Services Australia of their new income to avoid incurring a debt that they will have to repay.

PAYING YOUR ELIGIBLE EMPLOYEES

You need to pay your eligible employees at least the minimum amount of \$1,500, even if you re-hire them or they earn less than this per fortnight. You cannot pay your employees less than \$1,500 per fortnight and keep the difference. You will not be eligible for the JobKeeper payment if you pay your nominated employee less than \$1,500 per fortnight.

HOW TO PAY

You need to re-start or continue to pay your eligible employees at least \$1,500 a fortnight in line with your existing pay cycle through your existing payroll solution.

WHEN TO PAY

You should pay your employees for each JobKeeper fortnight you plan to claim for. The first fortnight is from 30 March – 12 April and each JobKeeper fortnight follows after that.

For the first two fortnights (30 March – 12 April, 13 April – 26 April), the ATO will accept the minimum \$1,500 payment for each fortnight has been paid by you even if it has been paid late, provided it is paid by you by the end of April. This means that you can make two fortnightly payments of at least \$1,500 per fortnight before the end of April, or a combined payment of at least \$3,000 before the end of April.

If you usually pay your employees less frequently than fortnightly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a monthly pay cycle, your employees must have received the monthly equivalent of \$1,500 per fortnight.

If your eligible employees change or leave your employment, you need to notify the ATO.

HOW MUCH TO PAY?

You must pay the minimum \$1,500 before tax to each eligible employee per fortnight to claim the JobKeeper payment for that fortnight.

If your eligible employees earn less than \$1,500 per fortnight before tax, you must pay them at least \$1,500 for each fortnight to claim the JobKeeper payment. This is a 'top up' of their salary or wages and will ensure they remain eligible.

You cannot pay your employees less than \$1,500 per fortnight and keep the difference. You will not be eligible for the JobKeeper payment if you pay your nominated employee less than \$1,500 before tax per fortnight.

If your eligible employees earn more than \$1,500 per fortnight, you should continue to pay them their regular salary or wages. However, you will only receive \$1,500 for each eligible employee. Any amount you pay above \$1,500 per fortnight is not subsidised by the JobKeeper payment.

If an employee has been stood down after 1 March 2020, you can start paying them \$1,500 per fortnight to qualify for the JobKeeper payment for that employee.

If an employee ceased working for you after 1 March 2020, you can re-engage them and pay them at least \$1,500 per fortnight. You will only be eligible to claim for the fortnights after you re-engaged your employee.

If you usually pay your employees monthly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a four-week pay cycle, your employees must have received at least \$3,000 for every four-week period.

TAX CONSEQUENCES

All JobKeeper payments are assessable income of the business that is eligible to receive the payments. The normal rules for deductibility apply in respect of the amounts your business pays to its employees where those amounts are subsidised by the JobKeeper payment.

The JobKeeper payment is not subject to GST.

SUPERANNUATION GUARANTEE

New rules are being introduced by the government with the intention to not require super guarantee to be paid on additional payments that are made to employees as a result of JobKeeper payments. *The ATO will update this information once legislation or regulations are in place.*

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 in advance in any circumstances.

CONCLUSION

The preceding pages have outlined the major characteristics and mechanics of how the JobKeeper program will work. There are however several aspects still being working on by the ATO and should you need further advice concerning those matters or anything else in this newsletter we recommend speaking with your StewartBrown Manager or Partner concerning those.



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