

### WELCOME

Welcome to this special edition of the StewartBrown newsletter where we update you on the proposed changes to the JobKeeper program announced earlier this week.

On Tuesday, 21 July 2020, the Australian Government has announced proposed changes to payments under the JobKeeper and JobSeeker schemes and we summarise these for you below.

### JOBKEEPER VERSION 2.0

#### Overview of the changes

The existing JobKeeper program ("JobKeeper 1.0") will remain in force until 27 September 2020 and thereafter JobKeeper 2.0 will continue for a further six months until 28 March 2021.

#### **From 28 September 2020:**

- i. Profit and NFP entities are required to meet ongoing decline in turnover tests;
- ii. Decline in turnover is to be re-tested on a **quarterly** basis, using **actual** GST turnover. Projected GST turnover or calendar months can no longer be used;
- iii. The \$1,500 payment rate per fortnight will be reduced over two phases; and
- iv. A two-tier system of payment rates will apply based on the average number of hours employees worked in February 2020.

#### The details:

##### **Payment rates**

**Phase 1.** From 28 September 2020 to 3 January 2021:

- a. for eligible employees and business participants who worked 20 hours or more a week on average in the month of February 2020 - \$1,200 per fortnight (Tier 1).
- b. for eligible employees and business participants who worked less than 20 hours a week on average in the month of February 2020 - \$750 per fortnight (Tier 2).

**Phase 2.** From 4 January 2021 to 28 March 2021:

- a. for eligible employees and business participants who worked 20 hours or more a week on average in the month of February 2020 - \$1,000 per fortnight (Tier 1).
- b. for eligible employees and business participants who worked less than 20 hours a week on average in the month of February 2020 - \$650 per fortnight (Tier 2).

The eligibility rules for employees will remain unchanged. The self-employed will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test, and are not a permanent employee of another employer.



#### **Turnover tests**

To be eligible for JobKeeper Payments under the extension, the percentage decline in turnover test remains the same as the existing rules:

- ACNC-registered charities (excluding schools and universities) – 15%;
- entities with turnover less than \$1bn – 30%;
- entities with turnover greater than \$1bn – 50%.

**but now the test must be applied at several points** (see further details below) **to continue eligibility**, rather than just meeting the "once in, always in" eligibility test under JobKeeper 1.0.

**Phase 1.** To be eligible for the JobKeeper Payments from 28 September 2020 to 3 January 2021, businesses and not-for-profits must satisfy the relevant decline in turnover test for the June quarter **and** for the September quarter based on actual GST turnover.

**Phase 2.** To be eligible for the JobKeeper Payments from 4 January 2021 to 28 March 2021, businesses and not-for-profits must satisfy the relevant decline in turnover test for each of the June, September **and** December quarters based on actual GST turnover.

The requirement to reassess the eligibility for the JobKeeper Payments over the extension period is to ensure that only the businesses that need the most help will continue to receive the payments.

The JobKeeper Payment will remain open to new recipients provided they meet the existing eligibility requirements and the additional turnover tests during the extension period. The Commissioner of Taxation will have discretion to set alternative tests where an employee's or business participant's hours were not usual during the February 2020 reference period.

Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the JobKeeper Payment (before tax), based on the payment rate that applies to each employee (i.e. the wage condition). The JobKeeper Payment will continue to be made by the ATO to employers in arrears.

Businesses and not-for-profits will be required to nominate which payment rate (Tier 1 or Tier 2) they are claiming for each of their eligible employees (or Eligible Business participants).

### Calculate turnover before BAS lodgement

As the deadline to lodge a BAS for the September quarter or month is in late October, and the December quarter (or month) BAS deadline is in late January for monthly lodgers or late February for quarterly lodgers, businesses and not-for-profits will need to assess their eligibility for JobKeeper in advance of the BAS deadline in order to meet the wage condition (which requires them to pay their eligible employees in advance of receiving the JobKeeper Payment in arrears from the ATO).

The Commissioner of Taxation will also have discretion to extend the time an entity has to pay employees in order to meet the wage condition, so that entities have time to first confirm their eligibility for the JobKeeper Payment.

### JOBSEEKER VERSION 2.0

The temporary JobSeeker Coronavirus Supplement will be extended to 31 December 2020.

The supplement will decrease from 27 September 2020 to \$250 a fortnight, down from the current \$550 per fortnight. Therefore, people on JobSeeker will see a decrease from the current \$1,100 to \$800 (base rate of \$550 plus the Coronavirus Supplement) per fortnight after September.

Recipients will be allowed to earn \$300 a fortnight before facing a reduction in their Government payment.

### FURTHER INFORMATION

#### Proposals not law yet

The changes are expected to be implemented through amendments to the legislative instrument, [Coronavirus Economic Response Package \(Payments and Benefits\) Rules 2020](#), once Parliament resumes from 24 August 2020.

We are also anticipating further guidance to be issued by the ATO over the next few weeks particularly in relation to areas requiring the Commissioner of Taxation's discretion.

The Department of Treasury has released a Fact Sheet further explaining these proposed changes and this can be found [here](#).

Should you require further information concerning these proposed changes to the JobKeeper and JobSeeker programs please contact your StewartBrown Manager or Partner for assistance.



### CONTACT US

#### Address:

Level 2, Tower 1, 495 Victoria Avenue  
CHATSWOOD NSW 2067

#### Phone:

+61 2 9412 3033

#### Fax:

+61 2 9411 3242

#### Email:

[info@stewartbrown.com.au](mailto:info@stewartbrown.com.au)

#### Web:

[www.stewartbrown.com.au](http://www.stewartbrown.com.au)

#### Disclaimer

Copyright © 2020 StewartBrown  
This communication provides information current as at the time of production. It is not intended to be used for tax and or accounting advice and no one should rely on its contents or take any action on the basis of its contents without obtaining appropriate professional advice. The authors and publishers of this communication expressly disclaim all or any liability or responsibility whatsoever whether to a direct addressee of this communication or to any other person who may use it in respect of any loss or damage flowing therefrom whether direct or consequential. Liability limited by a scheme approved under Professional Standards Legislation.