



JOBKEEPER PAYMENT STIMULUS PACKAGE

Who's eligible and how to access the payments

9 April 2020

Under the JobKeeper Payment, announced by the federal Government on 30 March 2020, businesses impacted by COVID-19 will be able to access a wage subsidy to continue paying their employees. In this Guide we summarise the key points of the package, which businesses and employees are eligible, and provide answers to many frequently asked questions.

The JobKeeper initiative is the third COVID-19 stimulus package in less than three weeks. It is designed to keep workers employed and support businesses to remain in 'hibernation' mode so that they can rebound quickly once the crisis eases.

- Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of six months.
- Eligible employees will receive a minimum of \$1,500 per fortnight, before tax from their employer.

This will be a lifeline for many businesses. It will help many businesses to keep the same level of capacity at a reduced wages cost.

Like other packages, a lot of the details are not clear yet. This will be administered by the ATO, which has been given discretion to make specific/detailed rules to deal with different scenarios. The bill was passed in Parliament on 8 April 2020. There are still a lot of unanswered questions, which we expect to be clarified soon.

In this document we cover:

- [What's the package, and who is eligible?](#)
- [How does it work?](#)
- [Answers to frequently asked questions](#)



What's the package, and who is eligible?

Size	The package is worth \$130 billion over six months in wages subsidies, likely to be received by six million workers.
Eligibility	Both employee and employer must meet eligibility criteria. This covers most structures including companies, trusts, partnership, sole traders, not-for-profit organizations.
Eligibility for Employers	Businesses with turnover of less than A\$1 billion must experience a decline in turnover of 30% relative to a comparable period a year ago (at least a month). The employer must have been in an employment relationship as at 1/3/20 and need to confirm that each eligible employee is currently employed. For businesses with more than A\$1 billion turnover, the revenue decline threshold is 50%.
Eligibility for Employees	Full time and part time (including stood down & re-hired) employees would be eligible. Where a casual employee has been with the employer for at least the previous 12 months on a regular & systemic basis they will also be eligible. Terminated employees will have to be re-engaged to activate eligibility.
Visa Status*	<p>Only employees who are Australian citizens, or a holder of a permanent visa, protected special category visa, a non-protected special category visa, who have been residing continually in Australia for 10 years or more, or a New Zealand citizen on a special category visa (subclass 444) visa will qualify for the JobKeeper scheme.</p> <p>Temporary visa holders, such as subclass 457, 482, student visas, and working holiday makers will not qualify for the JobKeeper scheme.</p> <p><i>*With thanks to our partner Gilton Valeo for this information.</i></p>
Minimum Payment	<p>Employers will receive \$1,500 per employee fortnightly. Employees must therefore be paid a minimum of \$1,500 fortnightly before tax. If their usual wage is less than \$1,500, the employer must still pay \$1,500. If the usual wage is more than \$1,500, then employers will have to top up.</p> <p>The flat fortnightly payment of \$1,500 is ~70% of median wages (equivalent to \$39,000 pa package).</p>
Superannuation	It will be up to the employer if they wish to pay superannuation on any additional wage paid because of JobKeeper Payments.

How does it work?

Method of Payment	Employers will have to pay the employees as usual and then get it reimbursed by ATO one month in arrears.
Process Involved	Employers must register their interest to participate with ATO on-line if they assess that they have or will experience the required turnover decline. Registration opened on 30/3/20. Within 24 hours more than 110,000 employers registered with ATO. Employers will have to continue to report to ATO on a monthly basis. For most employers, Single Touch Payroll data will enable the ATO to prepopulate employee details.
Payment Starts	From 30/3/20, first payment to hit employers' bank account in the first week of May 20, will be backdated to 30/03/20.
JobKeeper or JobSeeker Payment	Employees can claim one payment only. There is a difference of A\$400 between <i>job seeker</i> (paid through Centrelink) and <i>job keeper</i> payments.
Notification Requirements	Employers must notify employees if they are claiming job keeper payment on their behalf. Employees who have multiple employers must notify the employer that is their primary employer. They also need to notify Services Australia.

Frequently asked questions

What is the definition of turnover?

- This is as per the BAS definition of turnover. It includes all taxable & GST free supplies but excludes input taxed supplies (e.g. interest, dividend etc)
- Only Australian based turnover is relevant, decline in overseas turnover will not count.

How does it apply to a group environment?

- The test is to be applied on an entity by entity basis, not to the group as a whole.
- If the group turnover is more than A\$1bn, 50% turnover test will apply to each entity within the group. If less than A\$1bn, 30% test will apply.

How is the 30% or 50% decline in turnover calculated?

- It's based on BAS (quarterly or monthly depends on the reporting cycle of the business)
- As a general rule, the current period to be compared with the same period last year.

What if 30% or 50% decline is anticipated in the future (as opposed to historical comparison)?

- Eligible, if it can be reasonably expected to decline
- Self-assessment is to be made in good faith
- There will be some tolerance if the actual decline is slightly less than anticipated
- ATO will publish the criteria and the process of self-assessment
- Any artificial scheme to access this payment will be severely punished.

What if

1. The business didn't exist 12 months ago?
2. The business has grown significantly by acquisition/scaling up?
3. The turnover is not representative of average or usual turnover?

In these scenarios:

- The ATO will have the discretion to consider additional information to establish if the business has been significantly affected
- ATO will have the discretion to set alternative tests. For example, ATO may be satisfied that the business has been significantly affected by COVID-19 if it has already curtailed operation or has ceased to operate.

What is the sequence of payment? What if I don't have money to pay my employees?

- Employees need to be paid first, employers get reimbursed one month in arrears
- Businesses struggling with cash flow have been advised to discuss with their banks as they may be able to use upcoming subsidy as the basis to seek credit.

What if the business was purchased less than 12 months ago?

- The new operating entity may qualify as an eligible employer
- Casuals must satisfy the test of working for 12 months on a regular/systemic basis in the business.

Can I receive JobKeeper payment for employees who are on Workcover payment?

- If fully incapacitated - no.
- If partially working and being paid reduced hours - yes.

Can I use the JobKeeper payment to reduce employee's leave entitlement?

- No, although some companies have indicated they want to do it
- The JobKeeper payment can be packaged with annual leave to pay the employees their regular wages.

Can the employee salary sacrifice the JobKeeper payment?

- Yes.

What about

- Self-employed? Yes self-employed are eligible, subject to meeting some conditions

- Partner of a partnership not receiving any salary? Yes, only one partner is eligible
- Beneficiary of trust receiving distributions only? Yes, only one individual beneficiary is eligible
- Company directors receiving directors fee only? Yes, only one director is eligible
- Shareholders receiving dividend only? No.

What if the employees have multiple jobs?

- Employees can only receive the JobKeeper payment from the primary employer (at least A\$1,500 per fortnight)
- Employees can continue to earn money from other employers.

What are the compliance and integrity measures?

- Employers need to assess the eligibility of themselves and their employees – specific guidelines to be provided by ATO
- Will be subject to ATO audit, data matching and other integrity measures
- Any artificial scheme to access these benefits are prohibited
- Severe penalty and possible imprisonment.

For further details, please refer to : https://treasury.gov.au/sites/default/files/2020-04/JobKeeper_frequently_asked_questions_0.pdf

Related links:

- [Fact Sheet For Employers.](#)
- [Fact Sheet For Employees.](#)
- [ATO Registration.](#)

Need help?

We are always happy to help. Contact [Lutful Baki](#) if your business needs CFO assistance. Check out other COVID-19 business resources on the [Source website.](#)