

Agenda

- Why JobKeeper?
- Eligible Employers, Employees and Eligible Business Participants
- ABN Sole traders/Contractors
- Turnover test
- What's the process
- Examples
- JobSeeker
- Issues



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This information is current as at 17 April 2020



Why JobKeeper?

- Corona Virus - to keep people safe many businesses have been forced to shut down
- The initial chaos resulted in Government systems unable to cope with instant unemployment for so many people so by providing \$1,500 per fortnight to businesses to pass onto their employees the administration was shifted
- Cynics may say to also reduce unemployment numbers
- Proponents may say it will help business owners look after their employees where the alternate option was standing them down or redundancy

Eligible Employers?

Eligible small to medium business as individuals, partnerships, trusts and companies who:

- carried on that business as at 1 March; and
- had an ABN on or before 12 March 2020;
- have met the 30% decline in turnover test; and
- a 2018–19 income tax return showing that it had an amount included in its assessable income in relation to it carrying on a business, or
- an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing that it made a taxable, GST-free or input-taxed sale.

Eligible Employees?

Eligible employees

- Your employer is eligible AND makes the decision to register
- Full time, part time, long term casuals (12 months or more working regular and systematic basis)
- Must have been employed (working) as at 1 March 2020
- Must be at least 16 years of age
- Must be an Australian citizen, Kiwi (Visa 444) or Permanent resident
- Are not in receipt of a JobKeeper Payment from another employer
- They are not ABN contractors
- No partner income test unlike JobSeeker

Eligible Business Participants?

Sole Traders, Partnerships, Trusts, Companies

A non-employee individual who is actively engaged in operation of the business maybe eligible as an eligible business participant if they haven't been paying themselves a salary.

- It is limited to one \$1,500 JobKeeper payment per fortnight for one eligible business participant.
- They are one of the following (at 1 March 2020 and for the fortnight you are claiming)
 - a sole trader
 - a partner in the partnership
 - an adult beneficiary of the trust
 - a shareholder or director in the company.
- They are not an employee (other than a casual employee) of another entity.
- The business had an ABN on 12 March 2020
- The entity had lodged, on or before 12 March 2020, at least one of
 - a 2018–19 income tax return showing that it had an amount included in its assessable income in relation to it carrying on a business, or
 - an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing that it made a taxable, GST-free or input-taxed sale.

Eligible – Turnover test >30% drop

WARNING

Ensure you have support for the 30% business turnover decline – it must be based on a reasonable method

<https://go.xero.com/Dashboard/>

Your GST turnover for a period is your total supplies (business income) minus any:

- GST included in supplies to your customers
- Supplies that aren't for payment and aren't taxable
- Input-taxed supplies you make
- Supplies not connected with Australia
- Still some confusion on BAS or Monthly income and Cash v Accruals
- **Once you are eligible you remain eligible for the JK period BUT you must report your turnover monthly within 7 days of the end of the month**

ABN Sole trader/contractors - FAQs

Australian Business Number

- Can a sole trader with more than one business receive multiple JobKeeper payments?
 - No. You can only receive the JobKeeper payment once.
- Do you need to be registered for GST?
 - Businesses not registered for GST (under thresholds) don't lodge a BAS so it maybe harder to calculate the decline in turnover. Once the employer application form is out on 20 April hopefully this addresses this issue.
- What if you obtained an ABN after 13 March?
 - Sorry, ineligible
- What if I can't calculate my turnover has dropped by 30%?
 - BAS and Tax agents are able to assist BUT everyone is really busy so please ensure you have accurate numbers to support reasonable care in determining the decline.

[ATO Frequently asked questions](#)



What's the process?

- Ensure your business financial information is up to date that if requested is able to support your eligibility. Online software companies such as Xero are ensuring they are set up for the Single Touch Payroll requirements of JobKeeper
- Review your estimated income and confirm it has dropped by more than 30% in the relevant testing period
- Register for updates with the ATO:- [Enrol and Apply for the JobKeeper Update](#)
- Advise eligible employees and ask them to complete the form:- [Employee Nomination Notice](#)
- Ensure salaries of a minimum of \$1,500 are being paid for the duration of the period you are receiving the JobKeeper payments – this is a direct flow through to employees you are just the administrator
- STP reporting is per normal and monthly GST turnover reporting to the ATO will be required within 7 days from the end of the month

Important Dates

Important dates for JobKeeper																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Example - Musician

Ben is a sole trader and is a musician. He is an Australian resident with an ABN which he has had for 3 years. Ben has no employees.

Ben has not been able to work since venues closed in March 2020. He had a good start to March so his income is still high even though nothing is booked for April. He can project his income and apply for JobKeeper from 20 April. Where there is no ambiguity this projection is a simple process.

Ben is an eligible business participant and qualifies for the JobKeeper scheme.

Other cash options

- 1) [NSW Government](#)
- 2) [Resilience Fund Arts Council](#)
- 3) Alternate online performances, Patreon, Paypal link on website and social media
- 2) [Facebook](#)
- 5) [City of Sydney Small Business Grants](#)

Example – Pilates Instructor

Natalie is a sole trader and a pilates instructor. She is an Australian citizen with an ABN which she has had for under 12 months and had been operating before 1 March as a pilates instructor business contracting to other businesses. Natalie has no employees. Natalie has not been able to work since March 2020 other than a few online Zoom sessions. Natalie has no other employment and is supported by her husband earning \$250,000.

Natalie had no income 12 months ago in this business so cannot compare March 2020 to March 2019 and will need to request the commissioners discretion to be eligible for the JobKeeper payments.

She would not be eligible for JobSeeker as her husband earns over \$79,000.

Other cash options

- 1) [NSW Government](#)
- 2) [Facebook](#)



JobSeeker

What if I've already applied for JobSeeker? Am I entitled to both?

The Federal Government has encouraged Australians **not to withdraw their applications for Centrelink benefits**, if they think they're eligible for JobKeeper instead.

Assistant Treasurer Michael Sukkar said **the Government would work out which one they should receive**. "The ATO, Services Australia, where there are applications for both, obviously work out administrative arrangements to ensure that those individuals get the JobKeeper payment," he said. "And at that point in time, all of the other applications will be removed."

You can't be paid both JobSeeker and JobKeeper — it's one or the other.

<https://claimright.com.au/>

Issues – Should a business register?

‘Is this the right choice for your business?’. Employers are under pressure from employees to register because they are either under financial pressure themselves or they see the increased wage as a windfall...and the Australian Government social media pages are promoting it as a government payment you get from your employer.

What employees don't understand is the employer has to fund this initially (banks are unlikely to provide lending) there are on costs, there is risk & additional administration.

For SME's in financial distress, JobKeeper is not a lifeline and serious decisions need to be made before hitting the 'register' button. The scheme, whilst generous, is complicated, onerous and guidance on certain issues is still required and then there is the interaction with the Fair Work Act & the civil penalties if you get it wrong.

Issues – What don't we know?

Turnover test – cash v accruals, month v quarter

Payroll tax – included unless exempt and State by State

On costs – accounting, monthly reporting, etc how much time will this take

Lockdown – recent talk of easing restrictions in May – the legislation for JobKeeper payments can end before 27 September

Super – payable on normal salary, changes need to be made to not be paid on JK if in excess of normal salary

Integrity measures – how tough with the ATO be on employers who don't do the right thing

BAS OR TAX Agent Workflow

A.	Core details	
1.	Client identified as having potential eligibility for JobKeeper	
2.	JobKeeper discussed with client and instructions obtained to assist them with eligibility testing and registration	
3.	Client has registered their interest for the JobKeeper Payment with the ATO	
4.	Engagement terms agreed with the client	
B.	Employer eligibility	
1.	Checklist JobKeeper employer eligibility completed	
1.1.	Confirm employer is eligible to receive JobKeeper payments	
1.2.	Test period nominated for turnover test:	
2.	Signed Letter JobKeeper turnover test confirmation received from client	
C.	Employee eligibility	
1.	Workpaper Employee eligibility completed	
2.	JobKeeper employee nomination notice sent to eligible employees	
3.	If applicable, confirm any eligible business participants (e.g., business owners not employed by the business entity)	
4.	Confirm all eligible employees have been paid at least \$3,000 during April 2020 (if not, check whether employee could be eligible from a later period).	
5.	Confirm JobKeeper employee nomination notice has been received back from eligible employees	
D.	Registration and reporting	
1.	Registration for JobKeeper payments completed with ATO (from 20 April)	
2.	Written advice provided to all employees confirming registration with employer for JobKeeper scheme Letter Employee JobKeeper registration confirmation	
3.	Monthly reporting responsibility agreed with client:	
3.1.	Client to take responsibility for monthly reporting	
3.2.	Firm to take responsibility for monthly reporting	
E.	Issues and notes	
1.	Are there any unresolved or carry forward issues? If yes, please note below	