

KnowHow

JobKeeper payment

14 April 2020

You, or someone you know, may have had a change in circumstances and may need support. We have put together some information to help you navigate these uncertain times and to answer some frequently asked questions.

Q: What is JobKeeper?

The JobKeeper payment is a \$1,500 (gross) fortnightly payment per eligible employee of a business. The amount will be paid to the employer and is designed to assist employers to continue paying their employees. Eligible employers will receive payments from the beginning of May and payments will be backdated to 30 March 2020. The payments will be available for a maximum of six months.

Q: What if the employee's income was or is ordinarily *less than* \$1,500 per fortnight?

The full amount of JobKeeper must be paid to eligible employees. This means that if an employee's ordinary gross fortnightly earnings are less than \$1,500, this employee will start to receive increased fortnightly payments from their employer equal to the JobKeeper payment. For example, if an employee usually earns \$1,000 per fortnight and the employer receives the JobKeeper payment, then the employee receives their usual salary of \$1,000 plus an additional \$500.

Q: What if the employee's income was or is ordinarily *more than* \$1,500 per fortnight?

An employee must be paid for work completed. This means that if a person is continuing to work (including reduced hours), but their fortnightly income due for work completed still exceeds the \$1,500 JobKeeper payment, the employer must pay them for the work that has been done. The JobKeeper payment will assist the employer paying for the employee's salary.

However, where the person's hours have been significantly reduced, or the person has been stood down temporarily, the person will receive a minimum amount equal to the full amount of JobKeeper per fortnight. Where any work completed based on the ordinary hourly rate is less than \$1,500 per fortnight, the person must receive at least \$1,500 as this is the JobKeeper payment.

Eligible employers

Q: Who is an eligible employer?

All business types, including sole traders, companies, trusts and partnerships, provided that it is not in bankruptcy or subject to the major bank levy.

An employer is eligible if the business has turnover of:

- less than \$1 billion which has reduced by more than 30% compared to a comparable period a year ago (of at least a month), or
- more than \$1 billion which has reduced by more than 50% compared to a comparable period a year ago (of at least a month).

Charities registered with the Australian Charities and Not-For-Profit Commission are eligible where turnover is estimated to have fallen or is likely to fall by 15% or more.

Q: Are there any specific rules in relation to a partnerships, trust or company receiving JobKeeper?

Where a business is run as a **partnership**, only one partner will be eligible to receive JobKeeper. Other employees of the partnership will be eligible, however, it has been confirmed that partners cannot be classified as employees for this purpose.

While **trusts** are able to receive JobKeeper for all eligible employees, where beneficiaries receive only passive distributions, JobKeeper is only payable to a single nominated beneficiary.

Under a **company** structure, directors are treated as employees in a number of circumstances. However, only one director is eligible to receive the JobKeeper payment. This director must be nominated.

However, if under a **company** structure only dividends are paid to shareholders who also provide labour for the business, one nominated shareholder will be eligible to receive the JobKeeper payment. This may arise if you run your business through a company structure and only receive dividends as income rather than drawing a salary from your company.

Q: How is turnover calculated?

Turnover is calculated in line with the GST rules (with some modifications for businesses that are part of a GST group). Australian GST law doesn't apply to overseas sales, and therefore any reduction in foreign operations will not be considered when determining whether or not the turnover test is met.

Q: Can the turnover test be met where a business wasn't in operation a year ago, or has 'lumpy' income?

If business income at a comparable time a year ago isn't representative of current turnover, discretion may be applied by the ATO to determine eligibility. Additional information and evidence will need to be provided for consideration, to help the ATO determine whether the business has been adversely impacted by the coronavirus pandemic. This may include circumstances where the business is newly established, or where turnover during the comparable period last year was unusually high.

Q: What if turnover hasn't yet dropped by 30%, but does so during the coming months?

Where a reduction in turnover of 30% or more is **reasonably expected**, the ATO may accept an application for JobKeeper now. The ATO will provide further guidance about how self-assessment in relation to an anticipated fall in turnover should be completed.

Where a reduction of 30% in turnover **cannot be reasonably expected** at the current time, a business may be eligible to apply for JobKeeper payments at a later time if they do see a 30% reduction in turnover. In this case, the JobKeeper payment is not backdated to the commencement of the scheme, but is payable from date of eligibility until 27 September 2020.

Eligible employees

Q: Who is an eligible employee?

The payment is available for each employee who was on the books as at 1 March 2020 and who is retained, or continues to be engaged. This includes those who have been stood down or let go if the person is subsequently rehired (even if they are immediately stood down again after JobKeeper commences), as long as they were also on the books and a resident for Australian tax purposes, on 1 March.

Where employees have been made redundant and there is an opportunity to be re-engaged, the employer is encouraged to discuss the terms or redundancy with the person and to consider workplace arrangements to determine redundancy terms.

Other eligibility criteria:	Eligible if:
Age	At least 16 (at 1 March 2020)
Residency status	<ul style="list-style-type: none"> An Australian citizen Holder of permanent visa A resident for Australian tax purposes (at 1 March 2020) Holder of a Protected Special Category (subclass 444) Visa Holder (at 1 March 2020), or A non-protected Special Category Visa Holder who has been residing continuously in Australia for 10 years or more.
Employment terms	<p>Available to full-time and part-time workers, as well as casuals who had been employed on a regular and systematic basis with the same employer for at least 12 months.</p> <p>Casual employees must not be a permanent employee of any other employer to qualify. A person may be an eligible casual worker in cases where the business ownership has changed within the last 12 months, provided they have worked in the business for at least the 12 month period.</p> <p>Fixed term contractors are eligible.</p>
More than one employer	Not in receipt of JobKeeper from another employer. Must only receive JobKeeper from the primary employer. The ATO will provide guidance on how to determine who is the primary employer.
Interaction with Parental Leave Pay	Not eligible if receiving Parental Leave Pay (including Dad and Partner Pay) from Services Australia, but will be eligible if on parental leave from employer.
Workers compensation	Employees who are fully incapacitated, unable to work and being supported by a workers compensation scheme are not eligible for JobKeeper. However, employees are eligible if receiving workers compensation and working (eg reduced hours).

Q: Is super guarantee payable on JobKeeper payments?

Compulsory super contributions (ie super guarantee) are not payable on amounts of JobKeeper received by the employee that exceed their usual fortnightly wage or salary. This means if an employee is now receiving more than their usual salary because of the JobKeeper payment, an employer only has to pay SG on the employee's usual salary amount. Any additional super contributions by the employer would be voluntary. On the other hand, where the employee's usual salary is only partially subsidised by the JobKeeper payment because their ordinary earnings exceed the JobKeeper amount, the employer is liable to pay superannuation guarantee on the full amount paid to the person.

It is not yet understood how this will be determined for eligible casual workers whose fortnightly hours were subject to fluctuation.

Q: If an employee who has been stood down and is receiving JobKeeper starts work with another employer, can JobKeeper continue to be received and paid to the person?

Yes. There is no income test applicable to JobKeeper payment. However, the new employer can't claim the JobKeeper for the person. This is because an employee is only eligible to receive the JobKeeper payment from one employer.

Q: If a person is on paid or unpaid leave can JobKeeper be paid?

Yes. JobKeeper will be paid, unless the leave is Parental Leave or Dad and Partner Pay paid via Services Australia.

Q: If a person receiving JobKeeper had an existing salary sacrifice arrangement with their employer can it continue?

Yes. These arrangements can continue. The JobKeeper payment can be paid to an employee as cash, fringe benefit or additional super contributions. However, how the payment is received must be agreed to between the employer and employee.

Taxation and Centrelink

Q: How is the payment treated for social security purposes?

JobKeeper payment is treated as ordinary income for social security purposes and may impact eligibility for income support. This may include Child Support, Family Tax Benefit and Child Care Subsidy. Services Australia must be notified if a person is receiving any payment or benefit and starts receiving JobKeeper.

Q: Can an employee be receiving both JobKeeper and the JobSeeker Payment from Centrelink?

Because the JobKeeper payment is assessable for social security purposes, individuals who receive a social security payment or benefit and start to receive JobKeeper will need to report any change in their income to Services Australia (formally Department of Human Services) within 14 days. This can be done through my.gov.au, the Express Plus Centrelink App or contacting the Department directly.

The current income test cut off point for JobSeeker payment is \$1,086.50 pf for a single person with no dependants. This means that a single person receiving JobKeeper is effectively ineligible for JobSeeker payment due to the income test.

For more information on the income test cut off points for JobSeeker, see the Services Australia website.

Q: How is the payment treated for tax purposes?

The payment is taxable income of the employee and employers may have withholding tax obligations.

Application and ongoing requirements

Q: How does an eligible employer apply?

Eligible employers can **register their interest** in applying for the JobKeeper payment via the ATO website from 30 March 2020. Check back on the ATO website for the opening of formal applications.

Employers with employees will be able to apply online and must identify all eligible employees. On a monthly basis, updates will need to be provided to the ATO but the details of these updates is not yet known. The employer will receive the payment and be responsible for ensuring eligible employees receive the JobKeeper payment of \$1,500 per fortnight (before tax).

Q: What does a business without employees (eg sole trader) need to do?

Employers without employees will need to provide the business' ABN, provide a declaration on recent business activity, nominate who will receive the payment and that person's tax file number. Payments will be directed to that person's bank account. On a monthly basis, the employer will need to make a statement to the ATO that they are still eligible to receive the payment.

Q: What else does a business have to do to continue to receive payments?

Payments need to be reported to the ATO using Single Touch Payroll. Where this system is not used, a manual claim process will apply. Employers receiving JobKeeper are also required to tell all employees that they have been nominated as eligible employees and must pass on all of the payments received. Payments will be made by the ATO monthly in arrears and the employer must report to the ATO monthly to demonstrate that payments have been made to employees. Records must be kept by employers for five years after payments are made.

If an employee on behalf on whom JobKeeper is received resigns or employment is terminated, the ATO must be immediately notified. This would avoid an overpayment which would need to be repaid to the ATO.

Q: Can an employer receive JobKeeper for an employee as well as the Apprentice and Trainee wage subsidy?

No. Employers may be eligible to receive the Apprentice and Trainee wage subsidy for the period from 1 January to 31 March 2020. However, they will be ineligible from 1 April 2020 when they will receive JobKeeper for the employee.

More information

You can visit ato.gov.au to **register for JobKeeper payment**. You can also find more information on treasury.gov.au, including a range of **Fact Sheets**.

Next steps

To find out more about these are any other issues or concerns you may have, we recommend you contact your financial adviser.

Important information

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