

Level 2, 23-25 O'Connell Street, Sydney 2000
Box R238, Royal Exchange P.O., Sydney 1225
Telephone: (02) 9233 4833 Facsimile: (02) 9233 4844

399-405 Bong Bong Street, Bowral
P.O. Box 1883, Bowral 2576
Telephone: (02) 4862 4866 Facsimile: (02) 4861 2400

Email: mail@bray.com.au
www.bray.com.au

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The Australian government has introduced a \$130 billion JobKeeper Payment scheme to support businesses significantly affected by the coronavirus to help keep more Australians in jobs.

Details, forms and reporting mechanisms are still under development and details are being released almost daily. However, if you believe your business may be eligible for the JobKeeper Payments scheme, there are actions that must be taken to ensure you are able to participate.

WHAT IS JOOBKEEPER?

The JobKeeper Payment is a temporary scheme open to businesses impacted by the Coronavirus.

The JobKeeper Payment will also be available to the self-employed and non-profits.

The Government will provide \$1,500 per fortnight per employee for up to 6 months, covering a 26-week period running from 30 March 2020 to 27 September 2020.

ELIGIBLE EMPLOYERS

There are a few eligibility criteria, the main one for our clients with a turnover of less than \$1 billion is that their business turnover has reduced by more than 30% as compared with the same period last year.

If your business turnover exceeds \$1 billion or you are a not-for profit entity the eligibility criteria are a little different. Please contact us if you require further details.

Employers must elect to participate in the scheme. They will need to make an application to the Australian Taxation Office (ATO) and provide supporting information of a downturn in their business

In this regard we note there has been some confusion – if you have recently registered your interest with the ATO you have merely registered your interest in receiving further information from the ATO. This is not the same as electing to participate in the scheme. The ATO have advised that the Form to elect to participate in the scheme will be available from 20 April 2020. If you would like Bray & Associates as your tax agents to register on your behalf please let us know.

TURNOVER & GST TURNOVER

In calculating whether or not you exceed the \$1 billion turnover figure, you apply the normal rules which includes all connected entities and affiliates, be they Australian or Foreign. Globally.

In calculating the reduction in your business, you only take into account your GST turnover, which is limited to the Australian registered entity's turnover (so includes Taxable or GST Free supplies but not Input Taxed Supplies). No associated Foreign entities turnover is included.

Once an entity satisfies the decline in turnover test, it does not need to retest its turnover in later months. So, it is a "pass once-only" rule

However, entities will need to notify the ATO of its current GST turnover for the reporting month and its projected GST turnover for the following month on a monthly basis, including eligible employees. According to the rules, this information will not affect an entity's eligibility, nor will it be used to verify whether the projection given as part of the decline in turnover test was accurate.

ONE IN, ALL IN TEST

The rules also note that once an employer decides to participate in the Job Keeper scheme, all eligible employees must be covered by the scheme.

SELF EMPLOYED

Self-employed individuals will be eligible to receive the JobKeeper Payment where they have suffered or expect to suffer a 30 per cent decline in turnover relative to a comparable period a year ago (of at least a month). Only one (1) person per entity may be nominated and will be entitled.

For owner operators conducting business via a company, trust or partnership who are not employed by that entity, the same limit applies - only one (1) person per entity may be nominated and will be entitled.

ELIGIBLE EMPLOYEES

Eligible employers will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that employer – including full-time, part-time, long-term casuals and stood down employees.

Employees must be at least 16 years of age

Full time and part time employees, including stood down employees, would be eligible for the JobKeeper Payment.

Where a casual employee has been with their employer for at least the previous 12 months they will also be eligible for the Payment.

Eligible employees include Australian citizens and also some visa categories for foreign citizens (for more information go to <https://www.ato.gov.au/general/jobkeeper-payment/employers/your-eligible-employees/>)

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will also be eligible.

COMPULSORY

Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax.

The legislation as it currently stands has no clawback for employers who pay employees the minimum required Jobkeeper payment of \$1,500 per fortnight (where those employees ordinarily earn less than \$1,500 per fortnight) and for whatever reason are later deemed to be ineligible to the Jobkeeper payment. Consequently, we advise caution, to contact us for further assessment of your individual facts and consideration of employment law around this anomaly.

SUPERANNUATION- OPTIONAL

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the Job Keeper Payment.

HOW IT WORKS- ADMINISTRATION

While the Job Keeper payments began on 30 March 2020, legislation was only passed last week, and the ATO's guidance now comes in the second fortnight period running from 13 April to 26 April 20.

As such, the ATO will accept that the minimum \$1,500 payment before tax has been paid for each of the first two fortnights even if it has been paid late, **provided it is paid by the end of April**. This means that taxpayers 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.

SUNSET CLAUSE - PERIOD OF COVERAGE

Eligible employers will be able to claim a payment of \$1,500 per fortnight per eligible employee from 30 March 2020 until 27 September 2020.

Employers will have one (1) year post 30 September 2020 to sort out any disputes, payments or refunds with the ATO.