

UPDATE 3

31st March 2020

The Government has rolled out several stimulus packages over the last few weeks. These packages are unprecedented and the latest JobKeeper subsidy announcement may not be the last. This package is a little more complex than the previous announcements and eligibility criteria needs to be met for both employers and employees.

JobKeeper Payment – Summary

The JobKeeper subsidy is designed to help businesses affected by COVID-19 to cover the costs of their employees' wages, so that more employees can retain their job and continue to earn an income. The JobKeeper subsidy is also available to the self-employed which were missed in the original cash boost for employers.

The Government will provide \$1,500 (before tax) per fortnight per employee for up to 6 months, which will be required to be passed on in full to the eligible employee. The JobKeeper subsidy will support employers to maintain their connection to their employees. These connections will enable business to reactivate their operations quickly – without having to rehire staff when the crisis is over.

To register your interest go to <https://www.ato.gov.au/Job-keeper-payment/>

ELIGIBILITY

Employers

- Your business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month); or
- Your business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month).

Sole traders

- Be self-employed with an ABN.
- Expected to suffer a 30% decline in turnover relative to a comparable period a year ago (of at least one month).

At this time the government has not released any further measures than the above for the self-employed. When providing information to the ATO, applicants will need to nominate an individual to receive the payment, provide the individual's TFN and declare their continued eligibility for the payments. Payments will be monthly to the individual's bank account.

Employers and Sole Traders/Self-employed must elect to participate in the scheme.

This will need to be made to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in your business.

ONGOING

Employers must report the number of eligible employees employed by the business on a monthly basis.

Eligible employees:

- Were employed by the relevant employer at 1 March 2020; and
- Are currently employed by the employer (including those who have been stood down or re-hired); and
- Are full time, part-time, or long term casuals (a casual employee employed on a regular basis for 12 months as at 1 March); and
- Are at least 16 years of age; and
- Are an Australian citizen, hold a permanent visa, are a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder; and
- Are not in receipt of a JobKeeper subsidy from another employer – where there are multiple employers the employee will need to notify their primary employer to claim the JobKeeper subsidy on their behalf (generally the employer where you are claiming the tax free threshold)

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

Consideration for Employees

In circumstances where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper subsidy, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

Payment process

Eligible employers will be paid \$1,500 per fortnight for each eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper subsidy will assist their employer to continue operating by subsidising all or part of the income of their employee(s).
- If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper subsidy. Payments will be made to the employer monthly in arrears by the ATO. There is still a superannuation commitment for employers in some circumstances, so be careful.

The subsidy started on 30 March 2020, with the first payments to be received by employers in the first week of May.

Eligible businesses are be able to register their interest in participating in the subsidy from today on the ATO website or alternatively please get in contact with your accountant for any additional assistance.

> **JobKeeper applications with the ATO are online now.**

Please be advised that at this time no further announcements have been made in relation to the withholding on this payment and whether or not that it could be included under the 'Cash Boost for Employers' where you receive 100% of the PAYG Withholding for Employers.

It is early days and there is limited information at this stage. More detail will be available as the Government releases it but it is important for us to provide as much detail as we could early, as businesses are making staff retention decisions daily.