

COVID-19 Government Assistance to Business Webinar Q&A

21/4/20

Most of the questions that were asked during the 15th April webinar related to the JobKeeper Scheme. We have a summary of the JobKeeper program below and answers to the questions that were lodged during the webinar appear after the summary.

We will run another webinar on Wednesday 22nd April 2020, this time focussing on JobKeeper as a stand-alone topic.

The JobKeeper Payment - Applying for the payment

Under the JobKeeper Scheme the Government will pay eligible employers a wage subsidy, as a flat payment of \$1,500 per fortnight per employee for up to 6 months. You must pay your employees the wage subsidy in full, being a minimum of \$1,500 per fortnight, before tax.

Once you have determined that your business is eligible for the JobKeeper Payment there are several things you must do to ensure that your business receives the payment each fortnight.

From 20 April - Enrol for the JobKeeper Payment with the Australian Tax Office

1. Register your interest and subscribe for [JobKeeper Payment](#) updates on the ATO website.
2. Notify your eligible employees that you are intending to claim the JobKeeper Payment on their behalf and check they are not claiming the JobKeeper Payment through another employer or have nominated for the payment through another business.
3. Send the [JobKeeper employee nomination notice](#) to your nominated employees to complete and return to you by the end of April if you plan to claim a JobKeeper Payment for April and keep a copy on file
4. From 20 April 2020, you can enrol for the JobKeeper Payment using the ATO Business Portal and your myGovID. You must do this by the end of April to claim JobKeeper Payments if you are intending to claim a reduced turnover for April 2020 or the April 2020 quarter.
5. In the online form, provide your bank details.
6. Specify the estimated number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April).



From 4 May - Confirm eligible employees

1. Apply to claim the JobKeeper Payment by logging in to the [ATO Business Portal External Link](#)
2. Identify your eligible employees in the application form by:
 - a. selecting employee details that are prefilled from your Single Touch Payroll (STP) pay reports if you report payroll information through an STP enabled payroll solution, or
 - b. manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution, or
 - c. using a registered tax agent who will submit a report on your behalf through Online services for agents.
3. Submit the confirmation of your eligible employees online and wait for your confirmation email or SMS showing it has been received.
4. Notify your eligible employees you have nominated them.
5. The ATO will pay you the JobKeeper Payment for all eligible employees after receiving your application.
6. Each month, you will need to submit a monthly JobKeeper Declaration report to:
 - a. Reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or via your registered tax agent. This will ensure you will continue to receive the JobKeeper Payments from us.
 - b. Provide some information as to your current and projected turnover. Note - you do not need to retest your reported 30% fall in turnover.
 - c. Notify if your eligible employees change or leave your employment,

Payments to the employer are disbursed in arrears, meaning the first payment to a business is expected to be made by 14 May and will cover the first two April 'JobKeeper fortnights' which commenced from 30 March.

How does a business establish a decline in turnover?

A business will nominate either a relevant month or quarter in 2020 in comparison to the same time period in 2019 that can show the business has experienced or is likely to experience a 30% fall in turnover.

The Tax Rules relating to the scheme specify the relevant month or quarter for comparison purposes:

- March 2020
- April 2020
- May 2020
- June 2020
- July 2020

- August 2020
- September 2020
- Or the quarter starting on 1 April 2020, or the quarter starting on 1 July 2020

The test is once and can be either a month or a quarter. It's up to the business to decide what period to use.

If you work out that you qualify for JobKeeper payments for the first fortnight because your GST Turnover has declined by the relevant amount, you remain eligible and **do not need to keep testing** turnover in following months. However, you will have ongoing monthly reporting requirements.

What is the GST Turnover Test time frame being used in comparison to last year - a fortnight, a month, or a quarter?

One month or one quarter. For businesses under \$1 billion: turnover has or will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month) at any time between 30 March 2020 and 27 September 2020. For example, you will be immediately eligible if your March 2020 turnover has reduced by 30% when compared to your March 2019 turnover, or you will become eligible in June 2020 if your turnover has reduced by 30% when compared to your June 2020 turnover.

Are Company Directors eligible?

If company directors receive directors' fees then an eligible business can nominate one director (in a director capacity) to receive the payment, as well as any eligible employees.

A director who receives the payment cannot also receive the payment as an employee.

Are Business Owners eligible?

Yes, if they are actively engaged in the operation and activities of the business.

Partnerships

In a partnership only one person can be nominated (as the entrepreneur) to receive the JobKeeper allowance, along with any eligible employees, noting a partner cannot be an employee.

The other partner may be entitled to some other form of income support from Services Australia (e.g. JobSeeker allowance).

Annual Leave, Personal Leave, Superannuation: Where the \$1500 JobKeeper payment is greater than a part-time employees normal fortnightly pay

If your employee's normal wage before tax is less than \$1,500, the business must pass on the full \$1,500 before tax. You will also need to pay the normal superannuation guarantee amount based on the employees pre-JobKeeper wage.

Example: Your receptionist Terry earns \$1,000 per fortnight before tax. You will be required to pay Terry the additional \$500 per fortnight before tax totalling \$1,500 per fortnight before tax.

You will receive \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise Terry's salary. The business will continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Terry is earning. The additional JobKeeper component of Terry's pay is not used for superannuation or other employee benefits.

Fixed term contractors and JobKeeper

If the fixed term contractor has an ABN, they will register with the ATO and collect the payment as a Sole Trader.

What if the previous 12 plus months are not a reflection of our new business?

Where a business was not in operation a year earlier, or where the turnover a year earlier was not representative of the usual or average turnover, (e.g. because there was a large interim acquisition or they were newly established) the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been significantly affected by the impacts of the Coronavirus. The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business has ceased or significantly curtailed its operations). We are expecting more information to be available on the 'alternative test' method.

Can I direct my employee to take annual leave?

An eligible employer can request an eligible employee to take paid annual leave provided that:

- The employer requests the employee to do so.
- The employee must consider and not unreasonably refuse the request.
- The employee will maintain a balance of paid annual leave of no fewer than two weeks.

- ENDS -

Note: Whilst every endeavour has been made to ensure that the information is accurate at time of print and that any subsequent updates from Government have been included, readers are encouraged to conduct additional research prior to making business decisions to ensure their specific circumstances are addressed completely.