

JOBKEEPER PAYMENT: GOVERNMENT SUPPORT FOR BUSINESSES

Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.

Employers will be eligible for the subsidy if:

- their 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
- their 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); and
- the business is not subject to the Major Bank Levy.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments.

Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

BUSINESSES WITHOUT EMPLOYEES:

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment via ato.gov.au from 30 March 2020.

Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's Tax File Number and provide a declaration as to recent business activity.

People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments.

Payment will be made monthly to the individual's bank account.

BUSINESSES WITH EMPLOYEES:

Initially, employers can register their interest in applying for the JobKeeper Payment via ato.gov.au from 30 March 2020.

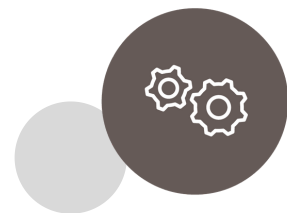
Subsequently, eligible employers will be able to apply for the scheme by means of an online application. The first payment will be received by employers from the ATO in the first week of May.

Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO.

Participating employers will be required to ensure eligible employees 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 Payment.

Further details for employers & employees will be provided at ato.gov.au.



HOW CAN WE HELP?

If you are concerned about how COVID-19 is affecting your business, please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements in more detail. Ph 02 9135 8450



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OBLIGATIONS ON EMPLOYERS:

To receive the JobKeeper Payment, employers must:

- Register an intention to apply on the ATO website and assess that they have or will experience the required turnover decline.
- Provide information to the ATO on eligible employees. This includes information on the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or rehired). For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.
- Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax). For employees that were already receiving this amount from the employer then their income will not change. For employees that

have been receiving less than this amount, the employer will need to top up the payment to the employee up to \$1,500, before tax. And for those employees earning more than this amount, the employer is able to provide them with a top-up.

- Notify all eligible employees that they are receiving the JobKeeper Payment.
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.



OBLIGATIONS ON EMPLOYEES:

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations.

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of an income support payment should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.



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EXAMPLE - EMPLOYER WITH EMPLOYEES ON DIFFERENT WAGES:

Adam owns a real estate business with two employees. The business is still operating at this stage, but Adam expects that turnover will decline by more than 30 per cent in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

- The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Anne's salary and will continue paying the superannuation guarantee on Anne's income;
- The business continues to pay Nick his \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totaling \$1,500 per fortnight before tax.
- The business receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of Nick's salary. The business must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Nick is earning. The business has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

Adam can register his initial interest in the scheme from 30 March 2020, followed subsequently by an application to ATO with details about his eligible employees. In addition, Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment.

Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.



This fact sheet contains general advice only and does not take into account particular objectives, financial circumstances and needs. The information provided in this fact sheet is not a substitute for legal, tax and financial product advice. Before making any decision based on this information, you should always seek professional advice from a solicitor, accountant or financial advisor for your particular circumstances.

