



## COVID-19 Stimulus Package JobKeeper Payment FAQ - EMPLOYERS

### Is my business eligible?

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Employers will be eligible for the subsidy if:

- Their business has a turnover of less than \$1 billion and estimate their turnover has fallen or will likely fall by 30 per cent or more; or
- Their business has a turnover of more than \$1 billion and estimate their turnover has fallen or will likely fall by 50 per cent or more.

### What businesses are eligible?

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All business types, including not for profits, will be eligible with the exception of those listed below:

- Australian Government and its agencies
- State & Territory Government and its agencies
- Foreign governments and their agencies
- Local council governments
- Wholly owned corporations of any of the above; and
- A business that is subject to the Major Bank Levy

### What do I need to do if I want to participate?

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Eligible employers need to determine if they want to participate in this program by electing into it.

You can register your interest on the ATO website to keep updated on information about the JobKeeper Payment.

### How do I work out which of my employees are eligible?

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You will only be able to claim the JobKeeper payment for eligible employees that were in your employment on 1<sup>st</sup> March 2020 and continue to be employed while you are claiming the payments.

An eligible employee is an employee who:

- Is currently employed by the eligible employer (including those stood down or re-hired)
- Is a full time or part time employee, or a casual employee working on a regular basis for longer than 12 months as at 1 March 2020
- Was aged 16 years or older at 1 March 2020
- Was an Australian citizen, the holder of a permanent visa, or a Special Category Visa Holder at 1 March 2020
- Was a resident for Australian tax purposes on 1 March 2020; and
- Is not in receipt of the JobKeeper payment from another employer

You can only claim the JobKeeper Payment for eligible employees if you pay the the \$1,500 per fortnight (before tax) to each eligible employee.

If you use Single Touch Payroll this process will be streamlined, whereas if you do not, there will be a manual claim process.



## What are my obligations as an employer?

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To receive the JobKeeper Payment, employers must:

- Apply on the ATO website and assess that they will or are likely to experience the 30% decrease in turnover
- Provide information to the ATO on all eligible employees
- Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax)
- Notify all eligible employees that they are receiving the JobKeeper Payment
- Continue to provide information to the ATO on a monthly basis

## When will the JobKeeper Payment commence?

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The first payments by the ATO will be received by employers in the first week of May.

This will be backdated to provide payment to employees from 30 March 2020.

## How long will the JobKeeper Payment last for?

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The JobKeeper Payment will be available for the period until 27 September 2020.

## How often will these payments be made?

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Payments will be made monthly in arrears (appears to be the start of each month payments are disbursed).

## If I have stood down my employees after 1 March 2020, and are no longer paying them, do I need to pay them, for what period and by when?

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Yes. You can claim the JobKeeper Payment for employees that were stood down after 1 March 2020. To be eligible for these employees, you will need to pay them a minimum of \$1,500 per fortnight (before tax) for the payment periods of the JobKeeper Scheme.

The first payment period under the scheme is from 30 March 2020 to 12 April 2020. Where an employer pays their staff monthly the monthly payment must be equivalent to the required fortnightly payment.

For all following payment periods you will need to continue to pay your employees a minimum of \$1,500 per fortnight (before tax), before the end of the payment period.

## What is the definition of 'turnover'?

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Turnover will be defined according to the current calculation for GST purposes and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies.

## Is this turnover test related to only turnover in Australia, or does it include overseas as well?

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Under the GST law, only Australian based sales are included and therefore, only Australian based turnover is relevant. A decline in overseas operations will not be counted in the turnover test.

## My turnover has not decreased by 30% this month, but I believe it will in the coming month. Am I still eligible?

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You can apply for the payment if you reasonably expect that your turnover will fall by 30 per cent or more (or 50 per cent or more for businesses with a turnover of \$1 billion or more) relative to your turnover in a corresponding period a year earlier. The ATO will provide guidance about self-assessment of actual and anticipated falls in turnover.



## **My Business has only just started or my business has “lumpy income”. How can I self-assess that my turnover has fallen 30%?**

To establish that a business has faced or is likely to face a 30 per cent (50 per cent) or more fall in turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or quarter (depending on the Business Activity Statement reporting period of that business) relative to their turnover in a corresponding period a year earlier.

Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because they were newly established, are scaling up, or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely 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 ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a 30 per cent (50 per cent) or more fall in turnover but actually experience a slightly smaller fall.

## **It is unlikely that my turnover will decrease by 30% in the coming months, however can I apply later if my turnover decreases in one of the subsequent months?**

If a business does not meet the turnover test at the start of the JobKeeper scheme on 30 March 2020, the business can start receiving the JobKeeper Payment at a later time once the turnover test has been met. In this case, the JobKeeper Payment is not backdated to the commencement of the scheme. Businesses can receive JobKeeper Payments up to 27 September 2020.

## **My business is still operating, and my employees are still working, how will my payments to them be affected?**

In many cases, your payments and obligations to eligible employees will not change. Your business, if eligible, will receive a \$1,500 per fortnight subsidy to support their continued employment. However, if any eligible employee currently earns less than \$1,500 before tax per fortnight, you will need to pay them \$1,500 per fortnight before tax to receive the JobKeeper Payment.

## **What if I pay my employees less than \$1,500 per fortnight before tax?**

To be able to claim the JobKeeper Payment for an eligible employee, that employee must be paid a minimum of \$1,500 income per fortnight, before tax is withheld.

If you want to claim the subsidy for an eligible employee and they have not been paid \$1,500 per fortnight since 30 March 2020, employers must pay a ‘top-up’ payment to employees so that they are eligible.

The ATO will provide further guidance on how this will work. The employer will be reimbursed \$1,500 per fortnight for each eligible employee. Employers cannot pay their employees less than \$1,500 per fortnight and be entitled to a payment for that employee.



### **What if I pay my employees more than \$1,500 per fortnight before tax?**

If the eligible employee is paid more than \$1,500 a fortnight before tax, the employer will only be reimbursed \$1,500 per fortnight.

### **If I have stood down my employees without pay after 1 March 2020 can I “Back Pay” them to 30 March 2020?**

Yes. If you want to claim the JobKeeper Payment for your employees, you will need to confirm your eligible employees want to be part of the scheme and arrange for them to be paid a minimum of \$1,500 per fortnight before tax from 30 March 2020.

### **I let my employees go after 1 March 2020. If I re-hire them, am I eligible to receive the payment?**

Yes. You can receive the payment if you re-hire any eligible employees you had at 1 March 2020. You can receive the payment even if you then need to immediately stand them down, so long as they remain employed.

### **What happens if I don't have the money to continue paying my eligible employees until the payments are made?**

The JobKeeper Payment is a reimbursement scheme that will be paid by the ATO monthly in arrears.

In cases where this may present cash flow difficulties, those businesses may want to speak to their bank to discuss their options. The banks have said businesses may be able to use the upcoming JobKeeper Payment as a basis to seek credit in order to pay their employees until the scheme is making its first payments.

### **Am I required to pay PAYG Withholding & Superannuation on the JobKeeper Payment?**

You must pay a minimum of \$1,500 per fortnight to your eligible employees, withholding income tax as appropriate. The \$1,500 per fortnight per employee is a before tax amount.

In relation to superannuation, where an employee is paid more than \$1,500 per fortnight, the employer's superannuation obligations will not change. Where an employee is having their wages topped up to \$1,500 per fortnight by the JobKeeper Payment, it will be up to the employer if they want to pay superannuation on any additional wages paid by the JobKeeper Payment.

### **What happens if my employee resigns?**

If an employee for whom you are receiving the JobKeeper Payment resigns, you must notify the ATO. You may need to refund some money to the ATO.

### **I hired an employee after 1 March 2020. Can I receive the JobKeeper Payment for them?**

No. The employee must have been engaged as of 1 March 2020.

### **What should I do if I want to re-hire an eligible employee who received a redundancy package?**

If an eligible employee has received a redundancy package and you wish to re-hire them, you will need to consult with the employee and consider prevailing workplace arrangements to settle redundancy terms.



### **Will the ATO use JobKeeper Payments to offset outstanding ATO debts?**

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The payment will generally be paid directly to the employer and not used to offset tax liabilities, as the intent is that it is a payment that facilitates employers to pay their employees.

### **Can I receive the JobKeeper Payment for employees in receipt of Workcover?**

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Employees will not be eligible for the JobKeeper scheme if they are fully incapacitated, unable to work and being supported by a worker's compensation scheme.

In other cases, employees would be eligible as they are in an employment relationship with their employer, provided their employer has an obligation to pay some component of their salary or wages. If your employee is fully compensated under your WorkCover insurance, they will be ineligible for the JobKeeper scheme.