



COVID-19 Stimulus Package JobKeeper Payment 2.0

Important Disclaimer

The announcement surrounding JobKeeper 2.0 was announced 21/7/2020 and more information is still to be clarified. The information contained in this document is based on details that have been provided at the time of writing. This information relates to private enterprises with turnover less than \$1 billion only.

Summary of Changes

The JobKeeper Payment, which was originally due to run until 27 September 2020, will now continue to be available to eligible businesses (including the self-employed) until 28 March 2021.

The extension has been broken down into two time frames:

- Extension 1: 28 September to 3 January 2021
- Extension 2: 4 January 2021 to 28 March 2021

New payment rates and eligibility requirements have been established and are explained in more detail below.

Decline in Turnover Eligibility Requirement

DECLINE IN TURNOVER

Alike the existing rules, to be eligible for JobKeeper Payments under the extension, businesses will need to demonstrate that they have experienced a 30 percent or more decline in turnover in comparison to a comparable period (detailed below).

ACTUAL GST TURNOVER vs PROJECTED GST TURNOVER

The initial JobKeeper eligibility test allowed you to forecast your turnover for the period you expect to experience your decline in turnover; this option has now been removed. The new rules state that to receive the JobKeeper extensions 1 & 2 you must assess on your actual GST turnover only.

TURNOVER TEST PERIODS

Extension 1 (28 September 2020 to 3 January 2021):

- The decline in turnover test to be eligible for the JobKeeper Payment extension #1 is:
 - o Review of **actual** GST turnover for both the June 2020 quarter (April to June) and the September 2020 quarter (July to September)
 - o Compare with a comparable period (generally the corresponding quarters in 2019)
 - o If the average downturn is 30% or more, eligibility has been met.

Extension 2 (4 January 2021 to 28 March 2021):

- JobKeeper Payment extension #2 is a simple continuance of Extension #1.
- In addition to extension #1, the business must also include the December quarter (October to December) performance in comparison to actuals from the comparable period.

The Commissioner of Taxation will have discretion to set out alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019. This discretion must be requested from the ATO directly.



EXTENSION #1 - From 28 September 2020 to 3 January 2021

ELIGIBILITY REQUIREMENTS

Businesses will be required to re-assess their eligibility with reference to their actual GST turnover in the **June and September** quarters of 2020. They will need to demonstrate that they have met the relevant decline in turnover test in both of those quarters to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021.

PAYMENT RATES

From 28 September 2020 to 3 January 2021, the JobKeeper Payment rates will be:

- \$1,200 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business or not-for-profit for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$750 per fortnight for other eligible employees and business participants.

WAGE REQUIREMENT

The JobKeeper Payment will continue to be made by the ATO to employers in arrears.

Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the JobKeeper Payment (before tax), based on the payment rate that applies to each employee.

EXTENSION #2 - From 4 January 2021 to 28 March 2021

ELIGIBILITY REQUIREMENTS

From 4 January 2021, businesses will need to further reassess their turnover to be eligible for the JobKeeper Payment. They will need to demonstrate that they have met the relevant decline in turnover test with reference to their actual GST turnover in each of the **June, September & December** 2020 quarters to remain eligible for the JobKeeper Payment from 4 January 2021 to 28 March 2021.

PAYMENT RATES

From 4 January 2021 to 28 March 2021, the JobKeeper Payment rates will be:

- \$1,000 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business or not-for-profit for 20 hours or more a week on average and for business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$650 per fortnight for other eligible employees and business participants.

WAGE REQUIREMENT

The JobKeeper Payment will continue to be made by the ATO to employers in arrears.

Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the JobKeeper Payment (before tax), based on the payment rate that applies to each employee.



Eligible Employees

The Eligible Employee criteria remains unchanged.

ELIGIBLE EMPLOYEES

- are currently employed by an eligible employer (including if you were stood down or rehired)
- were for the eligible employer (or another entity in their wholly-owned group) either:
 - o a full-time, part-time or fixed-term employee at 1 March 2020; or
 - o a long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at 1 March 2020 and not a permanent employee of any other employer.
- were aged 18 years or older at 1 March 2020
- were either:
 - o an Australian resident (within the meaning of the Social Security Act 1991); or
 - o an Australian resident for the purpose of the Income Tax Assessment Act 1936 and the holder of a Subclass 444 (Special Category) visa as at 1 March 2020.
- were not in receipt of any of these payments during the JobKeeper fortnight:
 - o government parental leave or Dad and partner pay under the Paid Parental Leave Act 2010; or
 - o a payment in accordance with Australian worker compensation law for an individual's total incapacity for work.

Only one employer can claim the JobKeeper Payment in respect of an employee.

The self-employed will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test, and are not a permanent employee of another employer.

Read some
Real Life Examples
on the next page...



Real Life Examples

Retesting turnover under the JobKeeper extension

Carmen owns and runs the City Café. Carmen started claiming the JobKeeper Payment for her eligible staff and herself as a business participant when the JobKeeper Payment commenced on 30 March 2020. At the time, Carmen estimated that the projected GST turnover for City Café in April 2020 would be 70 per cent below its actual GST turnover in April 2019. To be eligible for the JobKeeper Payment from 30 March 2020 to 27 September 2020, Carmen needed to show the turnover for the City Café was estimated to decline by at least 30 per cent.

As a monthly BAS lodger, Carmen submitted her BAS for the City Café in April, May and June. For each of these, her actual turnover was as follows:

	2020	2019
April	20,000	200,000
May	50,000	200,000
June	<u>100,000</u>	<u>200,000</u>
Total for June quarter	170,000	600,000

Decline for June quarter: 72 per cent

From July to September, actual turnover improved as follows:

	2020	2019
July	110,000	200,000
August	140,000	200,000
September	<u>150,000</u>	<u>200,000</u>
Total for September quarter	400,000	600,000

Decline for September quarter: 33 per cent

The actual turnover decline for both the June and September 2020 quarters was still greater than 30 per cent, so City Café was eligible for the Jobkeeper Payment for the period of 28 September 2020 to 3 January 2021.



Business continued to improve for the City Café, and actual turnover for the December 2020 quarter was 20 per cent less than the December quarter 2019, so the City Cafe was no longer eligible to claim the JobKeeper for the second extension period starting from 4 January 2021.

Working out the JobKeeper Payment rate to be claimed

In the scenario above, Carmen also needs to calculate how much to claim for each of her staff, and for herself as a business participant.

As Carmen was working full-time at the café herself throughout February 2020, she is entitled to claim \$1,200 per fortnight from 28 September 2020 to 3 January 2021, as an eligible business participant.

She has three full-time employees who are also eligible to be paid \$1,200 per fortnight because they each worked 20 hours or more per week throughout February 2020.

Carmen has an employee, Chris, who works part-time with different hours every other week: 14 hours one week; and 22 hours the next week. During the two pay fortnights prior to 1 March 2020, Chris was employed for 36 hours in each fortnight. On average, Chris worked less than 20 hours per week for City Café. Carmen is eligible to claim \$750 per fortnight for Chris, from 28 September 2020 to 3 January 2021.

Cathy is an eligible employee who worked on a long-term casual basis during February 2020. To determine what rate of JobKeeper Payment to claim for Cathy, Carmen looks at pay records for the two fortnightly pay periods before 1 March 2020. She sees that Cathy was employed on average less than 20 hours per week, so Carmen claims \$750 per fortnight for Cathy, from 28 September 2020 to 3 January 2021.

Carmen also started employing Charles from September 2020. Because Charles was not employed at City Café on 1 March 2020, Carmen cannot claim the JobKeeper Payment for Charles.