



COVID-19 Stimulus Package

JobKeeper Payment 2.0 – Extension 1

Important Disclaimer

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 28 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

This document will focus on Extension 1 being 28 September to 3 January 2021.

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

If you do not meet the new eligibility requirements for Extension 1, you can still be eligible for Extension 2.

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.

GST TURNOVER CALCULATION METHOD

If you are registered for GST, you are now required to use the method in which you are registered for GST to calculate your GST Turnover for the purposes of assessing your decline in turnover. For example, if you lodge your BAS on a cash basis, you must assess your eligibility and a cash basis and cannot use the accrual method.

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 the July - September 2020 quarter
 - o Compare with a comparable period being the July - September 2019 quarter
 - o If the average downturn is 30% or more, eligibility has been met.

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. We are still awaiting the ATO to release guidance on the alternative test.

*This information is true and correct as at 18th September 2020.
Further information and updates as they arise will be provided promptly by our team.*



PAYMENT RATES

The Eligible Employee criteria remains unchanged from the current JobKeeper 1 subsidy; however you will now have to categorise your eligible employees into either the Tier 1 or Tier 2 Category.

You will need to review each employee and look at the hours they have worked in the 4 weeks leading up to either 1 March 2020 if they were employed at this date or 1 July 2020 if they were not employed at 1 March but were before 1 July. When you identify the number of hours they have worked over this 4 week period you can then recognise the tier they will call into based on the below

Tier	Number of hours worked in 4 week assessment period	Payment Rate
Tier 1	80 hours or more	\$1,200 per fortnight
Tier 2	Less than 80 hours	\$750 per fortnight

Employers and businesses will need to nominate the rate they are claiming for the eligible employees and/or eligible business participants through their accounting software (STP Lodgment)

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.

What do you need to do?

From 28 September 2020, you must do all of the following:

- work out if the tier 1 or tier 2 rate applies to each of your eligible employees and/or eligible business participants and/or eligible religious practitioners
- notify the ATO and your eligible employees and/or eligible business participants what payment rate applies to them
- during JobKeeper extension 1 – ensure your eligible employees are paid at least
 - o \$1,200 per fortnight for tier 1 employees
 - o \$750 per fortnight for tier 2 employees

If you are registered for GST and have outstanding BAS statements, you should lodge your BAS for the September 2019 and December 2019 quarters as soon as possible (or for equivalent months, if you report monthly). Un-lodged BAS statements may hold up your application for JobKeeper Payments under the JobKeeper extension.



What is different?

Unlike when you calculated the original decline in turnover test, you do not use your projected GST turnover for the relevant quarter being tested. You use your current actual GST turnover.

To work out which supplies you have made in the turnover test period, you must use the accounting basis you used for GST reporting purposes. Depending on your circumstances, you could use a cash basis or a non-cash basis.

For many businesses registered for GST, this calculation will match the 'total sales' reported at G1 on your BAS minus GST payable (1A), where applicable.

If you are not registered for GST, you will work out your turnover using either the GST cash or non-cash basis of accounting.

You can provide additional turnover information to demonstrate that you satisfy the actual decline in turnover test for the September quarter from the start of October onwards. You must provide it before you complete your November monthly declaration.

Alternative tests for determining actual decline in turnover may be available in some circumstances. These will apply in a similar way to the alternative tests for the original decline in turnover test. However, they must be applied on the basis that the turnover test period is a quarter. The ATO will publish more information on the alternative tests for the actual decline in turnover test once it is available.

What doesn't change?

To claim for fortnights in the JobKeeper extension 1

- You don't need to re-enrol for the JobKeeper extension if you are already enrolled for JobKeeper for fortnights before 28 September.
- You don't need to reassess employee eligibility or ask employees to agree to be nominated by you as their eligible employer if you are already claiming for them before 28 September.
- You don't need to meet any further requirements if you are claiming for an eligible business participant, other than those that applied from the start of JobKeeper relating to
 - o holding an ABN, and
 - o declaring assessable income and supplies.

NEW JOBKEEPER PARTICIPANTS

The JobKeeper scheme will remain open to new participants, provided they meet the eligibility requirements for the relevant period.