

CLIENT ALERT

August 2020

GOVERNMENT REVISED JOBKEEPER PAYMENT EXTENSION RULES

On 21 July 2020, the Government announced that JobKeeper Payment would be extended until 28 March 2021 to provide further support for COVID-19 affected businesses and households, **with tightened eligibility rules and lowered payment rates**, from 28 September 2020. See Hall Chadwick Client Alert [here](#).

Due to the current environment, the Government [announced](#) on 7 August 2020 that the **proposed tightened eligibility rules will be relaxed**. The lower payments remain from 28 September 2020.

Changes to assessment of decline in turnover test

No change: From 28 September 2020, the employers are required to re-assess their eligibility with reference to the actual GST turnover; rather than the projected GST turnover.

Relaxation of decline in turnover test: To be eligible for the payments between 28 September 2020 to 3 January 2021, businesses and not-for-profits are required to demonstrate that their actual GST turnover has significantly declined only in the September 2020 quarter (previously in both June 2020 and September 2020 quarters) compared to the September 2019 quarter.

To be eligible for the payments between 4 January 2021 to 28 March 2021, businesses and not-for-profits are required to demonstrate their actual GST turnover has significantly declined in December 2020 quarter (previously in June 2020, September 2020 and December 2020 quarters) compared to the December 2019 quarter.

The definition of a significant decline in turnover has not changed and are as follows:

- 30% fall in turnover for the entity with an aggregated turnover of \$1 billion or less;
- 50% fall in turnover for the entity with an aggregated turnover of more than \$1 billion; or
- 15% fall in turnover for ACNC-registered charities other than universities and schools.

The Commissioner of Taxation will have the discretion to set out alternative tests that would establish eligibility in the circumstances that it is not appropriate to compare actual turnover in a quarter

This is issued as a helpful guide to clients and for their private information. Items herein are general comments only and do not constitute or convey advice per se. Additionally changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Newsletter is issued as a helpful guide to clients and for their private information.

in 2020 with actual turnover in a quarter in 2019, in line with the Commissioner's existing discretion. We expect more information on the alternative tests to be released by the ATO.

Changes to who is an eligible employee

Previously, an eligible employee must have been employed on 1 March 2020 to be eligible for JobKeeper payments.

In the extension period (from 28 September), this is now proposed to be 1 July 2020, so new staff would be able to receive the payments if the business suffers. Employees are eligible for Jobkeeper in the extension period if they are:

- Currently employed by an eligible employer;
- A full time, part-time, fixed term, or long term casual employee (and not a permanent employee of any other employer) of that employer at 1 July 2020;
- Aged 18 years or older at 1 July 2020 (if 16 or 17 can also qualify if independent and not undertaking full-time study); and
- An Australian resident, not in receipt of government parental leave or Dad and partner pay, or payment in accordance with workers compensation for total incapacity for work.

No change to reduction in reduced JobKeeper payment rate from 28 September 2020, small changes to criteria for eligibility

The payments rates between 28 September 2020 to 3 January 2021 are:

- \$1,200 per fortnight for all eligible employees who, in the four weeks of pay periods before either 1 March 2020 or 1 July 2020, were working 20 hours or more a week on average;
- \$1,200 per fortnight for eligible business participants who were actively engaged in the business for 20 hours or more per week on average;
- \$750 per fortnight for other eligible employees and business participants.

The payments rates between 4 January 2021 to 28 March 2021 are:

- \$1,000 per fortnight for all eligible employees who, in the four weeks of pay periods before either 1 March 2020 or 1 July 2020, were working 20 hours or more a week on average;
- \$1,000 per fortnight for eligible business participants who were actively engaged in the business for 20 hours or more per week on average;
- \$650 per fortnight for other eligible employees and business participants

The Commissioner of Taxation will have the discretion to set out alternative tests where an eligible employee or business participant's hours were not usual in February and/or June 2020 reference period. The period with the higher number of hours worked is to be used for

employees with 1 March 2020 eligibility. Further guidance will be provided by the ATO where the employee is paid non-weekly or non-fortnightly and in other circumstance that general rules do not cover.

What you need to do

1. Consider if your business will be eligible for JobKeeper beyond 27 September 2020, under the revised proposal

From 28 September 2020, you should only continue to make JobKeeper payments to your employees, at the reduced rate, if you believe you remain eligible. This will require timely review of the actual GST turnover for September 2020, and if it satisfies the decline in turnover test, prior to making the JobKeeper payment to employees.

Similarly, from 4 January 2021, you should only continue to make JobKeeper payments to your employees, at the further reduced rate, if you believe you remain eligible. This will require timely review of the actual GST turnover for December 2020, and if it satisfies the decline in turnover test, prior to making the Jobkeeper payment to employees.

2. Identify additional employees eligible for JobKeeper

You should review employees that are employed by you on 1 July 2020 and consider if they may be eligible for JobKeeper (if not previously eligible where they are not employed at 1 March 2020).

3. Identify eligible employees and eligible business participates on lower payment rates from 28 September 2020

You should review your payroll records now to determine which employees currently on JobKeeper will be subject to a lower payment rate, as this is determined based on the hours they worked in early 2020.

Note the Government has not enacted legislation to effect the above, and this is expected shortly. Hall Chadwick will keep you updated once the legislation has been enacted, and please contact your local Hall Chadwick advisor if you require any assistance or advice with regards to application of JobKeeper to your business, or other Covid related tax measures.

If you have any questions or would like more information, please contact our office:

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