

CLIENT ALERT

JULY 2020

JOBKEEPER PAYMENT EXTENDED, NO CHANGES TO RULES TILL 28 SEPTEMBER 2020

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.

There are no changes to the pre-existing JobKeeper regime until 28 September 2020.

There are lower payment rates and conditions from 28 September 2020, based on the following two periods:

- The period from 28 September 2020 to 03 January 2021;
- The period from 04 January 2021 to 28 March 2021.

The turnover test is being tightened and payment rates will change from 28 September 2020; however, other eligibility rules for businesses and not-for-profits and their employees remain unchanged.

What are the changes?

1. Lower JobKeeper Payment rates

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 1 March 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 in the month of February 2020;
- \$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 1 March 2020, were working 20 hours or more a week on average;

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.

- \$1,000 per fortnight 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;
- \$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 2020. 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.

2. Changes to Turnover Tests

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.

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 in both the June 2020 and September 2020 **quarters**, compared to the corresponding **quarters** in FY2019.

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 the June 2020, September 2020 and December 2020 quarters, compared to the corresponding quarters in FY2019.

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 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.

What you need to do

1. Consider if your business will be eligible for JobKeeper beyond 27 September 2020

From 28 September 2020, you should only continue to make JobKeeper payments to your employees if you believe you remain eligible. This will require timely review of the actual GST turnover for the June 2020 and September 2020 quarters 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 if you believe you remain eligible. This will require timely review of the actual GST

turnover for the June 2020, September 2020 and December 2020 quarters, and if it satisfies the decline in turnover test, prior to making the JobKeeper payment to employees.

2. Identify eligible employees and eligible business participants 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-19 related tax measures.



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

LEVEL 40, 2 PARK STREET

SYDNEY NSW 2000

sydney@hallchadwick.com.au

+61 2 9263 2600