

CLIENT ALERT: CORONAVIRUS – GOVERNMENT ANNOUNCES SUBSIDY PACKAGE TO RETAIN JOBS

On 30 March 2020, the Government [announced](#) its biggest package yet in response to the Coronavirus, in the form of the JobKeeper Payment. This measure is currently yet to be legislated but you should sign up for updates from www.ato.gov.au [here](#) so you can apply once the legislation is passed.

What is the JobKeeper Payment

Under the JobKeeper Payment, employers will be provided a subsidy of \$1,500 per fortnight per employee for up to 6 months, to assist with keeping people in their jobs and re-start when the crisis is over.

1. *Eligibility*

Employers (including not for profits) will be eligible for the subsidy if:

- » their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month); or
- » their business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month); and
- » the business is not subject to the Major Bank Levy.

2. *What do I need to do?*

As an employer, you would need to elect to participate in the scheme, by making an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business. In addition, employers must report the number of eligible employees employed by the business on a monthly basis. See here for [obligations](#) of the employer regarding reporting and submission of information as detailed in the Treasury announcement.

This application is not yet open and will be once legislated. You should sign up for updates from www.ato.gov.au [here](#) so you can apply once legislated.

3. *What do I get?*

As an eligible employer, you will receive the payment for each eligible employee that was on your books on 1 March 2020 and continues to be engaged by you as an employer – including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those employees who have been with the employer on a regular basis for at least the previous 12 months as at 1 March 2020. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder.

Payment process

As an eligible employer, you will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where you participate in the scheme, your employees will receive this payment as follows:

- » If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist the employer to continue operating by subsidising all or part of the income of their employee(s).
- » If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, the employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- » If an employee has been stood down, the employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- » If an employee was employed on 1 March 2020, subsequently ceased employment with the employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

It will be up to you as an employer if you want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Payments will be made to the employer monthly in arrears by the ATO.

4. What if I have already retrenched employees?

If you are an eligible employer who have stood down your employees before the commencement of this scheme you will still be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will also be eligible.

5. Obligations of the employee

See [here](#) for detailed obligations of an employee receiving a JobKeeper Payment, as follows

- » Where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper Payment, the employee would need to advise Services Australia of their change in circumstances online at my.gov.au or by telephone.
- » Where an employee has multiple employers – only one employer will be eligible to receive the payment. The employee will need to notify their primary employer to claim the JobKeeper Payment on their behalf. The claiming of the tax free threshold will in most cases be sufficient notification that an employer is the employee's primary employer.
- » Employees that are not Australian citizens must notify the employer that is their primary employer of their visa status, to allow their employer to determine if they are an eligible employee

6. *What if I am self-employed?*

If you are a self-employed individual, you will also be eligible to receive the JobKeeper Payment where you have suffered or expect to suffer a 30 per cent decline in turnover relative to a comparable a period a year ago (of at least a month).

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

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