

JobKeeper payment extended: what it means for businesses

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On 23 July 2020, the Treasurer of Australia, Hon Josh Frydenberg and the Finance Minister, the Hon Mathias Cormann, provided an Economic and Fiscal update. The update was provided against the backdrop of the Coronavirus Pandemic, and of course relies on various assumptions

which are subject to constant change by virtue of the nature of the health crisis which continues to evolve. The government is expected to provide a budget update in October 2020.

Key issues noted in the update included:

- In 2020, the Australian economy is expected to endure its largest annual fall in economic activity on official record. In calendar-year terms, real GDP is forecast to fall by 3.25 per cent in 2020 before rising by 2.50 per cent in 2021.
- The unprecedented cost to the government of the economic support provided of around \$289 Billion or the equivalent of 14.6% of GDP
- Declines in taxation receipts \$31.7 Billion in 2019/20 and \$63.9 Billion in 2020/21
- Unemployment rate forecast to peak in the December quarter at 9.25%

Some key initiatives noted relevant to business include:

Job-Keeper

The Job-Keeper Payment is being extended at a tapered level for an additional 6 months, from 28 September 2020 until 28 March 2021, to provide further support to those businesses that continue to be significantly affected by the economic downturn. Businesses will also be subject to turnover test before being eligible for the Job-Keeper extension.

New Payment Rate

From 28 September 2020 to 3 January 2021, the Job-Keeper 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.

From 4 January 2021 to 28 March 2021, the Job-Keeper 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.

The Commissioner of Taxation will have discretion to set out alternative tests where an employee's or business participant's hours were not usual during the February 2020 reference period. For example, this will include where the employee was on leave, volunteering during the bushfires, or not employed for all or part of February 2020.

Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

The Job-Keeper 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 Job-Keeper Payment (before tax), based on the payment rate that applies to each employee.

Additional Turnover Tests

In order to be eligible for the Job-Keeper Payment after 27 September 2020, businesses and not-for-profits will have to meet a further decline in turnover test for each of the two periods of extension, as well as meeting the other existing eligibility requirements for the Job-Keeper Payment.

In order to be eligible for the first Job-Keeper Payment extension period of 28 September 2020 to 3 January 2021, businesses and not-for-profits will need to demonstrate that their actual GST turnover has significantly fallen in both the June quarter 2020 (April, May and June) and the September quarter 2020 (July, August, September) relative to comparable periods (generally the corresponding quarters in 2019).

In order to be eligible for the second Job-Keeper Payment extension period of 4 January 2021 to 28 March 2021, businesses and not-for-profits will again need to demonstrate that their actual GST turnover has significantly fallen in each of the June, September and December 2020 quarters relative to comparable periods (generally the corresponding quarters in 2019).

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, in line with the Commissioner's existing discretion.

To be eligible for JobKeeper Payments under the extension, businesses and not-for-profits will need to demonstrate that they have experienced the following decline in turnover (which remains the same as existing rules):

- are currently employed by an eligible employer (including if the employee was stood down or re-hired)
- were for the eligible employer (or another entity in their wholly-owned group) either:
 - a full-time, part-time or fixed-term employee at 1 March 2020; or
 - 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 (with extensions for certain 16 and 17 year olds).

- were either:
 - an Australian resident (within the meaning of the *Social Security Act 1991*);
 - or 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:
 - government parental leave or Dad and partner pay under the *Paid Parental Leave Act 2010*, or
 - a payment in accordance with Australian worker compensation law for an individual's total incapacity for work.

Other Job-keeper issues

It should be noted that only one employer can claim the Job-Keeper Payment in respect of an employee.

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

Employees will continue to receive the JobKeeper Payment through their employer during the period of the extension if they and their employer are eligible and their employer is claiming the Job-Keeper Payment. However, the amount of the Job-Keeper Payment will change at the rates set out above.

Superannuation

Individuals who are still financially impacted by the COVID-19 pandemic will also have more time to apply for the early release of up to \$10,000 of superannuation, with the application period extended from 24 September 2020 to 31 December 2020.

Other Initiatives

The JobTrainer Skills Package establishes the JobTrainer Fund to provide additional low and no fee training places for job seekers and school leavers, and extends the Supporting Apprentices and Trainees wage subsidy for a further 6 months to 31 March 2021 and expands it to medium-sized businesses from 1 July 2020.

The Government is also extending the COVID-19 SME Guarantee Scheme to loans written until 30 June 2021, and making targeted amendments to ensure that the loans available suit the evolving needs of SMEs.

The above initiatives are based on government announcements and it is expected that further guidance and interpretation will be provided by both the government and ATO in coming weeks.



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