



# RICHARDS FINANCIAL

## \$1,500 JOBKEEPER SUBSIDY TO KEEP STAFF EMPLOYED

Date	<ul style="list-style-type: none"><li>• From 30 March 2020 for six months</li><li>• For employees employed at and from 1 March 2020</li><li>• First payments in <b>first week of May 2020</b></li></ul>
Applies to	Based on comparable periods: <ul style="list-style-type: none"><li>• Employers &lt;\$1 bn that have experienced a downturn of more than 30%</li><li>• Employers <math>\geq</math>\$1bn that have experienced a downturn of more than 50%</li></ul>

A subsidy of \$1,500 per fortnight per employee, administered by the ATO, will be paid to businesses that have experienced a downturn of more than 30% (50% for businesses over \$1bn).

To be a part of the subsidy, employers will need to ensure that their employees receive at least \$1,500 per fortnight (before tax). *See the example below.*

### Eligibility

There are two levels of eligibility; for employers and employees.

**Eligible employers** are those with:

- Turnover below \$1bn that have experienced a **reduction in turnover of more than 30%** relative to a comparable period 12 months ago (of at least a month); or
- Turnover of \$1bn or more that have experienced a reduction in turnover of more than 50% relative to a comparable period 12 months ago (of at least a month); and
- Are not subject to the Major Bank Levy.

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**Sole traders** and the self-employed with an ABN, and not-for-profits (including charities) that meet the turnover tests are eligible for the JobKeeper payment.

**Business owners actively engaged in their business** - Other businesses in the form of a company, trust or partnership can also qualify for JobKeeper payments where a business owner (a shareholder, adult beneficiary or partner) is actively engaged in the business, or a director is actively engaged in the business. This is limited to one entitlement for each entity even if there are multiple business owners or participants. The ATO are still finalising information about eligibility for these types of situations, we'll release more information when we can.

**Eligible employees** are those who:

- Were employed by the relevant employer at 1 March 2020; and
- Are currently employed by the employer (including those who have been stood down or re-hired); and
- Are full time, part-time, or long term casuals (a casual employee employed on a regular basis for 12 months as at 1 March); and
- Are at least 16 years of age; and
- Are an Australian citizen, hold a permanent visa, are 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; and
- Are not in receipt of a JobKeeper Payment from another employer.

### **How the support is calculated**

The ATO will administer this program and will make the \$1,500 payments based on payroll information. The payments will be made monthly in arrears, so it is essential that you ensure your business and your employees continually meet the eligibility criteria.

The business will continue to receive the payments for eligible employees while they are eligible for the payments. While the program is expected to run for 6 months, payments will stop if the employee is no longer employed by the relevant employer.

### **How the support is provided**

To access the JobKeeper subsidy, you should talk to your accountant or adviser

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to assist you with the registration process and calculations.

If you want to manage the process yourself, you must:

- Register
  - Applications are not yet open. However, you should **register your intent** to apply for the JobKeeper subsidy with the ATO ([here](#)). Enrolling in the program will open from 20 April 2020
  - <https://www.ato.gov.au/General/JobKeeper-Payment/Employers/Enrol-and-apply-for-the-JobKeeper-payment/>
- Assess turnover
  - Ensure you have an accurate record of your revenue for the 2018-19 income year and for the 2019-20 year to date
  - Ensure you keep an accurate record of revenue from March 2020 onwards
  - Compare your revenue for the whole of March 2019 with the whole of March 2020
  - Measure the % decline in your revenue and ensure it has declined by more than 30%
  - If you are not eligible in March, you may become eligible in another month
  - How you choose to project your fall in turnover is not dependent on whether you report a quarterly or monthly BAS, though you can do that if it is easier. The turnover calculation is based on GST turnover, but there are some modifications, including disregarding GST grouping (where two or more associated business entities operate as a single GST group).
  - If you work out that you qualify for the JobKeeper payments for the first fortnight because your turnover has declined by the relevant amount, you remain eligible and do not need to keep testing turnover in following months. However, you will have ongoing monthly reporting requirements.
- Identify eligible employees
  - Nominate the employees eligible for the JobKeeper payments – you will need to provide this information to the ATO and keep that information up to date each month. The ATO will use Single

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Touch Payroll to prepopulate the information in most cases.

- Notify all eligible employees that they are receiving a JobKeeper payment. Employees can only be registered with one employer.
  - Pay eligible employees at least \$1,500 per fortnight (before tax). If an employee normally receives \$1,500 or more per fortnight before tax the employee should continue to receive their regular income. Note: It is unclear at this stage if the employer must continue to pay their employee the same salary if it was more than the subsidy amount.
  - Pay superannuation guarantee on normal salary and wages amounts paid to employees. If the employee normally receives less than \$1,500 per fortnight before tax, the employer can decide whether to pay superannuation on the additional amount that is paid as a result of the JobKeeper program.
- Pay your eligible employees
    - You need to pay your eligible employees at least the minimum amount of \$1,500, even if you re-hire them or they earn less than this per fortnight. You cannot pay your employees less than \$1,500 per fortnight and keep the difference. You will not be eligible for the JobKeeper payment if you pay your nominated employee less than \$1,500 per fortnight.
    - You should pay your employees for each JobKeeper fortnight you plan to claim for. The first fortnight is from 30 March – 12 April and each JobKeeper fortnight follows after that.
    - For the first two fortnights (30 March – 12 April, 13 April – 26 April), we will accept the minimum \$1,500 payment for each fortnight has been paid by you even if it has been paid late, provided it is paid by you by the end of April. This means that you can make two fortnightly payments of at least \$1,500 per fortnight before the end of April, or a combined payment of at least \$3,000 before the end of April.
    - If you usually pay your employees less frequently than fortnightly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a monthly pay cycle, your employees must have received the monthly equivalent of \$1,500 per fortnight.
    - If your eligible employees change or leave your employment, you need to notify the ATO

- You cannot claim the JobKeeper payment in advance. The JobKeeper payment is a reimbursement from us to an employer in arrears, and cannot be paid in advance in any circumstances.
- Tax consequences
  - All JobKeeper payments are assessable income of the business that is eligible to receive the payments. The normal rules for deductibility apply in respect of the amounts your business pays to its employees where those amounts are subsidised by the JobKeeper payment.
  - The JobKeeper payment is not subject to GST.
- Superannuation guarantee
  - New rules are being introduced by the government with the intention to not require super guarantee to be paid on additional payments that are made to employees as a result of JobKeeper payments. We will update this information once legislation or regulations are in place

Sole traders and the self-employed can register their interest in applying for the JobKeeper payment with the ATO. These businesses will need to provide an ABN for the business, nominate an individual to receive the payment, provide the individual's TFN and declare their continued eligibility for the payments. Payments will be monthly to the individual's bank account.

### Example

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30% in the coming months. The employees are:

Employee	Employment type	Salary per fortnight (before tax)
Anne	Full-time	\$3,000
Nick	Part-time	\$1,000

Both Anne and Nick are still working in the business.

Adam registers his interest in the JobKeeper scheme (from 30 March 2020), then applies to the ATO providing details of his eligible employees. Adam also advises Anne and Nick that he has nominated them as eligible employees to

receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Adam's business is eligible to receive the JobKeeper Payment for each employee.

For Anne, the business will:

- Continue to pay Anne her full-time salary of \$3,000 per fortnight before tax,
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Anne's salary

For Nick, the business will:

- Continue to pay Nick \$1,000 per fortnight before tax salary
- Pay Nick an additional \$500 per fortnight before tax (totalling \$1,500)
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Nick's wage of \$1,000 per fortnight (but can choose to pay SG on the full \$1,500)

Adapted from Treasury fact sheet: *JobKeeper payment — information for employers*

## Job Keeper payments

You can register interest at the following:

<https://www.ato.gov.au/General/JobKeeper-Payment/Employers/Enrol-and-apply-for-the-JobKeeper-payment/>

Actual enrolment is from the 20<sup>th</sup> of April at the same link

**If you wish to go ahead:**

**Step 1 – Check if you are eligible.**

<https://www.ato.gov.au/general/jobkeeper-payment/employers/eligible-employers/>

Please note once you have met the decline in turnover test you do not have to

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prove this again for the duration of the scheme. If you do not qualify in March 2020, turnover can be tested in later months to determine if the test is met.

The turnover test comparison can be made by comparing the GST turnover for the month of March 2019 with March 2020 or April 2019 with projected April 2020. Alternatively, quarters can be compared from June quarter 2019 with projected June quarter 2020. If not eligible now, subsequent months or quarters can later be compared.

You will need to continue to submit monthly reports thereafter however this will not affect eligibility. You will need to keep your records up to date.

### **Step 2 Check eligible employees.**

<https://www.ato.gov.au/General/JobKeeper-Payment/Employers/Your-eligible-employees/>

Please note, all eligible employees must be included unless they opt out.

You must nominate those employees and they must be notified in writing within 7 days via an employee nomination notice.

Employees can only receive a jobkeeper payment from one employer.

### **Step 3 Pay employees.**

<https://www.ato.gov.au/General/JobKeeper-Payment/Employers/Paying-your-eligible-employees/>

Please note, each employee must receive a minimum of \$1500 gross per fortnight regardless of what they were previously receiving.

All employees must have received the equivalent to \$1500 per job seeker fortnight, which begins 30 March - 12<sup>th</sup> April and then 13<sup>th</sup> April - 26<sup>th</sup> April and so on. Reimbursements of these payments will take place 14 days after the end of the calendar month in which the fortnight ends and commissioner is satisfied that the business is entitled to each payment.

If you have many casuals who usually earn less than \$750 per week, it may be easiest to create a new pay run schedule to coincide with the Job Keeper fortnights to ensure that you are fully reimbursed. Otherwise processing through normal pay schedules is fine.

We believe the information will be advised to the ATO via single touch payroll.

You will be able to make catch up payments in April if you have not done so already.

This is a reimbursement so you must have actually paid the employees.

