

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

JobKeeper

Due to high interest from our clients regarding the JobKeeper wage subsidy along with additional information being released from the Federal Government and the ATO, we thought we would release a follow up newsletter, answering some of the most frequently asked questions we have come across regarding the JobKeeper wage subsidy.

What do I need to do to register for JobKeeper?

The following steps are required to register for JobKeeper with the ATO:

1. Check you and your employees meet the eligibility requirements found at <https://www.ato.gov.au/general/JobKeeper-payment/>
2. Continue to pay at least \$1,500 to each eligible employee per JobKeeper fortnight (the first JobKeeper fortnight is the period from 30 March to 12 April).
3. Notify your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they aren't claiming JobKeeper payment through another employer or have nominated through another business.
4. Send the [JobKeeper employee nomination notice](#) to your nominated employees to complete and return to you by the end of April if you plan to claim JobKeeper payment for April. Keep it on file.
5. From 20 April 2020, you can enrol with the ATO for the JobKeeper payment using the Business Portal and authenticate with myGovID. You must do this by the end of April to claim JobKeeper payments for April. In the online form you will need to:
 - Provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.
 - Specify the estimated number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April).
 - Identify your eligible employees in the application form by:
 - Selecting employee details that are prefilled from your STP pay reports if you report payroll information through an STP enabled payroll solution, or
 - Manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution
 - Submit the confirmation of your eligible employees online and wait for the confirmation screen.

The ATO will then pay you the JobKeeper payment for all eligible employees after receiving your application.

Each month, you will need to reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or through us. This will ensure you will continue to receive the JobKeeper payments from the ATO. You do not need to retest your reported fall in turnover, but you will need to provide some information as to your current and projected turnover. This will be done via a monthly JobKeeper Declaration report.

If your eligible employees change or leave your employment, you will need to notify the ATO through your monthly JobKeeper Declaration report.

Does my business have to meet the decline in turnover test on an ongoing basis?

The answer is No.

Whilst a business must satisfy the decline in turnover test in order to be entitled to a JobKeeper Payment, once it is satisfied, there is no requirement to retest in later JobKeeper Payment fortnights. That is, the decline in turnover test only needs to be satisfied once. As a result, if a business can demonstrate that its turnover has been adversely impacted by at least 30% (or 50%, as the case may be), then it will continue to meet this requirement even if its turnover subsequently recovers in later JobKeeper fortnights.

What if my business's turnover has not decreased by 30% but it is predicted to do so in the coming month?

An employer can apply for the JobKeeper Scheme where it is reasonably expected that its GST turnover will fall by 30% or more (or 50% where applicable) relative to its GST turnover in a corresponding period a year earlier.

To work out your fall in turnover, you can compare either:

- GST turnover for March 2020 with GST turnover for March 2019
- projected GST turnover for April 2020 with GST turnover for April 2019
- projected GST turnover for the quarter starting April 2020 with GST turnover for the quarter starting April 2019.

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.

Is my business required to continue to pay employees to qualify for the JobKeeper Payment?

The answer is Yes.

Employers are required to satisfy the 'wage condition' in respect of an employee for the relevant JobKeeper fortnight in order to qualify for the JobKeeper Payment for that employee. As a reminder, the first JobKeeper fortnight commenced on Monday 30 March 2020 and ended on Sunday 12 April 2020 (i.e., the first JobKeeper fortnight has already ended).

Specifically, the 'wage condition' requires the employer to pay each eligible participating employee at least \$1,500 for each JobKeeper fortnight, which can be represented by salary, wages, PAYG withholding, salary-sacrificed superannuation contributions and other amounts applied or dealt with on behalf of the employee.

If employees have been stood down after 1 March 2020 does my business need to pay them?

The answer is Yes.

Employers will need to make payments to eligible employees, including employees who have been stood down. This means the employer must pay the stood down employee a minimum of \$1,500 per fortnight (before tax) in the relevant fortnight.

Can my business select which of my eligible employees are covered by the JobKeeper Scheme?

The answer is No.

Once an employer decides to participate in the JobKeeper Scheme, they must ensure that all of their eligible employees (who have agreed to be nominated for the scheme) participate in the scheme.

This applies to all eligible employees (i.e., irrespective of whether they are still working for the employer or they have been stood down). As the scheme is operated on an 'one in, all in' basis, employers cannot 'pick and choose' which eligible employees will be able to participate in the scheme.

Are the JobKeeper Payments from the ATO assessable income to the business?

The answer is Yes.

The JobKeeper Payments received from the ATO by the business would be assessable income under either S.6-5 of the ITAA 1997 (as ordinary income) or S.15-10 of the ITAA 1997 (as a subsidy received by a business).

However, salary or wage payments made by the business to their employees are allowable deductions.

Is my business required to deduct PAYG withholding from the amounts paid to employees?

The answer is Yes.

Employers are required to make payments of at least \$1,500 to each eligible employee every JobKeeper fortnight. To the extent that these payments take the form of salary or wages, they would constitute assessable income to the employees, which means that employers would be required to deduct the appropriate amount of PAYG withholding.

Therefore, on the basis that each eligible employee will receive at least \$1,500 per fortnight, then at least \$192 of PAYG withholding will need to be deducted (based on a fortnightly payment cycle) where the employee is claiming the tax-free threshold.

Is my business subject to Superannuation Guarantee (SG) in relation to any extra JobKeeper Payments?

The answer is No.

Employers will only be required to make SG contributions for amounts payable to an employee in respect of their actual employment, which would not include any extra payments made by the employer to satisfy the \$1,500 JobKeeper Payment 'wage condition'.

For example, if an employee ordinarily earns \$1,000 a fortnight and is 'topped-up' by \$500 to \$1,500 a fortnight, the employer will be required to pay SG in relation to the 'usual' \$1,000 but may lawfully decide not to pay SG on the additional \$500 payment, which is solely attributable to the JobKeeper Payment.

In other words, in relation to the extra top-up amounts paid to the employee, it is up to the employer if they want to pay superannuation on these additional wages paid by the JobKeeper Payment.

Can a sole trader who has employees also qualify for the JobKeeper Payment?

The answer is Yes.

On the basis that the sole trader's business has satisfied all the other requirements to qualify for the JobKeeper Payment, a sole trader can qualify for the JobKeeper Payment in relation to their eligible employees and also qualify for the JobKeeper Payment themselves (i.e., in their own capacity) as an eligible business participant.

In other words, a sole trader's entitlement to the JobKeeper Payment as an eligible business participant arises independently of their entitlement to the JobKeeper Payment in respect of their employees. Therefore, whether a sole trader has any employees or not will not impact on their ability to personally qualify for the JobKeeper Payment.

Our aim is to provide relevant information to inform and help create opportunities for our clients. Please note: many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation of the information's applicability to their particular circumstances. If you require further information regarding the contents of this newsletter please do not hesitate to contact our office.