

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

JobKeeper Payment Extension

As announced last Tuesday, the Federal Government is extending the JobKeeper Payment until 28 March 2021. In doing so it is targeting support to businesses that will continue to be significantly impacted by the Coronavirus.

Payment Rate

The Jobkeeper payment rate will drop from \$1,500 per employee per fortnight in two parts:

- From 28 September 2020 to 3 January 2021 the payment will be reduced to \$1,200 per employee per fortnight for full time employees (working more than 20 hours per week on average in the four weeks prior to 1 March 2020) and \$750 per fortnight for all other eligible employees
- From 4 January 2021 to 28 March 2021 - \$1,000 per employee per fortnight for full time employees (working more than 20 hours per week on average in the four weeks prior to 1 March 2020) and \$650 per fortnight for all other eligible employees

These payments will still be paid in arrears by the ATO. Therefore, it is important that employees continue to pay equal to, or greater than, the Jobkeeper payment amount based on their actual wage conditions.

Should an employee's average work hours vary between more than 20 hours and less than 20 hours per fortnight, the Commissioner of Taxation will have the discretion to set out alternative tests where an employee or business participants hours were not usual during the reference period

Eligibility

Decline in Turnover

To be eligible for Jobkeeper payments under the extension, businesses will still need to demonstrate that they have experienced a decline in turnover of:

- 30% for those with an aggregated turnover of less than \$1 billion
- 50% for those with an aggregated turnover of more than \$1 billion
- 15% for Australian Charities and Not for profits

For a business to be eligible for Jobkeeper payments after 27 September 2020, they will need to meet two decline of income tests, relative to the two changes in payment rates:

- For the payment period 28 September 2020 to 3 January 2021, the business will need to demonstrate a decline in turnover for the June 2020 and September 2020 quarters relative to a comparable period, which will generally be the June 2019 and September 2019 quarters.

- For the payment period 4 January 2021 to 28 March 2021, the business will again need to demonstrate a decline in turnover. However, this time is for the June 2020, September 2020 and December 2020 quarters relative to a comparable period, which will generally be the June 2019, September 2019 and December 2019 quarters.

For businesses that have not been trading for a full 12 months or that may have irregular trading patterns, the Commissioner of Taxation will have the discretion to set out alternative tests when it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019.

Employee Eligibility

The eligibility rules for employees remain unchanged. This means employees are eligible if they:

- Were an employee on 1 March 2020 with an eligible employer and were either:
 - Full time
 - Part time
 - Long term casual (employed on a regular and systematic basis for at least 12 months before 1 March 2020)
- Are currently still employed by an eligible employer (including if they were stood down or re-hired)
- Were aged 18 years or older at 1 March 2020
- Were either an Australian resident or a holder of a Subclass 444 (Special Category) visa at 1 March 2020 and an Australian resident for tax purposes
- Were not in receipt Paid Parental Leave or Workers Compensation
- Are not receiving a Jobkeeper payment through another employer

It is important to note that Jobkeeper payments after 27 September 2020 will only be available to employees who were employed with the eligible business on or before 1 March 2020. Therefore, any new employees will not be eligible.

Should you have any queries in relation to the Jobkeeper extension, or wish to discuss the above in further detail, please don't hesitate to contact our office.

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.