



Dear Client,

Despite the Government passing the JobKeeper legislation weeks ago, we have only now seen the details published by the Australian Tax office who are administering this payment and (more importantly) the timeline to register and comply.

While there are many moving parts to these rules, we have tried to summarise the main details below. To fully confirm your eligibility, further work will need to be undertaken by our office as we prepare your March 2020 BAS return.

### Summary

- The JobKeeper payment is a \$1,500 per eligible employee, per fortnight payment that eligible businesses can receive monthly in arrears if they **keep paying eligible staff between 30 March and 27 September 2020**.
- Eligible businesses are able to receive this payment for **employees** that **were current at 1 March 2020 and 1 nominated business owner** per business.
- Eligible businesses that complete and lodge the required documentation stand to receive **a maximum of \$19,500 per individual** (payroll employees and business owner).
- It's not compulsory for employers to participate however if you decide to apply, you need to nominate all eligible employees, you can't pick and choose.
- Where **an eligible employee earns less than \$1,500 per fortnight**, you will need to ensure these employees are topped up to a minimum of \$1,500 per fortnight (before tax).
- If you have enrolled before the end of April, you will receive the payments for April in the first week of May.
- If you can't afford to pay wages while waiting for JobKeeper payments, for the first two fortnights (**30 March – 12 April and 13 April – 26 April**) the Tax office will accept the minimum \$1,500 payment for each fortnight has been paid even if it has been paid late, provided it is paid by the end of April 2020.
- If wage payments after 20 April 2020 are not made on time, then the business will not be eligible for the JobKeeper payment.

In order to receive the maximum payment, businesses **between now and the 7th of May 2020**, need to

- 1) Register their interest via the Tax Office website (which we have done so for most clients),
- 2) Check and ensure the business meets the eligibility requirements for the payment including the turnover test,
- 3) Check to ensure that employees meet the eligibility requirements,
- 4) Lodge an election to claim the JobKeeper payment providing the tax office the following details,
  - Confirmation your turnover has fallen by at least 30%;
  - The month from which your business experienced the fall in turnover;
  - Expected number of eligible employees who have been or will be remunerated \$1,500 or more for fortnight One (30 March-12 April)
  - Expected number of eligible employees who have been or will be remunerated \$1,500 or more for fortnight Two (13-26 April)
  - Confirmation whether business is claiming an Eligible Business Participant (refer below)
  - Contact and Bank details where payments are going to be made to.
- 5) Re-hire or re-engage employees you let go or stood down as well as pay them,
- 6) Ensure you have the right payroll wage categories set up in your payroll software to report correctly to the ATO. Any deviations from these exact descriptions may significantly delay or prevent reimbursement.
- 7) Notify all your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they aren't claiming the Jobseeker payment or JobKeeper payment through another employer or have nominated through another business.
- 8) Send the [JobKeeper employee nomination notice](#) to all your eligible employees to complete and return to you by the end of April if you plan to claim JobKeeper payments for April 2020. Keep it on file and you may also provide a copy to your registered tax agent.
- 9) Ensure the correct payroll amounts have been paid to each employee during the JobKeeper pay period (and reported) to the tax office via Single Touch Payroll (STP). NOTE: You need to pay each eligible employee at least the \$1,500 (before tax) per JobKeeper fortnight or a combined payment of \$3,000 by the end of April. JobKeeper fortnights start from 30 March.
- 10) Each month, you must make a "Business Monthly Declaration" to the Tax Office to reconfirm your reported eligible employees, notify any changes to eligible employees or employees that leave your employment to the Tax Office.
- 11) Each month you must also provide information as to your current and projected GST turnover to the Tax Office. This is not a retest of your eligibility, but rather an indication of how your business is progressing under the JobKeeper Payment scheme.

## **IS YOUR BUSINESS ELIGIBLE?**

### *Eligible Employers / Business Entity*

Employers are eligible for the JobKeeper payment if all of the following apply:

- 1) On 1 March 2020, you carried on a business in Australia or were a not-for-profit organisation that pursued your objectives principally in Australia.
- 2) You employed at least one eligible employee on 1 March 2020.
- 3) Your eligible employees are currently employed by your business for the fortnights you claim for (including those who are stood down or re-hired).
- 4) Your business has faced either a
  - 30% fall in turnover (for an aggregated turnover of \$1 billion or less)
  - 50% fall in turnover (for an aggregated turnover of more than \$1 billion)
  - 15% fall in turnover (for ACNC-registered charities other than universities and schools).

To calculate if your turnover meets the above reduction thresholds, you can compare either:

- 1) GST turnover for March 2020 with GST turnover for March 2019
- 2) projected GST turnover for April 2020 with GST turnover for April 2019
- 3) projected GST turnover for the quarter starting April 2020 with GST turnover for the quarter starting April 2019.
- 4) The Commissioner has the discretion to set out alternative tests. We'll provide further information about these alternative tests as soon as they become available.

You only need to work out if the business meets the above turnover test once – **you don't need to retest turnover each month.** Once you meet the decline test you will continue to receive payment even if your sales pick up which is a change from the initial announcements.

### *Eligible Payroll Employee*

Employees are eligible for the JobKeeper payment if all of the following apply:

- 1) Employees were paid or on the business payroll on 1 March 2020,
- 2) Were older than 16 years old,
- 3) Were employed Part time, full time or be considered Long-term casual employees (ie have been employed on a regular and systematic basis for the last 12 months),
- 4) The employees cannot be employed elsewhere, unless it's a casual employee of yours that has other casual work,

- 5) Employees need to be an Australian Resident (AU citizen, permanent visa holder or NZ citizen),
- 6) Employees may not be currently receiving an Australian Government Parental leave or Dad & Partner pay or be incapacitated from work under work cover,
- 7) Employees are also only able to claim JobKeeper from 1 employer.

### Wage Condition

For eligible payroll employees, there is a requirement that **they have been paid a minimum of \$1,500 gross wage** before the business can receive the JobKeeper payment. These payments also need to be reported to the ATO via Single Touch Payroll.

Paying staff at a time of greatly reduced cashflow is a sticking point for many businesses and will need greater consideration and timing.

To qualify for the first 2 JobKeeper fortnightly payments, employees only need to have been **paid up to the required amounts before 30 April 2020**, so we do have some time to correct the payroll to qualify.

There are some other considerations about the treatment of wages for different staff, detailed below are 3 examples that will need to be considered:

- 1) Where you are still paying an employee gross wages over \$1,500:
  - The staff member will still receive their normal pay tax will be deducted as normal and 9.5% super will need to be paid; AND
  - The Business will receive a monthly payment **in arrears** to the amount of \$1,500 per fortnight;
- 2) Where your employee is still working but their current gross wages are under \$1,500:
  - The staff member will receive their normal pay PLUS a top up payment from you bringing them to \$1,500 before tax (gross);
  - Tax is taken out based on the \$1,500 payment;
  - The top up payment doesn't require super to be paid on it;
  - Super is only paid on the staff members normal wage;
  - The Business will receive a monthly payment **in arrears** to the amount of \$1,500 per fortnight;
- 3) Where your employee isn't working (ie was stood down or laid off):
  - If an employee was made redundant after 1 March 2020, to claim the JobKeeper payment for this employee you must re-hire / re-engage the employee

- The staff member will need to be paid the full top up payment bringing their wage to \$1,500 before tax (gross).
- Tax is taken out based on the \$1,500 payment
- The full \$1,500 top up payment doesn't require super to be paid on it
- The Business will receive a monthly payment **in arrears** to the amount of \$1,500 per fortnight

Please note that the JobKeeper payment is a wage subsidy for eligible employees so if you are paying your employees an annual leave amount, the \$1,500 will subsidise part or all of this amount – it's not an additional amount that needs to be paid to the employee.

#### Eligible Business Owners

Sole traders and some other entities (such as partnerships, trusts or companies) may be entitled to the JobKeeper Payment scheme under the business participation entitlement. However, not-for-profit organisations are not included under the business participation entitlement.

The business participation entities (non-employee individual) may be eligible for the JobKeeper Payment scheme if the following criteria are met:

- 1) They are an individual not employed by your entity.
- 2) They are actively engaged in the operation of the business carried on by your entity at 1 March 2020 and for the fortnight you are claiming
- 3) Meet the other relevant eligibility requirements noted below.
- 4) They are one of the following (at 1 March 2020 and for the fortnight you are claiming)
  - a sole trader
  - a partner in the partnership
  - an adult beneficiary of the trust
  - a shareholder or director in the company.

#### Eligible business entities

Your entity is eligible if:

- 1) on 1 March 2020, it carried on a business in Australia
- 2) it satisfies the fall in turnover test for the relevant period
- 3) it satisfied certain conditions as at 12 March 2020, being
  - it had an ABN on 12 March 2020, **and**
  - it had lodged, on or before 12 March 2020, at least one of

- a 2018–19 income tax return showing that it had an amount included in its assessable income in relation to it carrying on a business, or
- an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing that it made a taxable, GST-free or input-taxed sale.

Note: A discretion to give further time after 12 March 2020 may apply in limited circumstances. We'll provide further information about these alternative tests as soon as they become available.

A limit applies of one \$1,500 JobKeeper payment per fortnight for the eligible business participant. If your entity also has employees, you may also be able to claim additional JobKeeper payments of \$1,500 per fortnight per eligible employee.

The entity, not the eligible business participant, receives the JobKeeper payment. The exception is a sole trader, who is both the business entity and an eligible business participant, and so receives the JobKeeper payment themselves.

As there is no wage condition for business participants, there is **NO REQUIREMENT** to add yourself to payroll, nor are you required to have paid yourself prior to receiving the JobKeeper payment.

## HOW TO IDENTIFY YOUR ELIGIBLE EMPLOYEES

You can identify your eligible employees in one of the following ways:

- 1) Directly into your payroll software by 30 April 2020, providing your software has been updated with JobKeeper functionality
- 2) Through the Business OR Tax Agent Portal – 200 employees or less

### Directly into your payroll software by 30 April 2020

If you use STP enabled payroll software updated with JobKeeper functionality:

- Update each eligible employee in your payroll software and lodge via your payroll software.
- Future changes to JobKeeper employee eligibility and changes to employees are actioned in your software.

### Through the Business or Tax Agent Portal – 200 employees or less

If you use STP enabled payroll software that does not offer JobKeeper functionality, and you have 200 employees or less:

- Log into the Business Portal from 4 May 2020 using your MyGov ID.
- If you are a partnership, trust or company, you can register the details of the eligible business participant and provide a start period.

- Identify eligible employees for each JobKeeper fortnight
  - Select eligible employees from a list of employees prefilled from your STP pay reports.
  - Add up to 40 employees that are potentially eligible but not prefilled, if required.
- Alternatively, you can have your Tax Agent lodge the required form for the business.

**KEY DATES / WHAT TO DO:**

**NOW / IMMEDIATELY:**

- 1) If you think you may be eligible and you have not yet registered please contact this office so that we can register your interest before the 30th of April 2020;
- 2) Assess your sales and work out your decline using March 2020 or a prediction of April 2020 compared with March or April 2019
- 3) Understand which payroll employees may qualify and whether you can sustain making wage payments for them
- 4) Assess who is the best Individual to nominate as the business owner if applicable.

**BEFORE 30TH APRIL 30TH:**

- 1) From now until the 30th of April, we will be contacting you to confirm which employees you want to enrol in the JobKeeper program if you are eligible;
- 2) Pay eligible employees the minimum \$1,500 per fortnight (even if this is paid as a separate pay run at the end of April);
- 3) Ensure eligible payroll employees meet the above requirements
- 4) Send eligible employees the attached "JobKeeper Employee Nomination Notice" to complete and return to you
- 5) Forward all completed "JobKeeper Employee Nomination Notices" to our office to ensure we can notify and enrol the business for the payment with the Tax Office

The above is obviously a lot to take in, however the Mischel & Co Group Staff are here to help you through the claims process.

***The information supplied in this memorandum has been sourced from numerous publications available to The Mischel & Co Group of Companies including the Australian Taxation Office website and other superannuation specialist.***

***The content of this information memorandum is general information only and hasn't taken your circumstances into account. It's important to consider your particular circumstance before deciding what is right for you as it does not reflect all the superannuation legislation and announcements but simply highlights those points which we believe are most likely to affect our clients.***

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