



COVID-19: The *JobKeeper Payment*

The Government is introducing a subsidy program to support employees and businesses. The *JobKeeper Payment* is designed to help businesses affected by the Coronavirus to cover the costs of their employees' wages, so that more employees can retain their job and continue to earn an income.

For employees, this means they can keep their job and earn an income, even if their hours have been cut. This payment will also be available to the self-employed. The Government will provide \$1,500 per fortnight per employee for up to 6 months. This will enable business to reactivate their operations quickly – without having to rehire staff – when the crisis is over.

Eligible employers

Employers (including non-for-profits) will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30% relative to a comparable period a year ago (of at least a month), or
- their business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50% relative to a comparable period a year ago (of at least a month), and
- the business is not subject to the Major Bank Levy.



Employers must elect to participate in the scheme. They will need to make an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business. In addition, employers must report the number of eligible employees employed by the business on a monthly basis.

Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

Eligible employees

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired),
- were employed by the employer at 1 March 2020,
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020)
- are at least 16 years of age,
- are an Australian citizen, the holder of a permanent visa, 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,
- are not in receipt of a JobKeeper Payment from another employer.

If your employees receive the JobKeeper Payment, this may affect their eligibility for payments from Services Australia as they must report their JobKeeper Payment as income.

Payment process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows:

- If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employees.
- If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.



- If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment. Payments will be made to the employer monthly in arrears by the ATO.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the Payment from 30 March 2020 on the ATO website.

How to apply

Businesses with employees

Initially, employers can register their interest in applying for the JobKeeper Payment via The Australian Taxation Office (ATO) from 30 March 2020, or you can use the link below.

The first payment will be received by employers from the ATO in the first week of May.

Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Businesses without employees

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment via The Australian Taxation Office (ATO) or use the link below, from 30 March 2020.

Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's Tax File Number and provide a declaration as to recent business activity. People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments. Payment will be made monthly to the individual's bank account.

<https://www.ato.gov.au/general/gen/JobKeeper-payment/>

Please contact Kinsella if you have any questions about how these measures affect you and your business.

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