



JOBKEEPER PAYMENT SCHEME

Webinar

22 April 2020



Agenda

1. Overview and key concepts
2. Employer eligibility
3. Employee eligibility
4. Record keeping and risk management
5. Next steps
6. SA Emergency Cash Grants for Small Businesses
7. Q&A

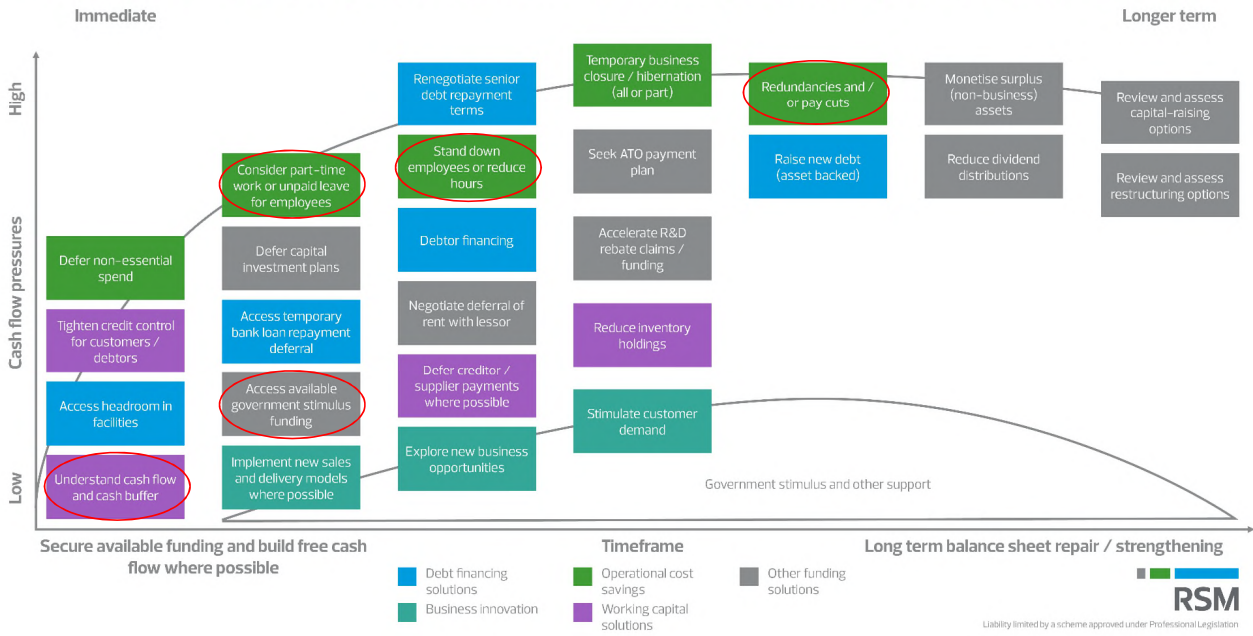


There is quite a bit on the agenda for today, What are the key issues that people should take from today's session?

- Get this right, having to pay these funds back after they are spent could cripple your business
- Be careful with the Turnover Test, it is not as straight forward as it seems. Some software providers have provided tools that may over simplify
- There are critical steps to execute before next Wednesday so be clear on what they are.

COVID-19 RESPONSE FRAMEWORK

Businesses which take early and effective action will be best placed to mitigate the impact of COVID-19



Overview and key concepts

- \$130 billion **JobKeeper payment** announced on 30 March 2020
- **6 month period** commenced 30 March 2020 and finishes 27 September 2020
- Wage subsidy for employers and support payment for **business participants**
- **Assessable** for income tax purposes, not subject to GST
- Business (and not for profits) eligibility based on **decline in turnover test**
- Once eligible and enrolled, **no need to reassess eligibility**
- Must **enrol** (once) and **apply** (each month) for the JobKeeper payments



Have there been any changes since the initial policy announcement?

or

What details have been clarified since we last spoke?

Overview and key concepts

- **\$1,500** per eligible employee and business owner each **fortnight**
 - paid to employers monthly in arrears
- Employers cannot retain the \$1,500 - fortnightly **minimum wage condition**
- Employers must adopt a '**one-in, all-in**' approach for eligible employees
- Minimise duplicate funding (e.g. paid parental leave, higher thresholds for schools)
- Payments made to employees under JobKeeper will not be assessable for SA Payroll Tax

JobKeeper fortnights

JobKeeper fortnights: 14-day period commencing on a Monday

Fortnight	Start	End	Month	Payment date
1	30 Mar 2020	12 Apr 2020	April	14 May 2020
2	13 Apr 2020	26 Apr 2020		
3	27 Apr 2020	10 May 2020	May	14 Jun 2020
4	11 May 2020	24 May 2020		
5	25 May 2020	7 Jun 2020	June	14 Jul 2020
6	8 Jun 2020	21 Jun 2020		
7	22 Jun 2020	5 Jul 2020	July	14 Aug 2020
8	6 Jul 2020	19 Jul 2020		
9	20 Jul 2020	2 Aug 2020	August	14 Sep 2020
10	3 Aug 2020	16 Aug 2020		
11	17 Aug 2020	30 Aug 2020		
12	31 Aug 2020	13 Sep 2020	September	14 Oct 2020
13	14 Sep 2020	27 Sep 2020		



Do we have more certainty about when payments will be made?

JobKeeper payments – sample payment schedule

Example payments:

Fortnights	Payment Date	Number of Eligible Employees					
		1	10	25	50	100	1000
1, 2	May	\$3,000	\$30,000	\$75,000	\$150,000	\$300,000	\$3,000,000
3, 4	June	\$3,000	\$30,000	\$75,000	\$150,000	\$300,000	\$3,000,000
5, 6	July	\$3,000	\$30,000	\$75,000	\$150,000	\$300,000	\$3,000,000
7, 8	August	\$3,000	\$30,000	\$75,000	\$150,000	\$300,000	\$3,000,000
9, 10, 11	September	\$4,500	\$45,000	\$112,500	\$225,000	\$450,000	\$4,500,000
12, 13	October	\$3,000	\$30,000	\$75,000	\$150,000	\$300,000	\$3,000,000
		\$19,500	\$195,000	\$487,500	\$975,000	\$1,950,000	\$19,500,000

Assumes same number of eligible employees each fortnight.



How much could this mean for a business?

Employer eligibility - basics

- Businesses may qualify through either:
 - Entitlement based on paid employees
 - Entitlement based on business participation
- ACNC registered charities and other non-profit bodies may only qualify through:
 - Entitlement based on paid employees
- Some threshold requirements:
 - Carry on 'business' in Australia or pursuing objectives as a non-profit body in Australia
 - Decline in turnover test
 - Not an excluded category
 - Eligible paid employees or business participant
 - 1 March 2020 conditions
 - Fortnightly requirements
 - Monthly reporting
 - Documentation



We spoke about possible integrity measures last time that might stop business owners from receiving support, what developments have we seen?

Entitlement based on paid employees

Requirement	Reference in Rules	Comments
Employer qualifies by end of a fortnight	ss 6(1)(a) and (b) s 7	<p>One of the 13 fortnights commencing 30 March 2020 and ending 27 September 2020.</p> <p>The employer entity qualifies at a time (in a particular fortnight) if:</p> <p>(a) on 1 March 2020, carried on business in Australia, or was a non-profit body that pursued its objectives principally in Australia; and</p> <p>(b) the entity satisfied the decline in turnover test at or before the time.</p> <p>Excluded employers:</p> <ul style="list-style-type: none"> the entity or another entity in the same consolidated group, was subject to the <i>Major Bank Levy Act 2017</i> for any quarter ending before 1 March 2020. Government entities (federal, state, local council, foreign, agencies, wholly-owned entity or sovereign entity) Company in liquidation Individual in bankruptcy
Eligible employee for the fortnight and employer satisfies wage condition for the fortnight	ss 6(1)(c) and (d) s 9	<p>To be an eligible employee they must be employed in the fortnight, satisfy the 1 March 2020 conditions and not be an excluded employee.</p> <p>The employer must ensure the employee is paid the minimum \$1,500 (before tax) per fortnight to be eligible to JobKeeper payment for that fortnight (it is an 'all or nothing' position). ATO has allowed employers to catch up on first two fortnightly payments by 30 April 2020.</p>
Enrol and apply	ss 6(1)(e), (f) and (g)	<p>The employer must elect to participate in the JobKeeper scheme by lodging an enrolment form with the ATO and must provide data about individual employees for each fortnight through a monthly application for the payments (and let the employee know they have given details of the individual employee to the ATO).</p> <p>To receive JobKeeper payments for the first two fortnights, the enrolment form must be lodged by 30 April 2020.</p> <p>Employers can remove themselves from the system, for example if they have had to close their business.</p>

What are the basic eligibility requirements?

There was no mention of Business owners not on a wage, how are they being supported? (transition question)

Entitlement based on business participation

Requirement	Reference in Rules	Comments
Entity qualifies by end of a fortnight	ss 11(1)(a) and (c) s 7	<p>One of the 13 fortnights commencing 30 March 2020 and ending 27 September 2020.</p> <p>The entity qualifies at a time (in a particular fortnight) if:</p> <p>(a) on 1 March 2020 carried on business in Australia; and</p> <p>(b) the entity satisfied the decline in turnover test at or before the time.</p> <p>Excluded entities:</p> <ul style="list-style-type: none"> not-profit body the entity or another entity in the same consolidated group, was subject to the <i>Major Bank Levy Act 2017</i> for any quarter ending before 1 March 2020. Government entities (federal, state, local council, foreign, agencies, wholly-owned entity or sovereign entity) Company in liquidation or individual in bankruptcy <p>Active business integrity rules apply, similar to Boosting Cashflow for Employers</p>
Individual is the eligible business participant	ss 11(1)(d) s 12	<p>An eligible business participant is a non-employee individual who is actively engaged in the business of the entity and has a specified connection with the business entity. There are also requirements regarding age and residency.</p> <p>Only one individual can be nominated for each business entity and they must not be nominated by another entity as either a business participant or eligible employee.</p>
Enrol and apply	ss 11(1)(e), (f) and (g)	<p>The entity must elect to participate in the JobKeeper scheme by lodging an enrolment form with the ATO and must provide data about the individual for each fortnight through a monthly application for the payments (and let the individual know they have given details of the individual to the ATO).</p> <p>To receive JobKeeper payments for the first two fortnights, the enrolment form must be lodged by 30 April 2020. Entities can remove themselves from the system, for example if they have had to close their business.</p>

Have they given guidance on what it means to be an eligible participant?

How many eligible participants can you have?

Entitlement based on business participation

Eligible business participant: s 12 of the Rules

- Only one individual for each entity and they must not be employed by the entity.
- On 1 March 2020 **and at a time in the fortnight**, the individual must be actively engaged in the business of the entity and must be one of the following persons:

Entity type	The individual must be...
Sole trader	the entity/individual
Partnership	a partner in the partnership
Trust	an adult beneficiary of the trust
Company	a shareholder in or a director of the company

- On 1 March 2020, the individual was aged 16 years or over and met the same residency requirements applicable to eligible employees.
- Nomination notice required to be given to the entity or, if a sole trader, the ATO.
- The individual must not be nominated as a business participant for another entity and must not be an employee of another entity (other than a casual employee).
- As with eligible employees, there are exclusions for those receiving government paid parental leave or paid dad and partner pay, or workers' compensation where they are totally incapacitated.



Is there anything that may discount a business owner from qualifying?

Entitlement based on business participation

Active business integrity rules: ss 11(6) – (9) of Rules

- the business entity held an ABN on 12 March 2020
- on or before 12 March 2020 (or such later time allowed by the Commissioner) lodged one of the following:
 - 2018-19 tax return showing assessable business income, or
 - an activity statement showing GST taxable, GST-free or input-taxed supplies in any of the tax periods commencing on or after 1 July 2018 and ended before 12 March 2020.



Are there any particular rules in place restricting the eligibility for a business to make a claim for the business participant?

Decline in turnover – basic test

Applying the basic test is a 5 step process:

Step	Action required
1	Identify the turnover test period
2	Identify the relevant comparison period
3	Work out the relevant current / projected GST turnover for the two periods
4	Determine which shortfall percentage applies
5	Determine if the GST turnover has fallen by the specified shortfall percentage

How does the decline in turnover test work?

Decline in turnover – steps 1 and 2

Turnover test period	Relevant comparison period
1. March 2020 (current)	March 2019 (current)
2. April 2020 (current and projected)	April 2019 (current)
3. May 2020 (projected)	May 2019 (current)
4. June 2020 (projected)	June 2019 (current)
5. July 2020 (projected)	July 2019 (current)
6. August 2020 (projected)	August 2019 (current)
7. September 2020 (projected)	September 2019 (current)
8. April – June 2020 quarter (current and projected)	April – June 2019 quarter (current)
9. July – September 2020 quarter (projected)	July – September 2019 quarter (current)

Notes:

1. An entity is entitled to choose any of the nine turnover test periods, regardless of whether it is on monthly or quarterly tax (BAS) periods. That is, turnover test period does not have to match a BAS period.
2. To be eligible for payment for all JobKeeper fortnights, an entity would need to satisfy one of the following turnover test periods:
 - March 2020
 - April 2020
 - April – June 2020 quarter
3. If the relevant comparison period is not appropriate, will need to consider the alternative test.



If I am trying to work out if I can enrol before next Wednesday what period am I considering to review my decline in turnover?

Decline in turnover – step 3

GST turnover for JobKeeper purposes

Included	Excluded
<ul style="list-style-type: none">✓ Taxable supplies✓ GST-free supplies ✓ <i>Supplies made to other members of the same GST group</i>✓ <i>For deductible gift recipients and ACNC-registered charities, the value of gifts, including non-monetary gifts of property (over \$5,000) and shares</i>✓ <i>Supplies connected with “external Territories” (e.g., Norfolk Island)</i>	<ul style="list-style-type: none">× Input taxed supplies× Supplies for no consideration, except some supplies made to associates× Supplies made in a private capacity× Supplies not connected with Australia× Supplies of capital assets× Supplies made as a consequence of substantially and permanently reducing size or scale (Commissioner accepts 10% as a safe harbour)

Notes:

1. *Italicised* items indicate modifications to the usual GST turnover rules.
2. Refer to Goods and Services Tax Ruling *GSTR 2001/7* for additional guidance:
 - Commissioner will accept “objective assessment” unless unreasonable (para 16)
 - “Likely” means balance of probabilities (para 23)
 - Need for objective and reasonable evidence (e.g., budget, business plan, recent patterns, lack of trade) (para 24)
3. Entities on a cash basis can use either cash or accruals for their projected GST turnover, but entities on an accruals basis must use an accruals basis for their projected GST turnover.



You mentioned that there are some complications to reviewing your turnover, why is that?

Decline in turnover – step 4

The shortfall percentage to be applied will be 15%, 30% or 50% per the entity's aggregated turnover:

Type of entity	Percentage decline in turnover required
ACNC-registered charities (excluding schools and universities), regardless of aggregated turnover	15%
Entities with aggregated turnover in excess of \$1 billion	50%
All other entities	30%

So, I understand that the decline has to be 30%, am I correct?

Decline in turnover – step 5

- Commissioner's example:

	Annual turnover (2018–19 year)	Current GST turnover (May 2019)	Projected GST turnover (May 2020)
Fluffy Co	\$950 million	\$100 million	\$50 million
Puppy Co	\$100 million	\$10 million	\$9 million

- FluffyCo and PuppyCo each have aggregated turnover exceeding \$1 billion – 50% shortfall percentage.
- PuppyCo does not exceed the 50% shortfall percentage, but FluffyCo does.
- FluffyCo is eligible from May 2020 but PuppyCo would need to test the April – June 2020 quarter, the July – September 2020 quarter or a subsequent month.

If I fail the decline in turnover test in April, can I re-test May?

Decline in turnover – alternative test

- Commissioner must be satisfied that there is not an appropriate relevant comparison period – something out of the ordinary about the relevant comparison period in 2019:
 - Severe drought in 2019
 - Start-ups with no 2019 turnover
 - Major structural changes since 2019
 - Businesses with substantial growth
 - Small business previously affected by injury/sickness
- Commissioner's legislative instrument now available (released yesterday).

Example:

- XYZ Tech is a start-up technology company that began carrying on a business on 1 October 2019 selling its product to a range of businesses. Despite strong initial sales, its sales declined substantially from March 2020.
- It assesses its eligibility for JobKeeper payments on 15 April 2020 based on a projected GST turnover for April 2020 of \$15,000 from its technology business
- Fails basic test as no relevant comparison period
- Alternative decline in turnover test could be: average of the actual GST turnover of XYZ in all of the months in which the business was being carried on prior to the turnover test period.
- Result: From October 2019 to March 2020, XYZ Tech had an average monthly current GST turnover of \$30,000 which will be taken into account. This represents a shortfall of 50% when compared to its projected GST turnover for April 2020 of \$15,000.
- Conclusion: As the shortfall of 50% in the average monthly sales of XYZ when compared to its projected GST turnover for April 2020 of \$15,000 exceeds the shortfall percentage of 30%, the alternative decline in turnover test is satisfied.
- XYZ Tech will be eligible for the JobKeeper payment for all JobKeeper fortnights.



I understand that there is a set of alternative tests for businesses that have not had a regular flow of income over the last 18 months. Can you provide us with more details?

Employee eligibility – basic tests

The 1 March Conditions

Employment capacity on 1 March 2020:

- full time or part-time employee; or
- a long term casual (employed on a regular and systematic basis for at least 12 months) and not a permanent employee of another employer.

Age:

- at least 16 years of age on 1 March 2020

Residency:

- an Australian resident at 1 March 2020 and an Australian citizen, the holder of a permanent visa or Protected Special Category Visa holder; or
- an Australian resident at 1 March 2020 and the holder of a Special Category (Subclass 444 Visa)

Other requirements

- employed by you (at some time) in the JobKeeper fortnight, including those stood down or re-hired
- agrees to be nominated by the employer and has not nominated another employer
- wage condition satisfied - employee must have been paid the minimum \$1,500 pf (before tax) in each JobKeeper fortnight.

Exclusions

- in receipt of government parental leave or Dad and partner pay during the JobKeeper fortnight
- in receipt of a workers compensation payment under Australian workers compensation law, and was totally incapacitated for work.



You have used the term 'eligible employees' can you expand on that a bit more?

Employee eligibility – key concerns

- Residency
 - Existing tax law (and gaps)
 - Subclass 444 visas holders may not satisfy the Australian tax residency tests
- Casual employees
 - Meaning of 'regular and systemic' in determining if an employee is a 'long term' casual takes the same meaning as the Fair Work Act
- Multiple employers
 - Employee to nominate any employer if they have one or more full time or part time job
 - Long term casual employees cannot nominate with an employer if they were permanently employed with another employer at the time of nomination.



So where might people trip themselves up ?

Employee eligibility – key concerns

- Wage condition
 - Can be paid in wages, PAYG withholding, fringe benefits, salary sacrifice (including salary sacrificed superannuation) and other amounts withheld
 - The eligible employer must pay all eligible employees the minimum \$1,500 pf (before tax) up front.
 - For the first two JobKeeper fortnights, the Commissioner will accept the payment has been made PROVIDED the employer pays a minimum of \$3,000 pf (before tax) in respect of each eligible employee before 30 April 2020.
 - If the employee is found to be ineligible for the JobKeeper payment, the employer and employee will be joint and severally liable for repayment of the amount of the JobKeeper payment received in respect of that employee to the ATO.
- Superannuation
 - It is proposed compulsory SG will not apply to any 'additional' amounts the employer is required to pay the employee to satisfy the wage condition.

Record keeping and risk management

- Penalties and interest
- Reputational risk with employees and public (e.g. JobKeeper theft)
- Sound governance and objective evidence as to the application of law
- Record substantiation
 - Requirement *prior* to receiving payments
 - Amount of turnover and decline in turnover (may not be in existing client reports)
 - Reconcile turnover and wage costs to other documents produced which ATO may refer to in a review e.g. financial reports, OSR lodgements.
 - Identify eligible employees from HR records but cross check to STP data
 - Can reasonably rely on employee declarations unless contradicts information you have.



So what other advice do you have for people so they get this right?

Next steps

Enrol for the JobKeeper payment (from 20 April onwards)

You or a registered tax professional can enrol for the JobKeeper payment:

- › Step 1 – Register your interest and subscribe for [JobKeeper payment](#) updates.
- › Step 2 – Check you and your employees meet the eligibility requirements.
- › Step 3 – 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).
- › Step 4 – 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.
- › Step 5 – 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 and provide a copy to your registered tax agent if you are using one.
- › Step 6 – From 20 April 2020, you can enrol with us 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.
- › Step 7 – In the online form, provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.
- › Step 8 – 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).

Confirmation of eligible employees you will claim JobKeeper Payment for (available from 4 May 2020 onwards)

You or a registered tax agent can apply for the JobKeeper payment for your eligible employees:

- › Step 1 – Apply to claim the JobKeeper payment by logging in to the [ATO Business Portal](#)¹
- › Step 2 – Ensure you have paid each eligible employee a minimum of \$1,500 per JobKeeper fortnight before tax.
- › Step 3 – 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, or
 - using a registered tax agent who will submit a report on your behalf through Online services for agents.
- › Step 4 – Submit the confirmation of your eligible employees online and wait for the confirmation screen.
- › Step 5 – Notify your eligible employees you have nominated them.
- › Step 6 – We will pay you the JobKeeper payment for all eligible employees after receiving your application.
- › Step 7 – Each month, you will need to reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or via your registered tax agent. This will ensure you will continue to receive the JobKeeper payments from us. 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 in your monthly JobKeeper Declaration report.
- › Step 8 – If your eligible employees change or leave your employment, you will need to notify us through your monthly JobKeeper Declaration report.



So what next? Where do people go from here?

Practical steps

Enrolment form now live

COVID-19

JobKeeper

Step 1 | Enrol business for JobKeeper wage subsidies
Enrol an eligible business that has been significantly affected

Enrol

Step 2 | Identify and maintain employees eligible for JobKeeper wage subsidies

Employers and eligible employees must complete a [nomination form](#)

A business intending to use STP enabled payroll software with JobKeeper functionality:

By 30 April Update each eligible employee in software and lodge via STP enabled software

A business that doesn't have STP enabled payroll software, and has less than 40 employees:

From 4 May Manually enter the tax file number and date of birth of each eligible employee online

All other businesses, visit Help.

Step 3 | Business monthly declaration for JobKeeper payment

Available from 4 May

Confirm eligible employees and turnover each month

...



Practical steps - Now

- Determine eligibility based on turnover and basic requirements
- Identify eligible employees and business participants
 - start with existing HR records and cross check to STP data
- Review cash flow position with and without JobKeeper payments
- Seek employment law advice as required
- If looking to enrol:
 - ensure expression of interest lodged with ATO and subscribed for updates
 - employers must write to all potentially eligible employees and collect employee nomination notices by 30 April 2020 (**urgent**)
 - complete and lodge enrolment form by 30 April 2020 (to access from first two fortnights)
 - attended to any catch up payments for minimum wage condition of first two fortnights by 30 April 2020
 - review payroll systems and processes to handle JobKeeper requirements and meet minimum wage condition
 - register with myGov for business portal access
 - agree with advisors who is lodging what data sets with the ATO (client or tax agent)
 - prepare for gathering information required on monthly JobKeeper Declaration report

\$10,000 Emergency Cash Grants for Small Businesses

To be eligible, businesses and not-for-profits including eligible sporting and community organisations will need to:

- Have an ABN and were carrying on the operation of a business in SA as at 1 March 2020
- Employ people in SA as at 1 March 2020
- Have an annual turnover of more than \$75,000 (excl GST)
- Have total Australian payroll of less than \$1.5 million, and not be entitled to a payroll tax waiver under COVID-19 support measures introduced by the South Australian Government
- Subject to closure or highly adversely impacted by COVID-19 related restrictions – i.e. be eligible for JobKeeper
- The enterprise does not engage in illegal activity.



Can you please tell us about the new support package being provided by the state government?

\$10,000 Emergency Cash Grants for Small Businesses

Restrictions to eligibility:

- If the business has received any South Australian Government grants provided to address COVID-19 related business impacts, the value of these payment(s) will be deducted from the \$10,000 grant.
- If the business is part of a group of companies that is registered for payroll tax and will receive the payroll tax waiver, the business is ineligible for this grant.

Register for the Grant and Review the FAQs at

[https://www.treasury.sa.gov.au/Growing-South-Australia/stimulus-measures-to-support-businesses-and-the-community-impacted-by-covid-19/\\$10,000-emergency-cash-grants-for-small-businesses](https://www.treasury.sa.gov.au/Growing-South-Australia/stimulus-measures-to-support-businesses-and-the-community-impacted-by-covid-19/$10,000-emergency-cash-grants-for-small-businesses)



\$10,000 Emergency Cash Grants for Small Businesses

To complete this form you will need:

- Recent Business Activity Statement
- Bank account details
- Evidence of eligibility for JobKeeper (where applicable), such as a screen shot of your eligibility confirmation from the ATO or a bank statement demonstrating receipt of JobKeeper payments.
- Where the entity was operating in 2018-19, evidence of 2018-19 turnover (for example a 2018-19 income statement)
- Not-for-profits not registered for GST are required to attach evidence that turnover in 2018-19 or 2019-20 is above \$75,000.
- A valid email address.

Questions and answers?

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