



## The JobKeeper Payment Information Alert

By Sarah Lock, Special Counsel

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**The struggles faced by Australian businesses in the wake of COVID-19 have forced many employers to consider difficult workforce changes in light of the economic downturn caused by this pandemic. Continuing operations or surviving current and anticipated government shutdowns while experiencing cashflow troubles has forced the hand of many employers around the country.**

The federal government's announcement on Monday 30 March 2020 of a JobKeeper Payment scheme is intended to provide temporary relief to eligible employers and their employees in an effort to keep Australians employed.

Forming part of the most recent \$130 billion economic stimulus package from the government, this scheme will allow businesses significantly impacted by the COVID-19 outbreak to access a subsidy for the continued payment of their employees' wages. It will also

assist businesses to retain their staff and restart operations as quickly as possible now and in the future. The government has promised to provide employers a subsidy of \$1,500 per fortnight for each eligible employee for up to 6 months.

The objective is simple – ensure as many Australian employees retain their position throughout this pandemic and continue to earn an income even if their hours are reduced or their employer has been forced to close its doors due to government restrictions.



## Eligibility

Eligibility criteria apply for both employers and employees seeking this subsidy. Satisfying these requirements will be continuously checked throughout the 6 month relief period as employers will be required to provide the ATO with monthly updates on their business activities, including information such as the continuing number of eligible employees employed by the business.

### Employers

Employers are eligible for the subsidy if:

- their business has a turnover of less than \$1 billion that will be reduced by more than 30% relative to a comparable period of at least one month, a year ago; or
- the business has a turnover of \$1 billion or more that will be reduced by more than 50% relative to a comparable period of at least one month a year ago; and
- the business is not subject to the Major Bank Levy; and
- the employment relationship with the employee was established by 1 March 2020 and the employee is still engaged by the business.

### Not-for-Profit or Self-Employed Entities

The subsidy is also accessible to not-for-profit entities and the self-employed where they meet these eligibility criteria in regards to the turnover test. The self-employed or businesses without employees are required to include further specific information in their application to satisfy eligibility including:

- the business' ABN;
- a nomination of the individual to receive the Jobkeeper payment;
- that individual's Tax File Number; and

- a declaration as to recent business activity.

Sole-traders will also be subject to providing the ATO with monthly updates declaring their continued eligibility, just as other businesses with employees are required to do.

### Employees

An employee is eligible for the JobKeeper Payments if:

- they are currently employed by an eligible employer (including employees who have been stood down or rehired due to COVID-19);
- they were employed by the employer at 1 March 2020;
- they are either full-time, part-time or long-term casual employees (a long term casual employee is a casual worker employed on a regular basis for longer than 12 months as at 1 March 2020);
- they are at least 16 years of age;
- they are an Australian citizen, permanent visa holder, Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing in Australia continually for 10 years or more, or Special Category (Subclass 444) Visa Holder; and
- they are not in receipt of a JobKeeper Payment from another employer.

The JobKeeper Payment may affect the eligibility of employees for other payments from [Services Australia](#). They must report the JobKeeper Payment as their income and if already receiving payments such as the JobSeeker Allowance they must notify Services Australia to prevent any 'double dipping'.

Unlike the JobSeeker Allowance, an employee cannot apply directly to the



ATO for this subsidy. It is ultimately the responsibility of the employer to register their interest and apply to the ATO in order to receive these payments for their staff<sup>1</sup> and subsequently notify all employees of their nomination to receive the payment.

True casuals, casual employees engaged on a needs basis only and employed with a business for less than 12 months at 1 March 2020 will not be eligible for this subsidy.

### Payments

The payment of \$1,500 per fortnight is intended as a flat rate where the employer will either receive a partial wage subsidy for an employee who ordinarily earns more than \$1,500 before tax per fortnight, the payments assisting employer to pay ordinary wages, or the employer will receive a full wage subsidy for employees usually earning \$1,500 or less before tax per fortnight and the employer must pay eligible employees at a minimum the \$1,500 per fortnight.<sup>2</sup>

#### Employees Stood Down

Eligible employees that meet all criteria and were employed at 1 March but have been recently stood down as a result of COVID-19 that has impacted on the business, will be paid at a minimum the \$1,500 per fortnight before tax, regardless of whether they were stood down before or after 1 March.

#### Ceased Employment before 1 March

Employees that ceased employment with an eligible employer before 1 March will not be eligible for the subsidy as that employment relationship must have existed at 1 March to meet the eligibility criteria.

#### Ceased Employment after 1 March

Eligible employees that were employed at 1 March but subsequently ceased employment after that date can now

be re-engaged by that same eligible employer in order to receive the \$1,500 subsidy at a minimum per fortnight before tax.

In order to account for the wages lost by employees that may have been stood down without pay or rehired recently, the JobKeeper Payment will be backdated to March 1 once the scheme begins. However, where employees were paid out their entitlements in these circumstances, arrangements will need to be made with their employer to account for those complications.

Employers will receive the JobKeeper payments monthly, in arrears, from the ATO. It is for the employer to decide whether employees earning more than their usual wage because of this subsidy will attract further superannuation contributions for any additional amount paid.

The first payments are not expected until early May, with employers invited to register their interest with the ATO and [apply online now](#). Legislation governing the scheme is expected to be released in the next week.

If you wish to discuss any employment matters with our team, please contact:

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<sup>1</sup> The Treasury 2020, *JobKeeper Payment – Information for Employers*, accessed 31 March 2020 <[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet\\_Info\\_for\\_Employers\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet_Info_for_Employers_0.pdf)>.

<sup>2</sup> Business.gov.au 2020, *JobKeeper Payments for employers and employees*, accessed 31 March 2020 <<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/job-keeper-payment>>.