



## Newsletter – JobKeeper Payments

Under the new \$130 billion plan announced by the government on Monday, businesses substantially impacted by the corona virus may be eligible to claim a fortnightly wage subsidy of \$1,500 per eligible employee to help pay employee's wages for a maximum period of six months. We are reviewing our client list to identify those eligible and will be in touch with you to see if you require assistance with registration.

### *Eligibility*

To be an eligible employer you must have had a verifiable reduction in revenue of at least 30%. Since 1 March 2020 when compared to a similar period a year ago of at least a month. Sole traders and not-for-profit entities are also eligible if the reduction in revenue requirement is met. Eligible employees include: full-time, part-time, casuals on the books for at least 12 months, and New Zealanders on [444 visas](#).

Employees need to have been employed at 1<sup>st</sup> March 2020, be 16 years of age or over and not in receipt of the payment from another employer. Employees that have been stood down since March 1 due to affects from corona virus can also be eligible for the JobKeeper payments. For example: if you are a hairdresser and have been forced to close your business temporarily, your three part-time staff would still be eligible for the payments even though they are not currently working for you.

Ongoing information to assess eligibility must be provided to the ATO on a monthly basis and your eligibility for these payments may change. Eligibility is not assured even if you do meet all of the above requirements but we encourage you to apply even if in doubt as there is no harm in doing so.

### *Employers*

Businesses are now able to register their interest for the wage subsidy via the [ATO's JobKeeper page](#)

Before applying, contact all employees that you are applying on behalf to ensure they are not receiving this payment from another employer.

Once approved, employers must notify all eligible employees that they are receiving the JobKeeper payment. The payment must be passed on in full (less PAYGW) each fortnight. The ATO will be data matching information from your single touch payroll to your claims to ensure you comply with these obligations.

How it works:

Employees on a workplace arrangement or employment contract earning over \$1,500 - You continue to pay them their usual wages (including super) and receive the \$1,500 JobKeeper payment to help subsidize their salary expense.

Employees who earn less than the \$1,500 - You must pay them the full \$1,500 (before tax) and superannuation on the normal wage you pay them. It is up to you whether you will pay superannuation on the difference between the \$1,500 and the normal wage. For employees that have been stood down but have not ceased employment – The above rules apply.

Employees who were in place as an employee as at 1<sup>st</sup> March 2020 but has ceased employment and will now be re-engaged but not re-employed (on the books but with no actual work to do) – You pay the full subsidy of \$1,500 (before tax).

It is expected the payments will be processed through your payroll as normal wages and you will record the subsidies from the government as income. This will result in no tax implications for employers. The effects on the following on-cost is currently unknown and should be considered in choosing to apply for the JobKeeper payments as they may be significant, adding up to as much as 40% of the wage cost:

- Super guarantee
- Entitlements to annual leave, LSL, sick leave, compassionate leave, etc.
- Workcover
- Payroll tax
- Other employment costs

If you wish to read more, the [ATO has released a guide for employers](#).

### ***Employees***

You do not need to apply for the payments, this is done by your employer, but may wish to contact your employer if you have been stood down since March 1<sup>st</sup> to see if they are an eligible employer and are intending to register you as an eligible employee.

You cannot receive the JobKeeper payment through more than one employer. Please make sure your employer is aware if you are receiving payments from another employer. However, you can still be eligible to receive the JobKeeper payment through one employer while working for another if you usually work part-time or casually for both employers.

JobKeeper payments must be reported as income and may affect other payments you receive. If you receive the JobKeeper payments you will not be eligible for JobSeeker payments.

### ***Sole Traders***

You will need to provide your ABN, nominate an individual to receive payments, provide that individual's tax file number and provide a declaration as to recent business activity. You will also need to provide monthly updates to the ATO with evidence supporting a 30% downturn in trade. Payments will be made monthly.

It is important that you continue to do whatever you reasonable can to prove you are still in business. This may include adjusting business practices to be able to continue working and advertising.

### ***Fine Print***

The \$1,500 payment is before tax. For an employee receiving no other income and who has no HECS or HELP debts this would mean a take home pay of \$1,308 a fortnight.

The payments will not actually be issued by the government until the first week of May but will be backed dated to 30 March 2020. Employers still need to pay the employees fortnightly from the 30 March or the beginning of the month they qualify as eligible for the payments. Subsequent payments from the government to the employer will be at the end of every month. Legislation has yet to be passed for the JobKeeper payments, so many details are still unclear and may change.

### ***JobSeeker Update***

The amount your spouse can earn before you become ineligible for the JobSeeker payment is being increased to \$3,068 per fortnight, or approximately \$79,762 per year. It was previously only \$48,000 per year.

***Our energetic, knowledgeable and caring approach gives peace of mind.***  
**If you need further information or to discuss your specific circumstances, please call David at our office.**

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