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Chartered Accountants

JOBKEEPER 2.0

WHAT YOU NEED TO KNOW

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Today's Presenter



Randal King

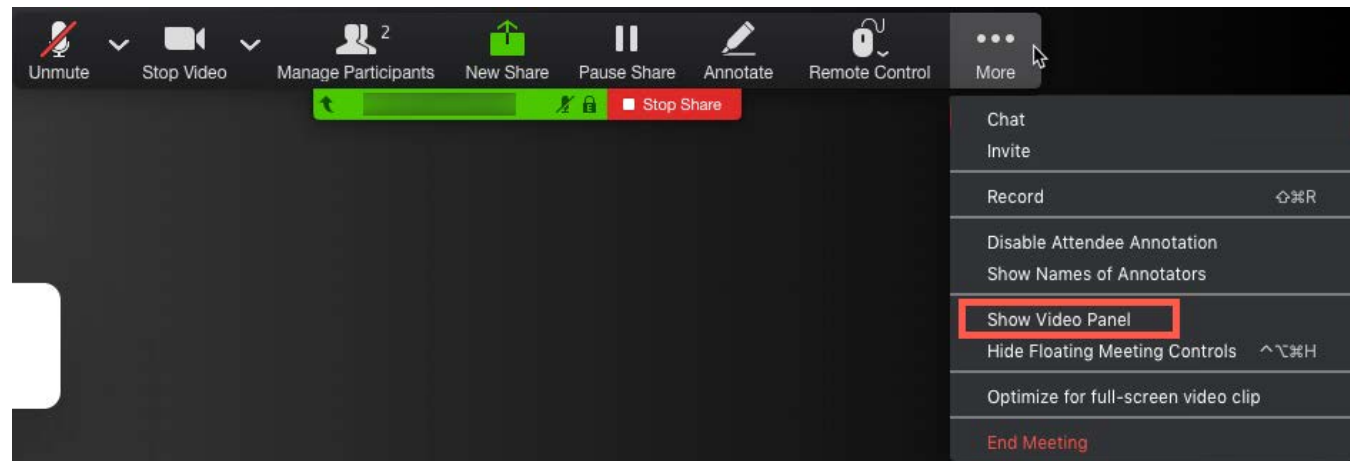
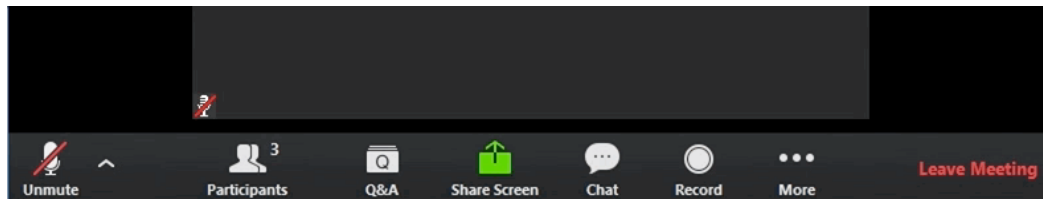
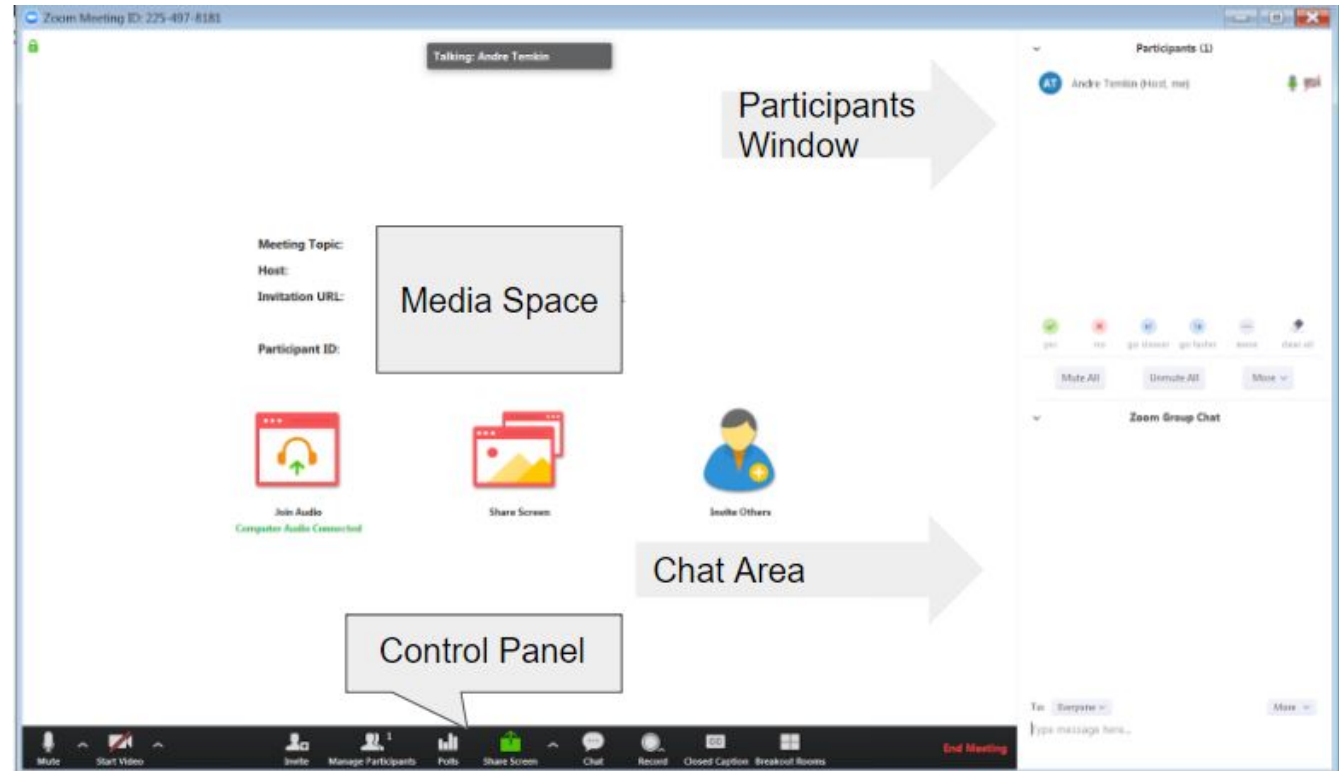
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Using Zoom features

- Click on the control panel to use the control pane
- Submit questions via Q&A
- Make sure you turn yourself on mute



What we will cover

- Business Eligibility
- Decline in Turnover rules
- Employee Eligibility
- Payment Rates
- Business participant rules
- Alternative Tests
- Questions

General Scope

- Announced on 7 August 2020
Updated Rules enacted 15 September 2020
- Extension of original subsidy to 28 March 2021
- Two tier rate, reducing further from January 2021
- Similar structure to JobKeeper 1.0

Business Eligibility - Employers

- Essentially the same as JobKeeper 1.0
- On 1 March 2020, carried on a business in Australia
- Meets the original decline in turnover test (projected turnover) (30% for businesses under \$1B turnover)
- Also had actual decline in turnover for Qtr Ended 30 Sept 2020 compared to QE 30 Sept 2019
- Similar comparison for QE 31 Dec 2020

Business Eligibility - Employers

	30 March to 27 September 2020	28 September to 3 January 2021	4 January 2021 to 28 March 2021
Decline in turnover test	Projected GST turnover for a relevant month or quarter is expected to fall by at least 30% compared to the same period in 2019.*	Actual GST turnover in the September 2020 quarter (July, August & September) fell by at least 30% compared to the same period in 2019.*	Actual GST turnover in the December 2020 quarter (October, November & December) fell by at least 30% compared to the same period in 2019.*

**Alternative tests may apply*

Decline in Turnover

- 30% decline (most businesses)
- Actual GST Turnover (not projected)
- Generally compare BAS (Sep20 or Dec20) with comparative BAS in 2019
- Includes capital sales (but not input taxed)
- Need to assess before normal BAS lodgement deadline (note 31 October wage condition)
- Alternative tests available if standard test not met

Decline in Turnover

- Must use same GST Reporting Method (i.e. compare cash or accruals) to calculate decline
- If registered for GST, can't choose the method
- Determined by method for QE 30/9/19 or when business commenced
- Small (unregistered) businesses can choose accounting basis (must be consistent)

Eligibility - Employees

- As per JobKeeper 1.0 but start date now 1 July 2020
- At least 18 years old (unless independent)
- Full-time, part-time, long-term casual (12 mths)
- Australian citizen, permanent resident or 444 Visa
- Can't receive both JobSeeker & JobKeeper
- Where multiple employers, only receive from main employer (employee can nominate)

Eligibility - Employees

Not in receipt of any of these payments during the JobKeeper fortnight

- Government parental leave or Dad/partner pay
- Workers compensation payment

And agree to be nominated by you as employer

Payment Rates

JobKeeper payment	30 March to 27 September 2020	28 September to 3 January 2021	4 January 2021 to 28 March 2021
Worked 80 hours or more in the <i>reference period</i>	<ul style="list-style-type: none"> \$1,500 per fortnight per employee 	<ul style="list-style-type: none"> \$1,200 per fortnight per employee or business participant 	<ul style="list-style-type: none"> \$1,000 per fortnight per employee or business participant
Worked less than 80 hours in the <i>reference period</i>		<ul style="list-style-type: none"> \$750 per fortnight per employee or business participant 	<ul style="list-style-type: none"> \$650 per fortnight per employee or business participant

Payment Rates – Reference Period

	Reference period	Hours
Eligible employees	The 28 days finishing on the last day of the last pay period that ended before either: <ul style="list-style-type: none">• 1 March 2020, or• 1 July 2020.	Actual hours worked including any hours for which they received paid leave (e.g., annual, long service, sick, carers and other forms of paid leave) or paid absence for public holidays. An employee's 'actual' hours might be different to their contracted, ordinary hours or hours they are paid for.
Eligible business participants	February 2020 (29 days)	Active engagement in the business.

Example – Fortnightly Pay Cycle

Emma has been a permanent part-time employee of a bus company since 2010.

The company has a fortnightly pay cycle ending on Fridays. The bus company is an eligible employer as they have suffered a decline in turnover of more than 30%.

Using the company's payroll cycle, Emma's hours for the 1 July 2020 reference period are:

Example – Fortnightly Pay Cycle

Payroll period	Week	Hours
23 May 2020 to 5 June 2020	Week 1	20
	Week 2	19.5
6 June 2020 to 19 June 2020	Week 3	20
	Week 4	19 <i>annual leave</i>
Total hours		78.5

Example – Fortnightly Pay Cycle

Emma's hours for the 1 March 2020 reference period are:

Payroll period	Week	Hours
1 February 2020 to 14 February 2020	Week 1	20
	Week 2	22
15 February 2020 to 28 February 2020	Week 3	20
	Week 4	19
Total hours		81

Emma worked at least 80 hours in March reference period, so can receive the higher rate (choose best period)

Example – Monthly Pay Cycle

- Antonio has been a permanent employee of a Lai Industries since 2010.
- The company has a monthly pay cycle that ends of the 15th of each month. The company is an eligible employer as they have suffered a decline in turnover of more than 30%.
- Using the company's payroll cycle, Antonio's hours for the 1 July 2020 reference period are:

Example – Monthly Pay Cycle

Payroll period	Hours
16 May 2020 to 15 June 2020 (31 days)	85
Total hours over payroll period	85
Total hours over 28 day reference period	76.8

The reference period is 28 days , so prorated $85 \times 28/31 = 76.8$ hours

Example – Monthly Pay Cycle

- 1 March 2020 reference period
- If hours for 31 days ended 15 February are 165
- Prorated $165 \times 28/31 = 149$
- March reference period is at least 80 hours, so higher rate applies

Payment Rates

- Not required to re-test for Payment Period 3 (Jan – March 2021)
- Alternative tests available if hours in reference period are not representative
- e.g. Fly-in Fly-out; unpaid leave for bushfire service; employee started < 28 days prior to 1 March or 1 July; salary not linked to hours worked

Business Participant Rules

Sole traders and the self-employed with an ABN may be eligible for the payment where:

- Turnover has fallen by 30% or more; and
- ABN on or before 12 March 2020; and
- Declared income in 2019 Tax Return (lodged by 12 March 2020); or
- Lodged BAS between 1 July 2018 and 12 March 2020 which included GST supplies

Business Participant Rules

- Actively engaged in the business
- Not entitled to another JobKeeper Payment
- Same age/residency rules as employees
- Applies to a partnership, company or trust with one nominated partner, beneficiary, director or shareholder who actively works in the business
- Must be a direct participant

Business Participant Rules

- No change to eligibility issue with new businesses where first BAS/Tax return period ends post 12 March 2020 (e.g. business commenced in Jan20 and reports GST on quarterly basis)
- ATO has no discretion

Business Participant Rules

- Two tier payment rate (as discussed above)
- Actively engaged in business for at least 80 hours during February 2020 (otherwise low rate)
- Unlikely to be actual record of hours worked
- Regular tasks in business development, planning, regulatory compliance

Alternative Tests

Where standard test not met:

- Irregular Turnover
- New Business
- Restructures, Part Disposal/Acquisition
- Substantial Increase in Turnover
- Drought or Natural Disaster
- Sole trader/partnership with leave or sickness

Must indicate to ATO that alternative test used

Alternative Tests – New Business

- Commenced after QE Sep19 (i.e. after 1/7/19) but before 1/3/20
- Compare actual T/O QE Sep20 with average monthly since commencement (all complete months) x 3, **or**
- Actual T/O QE Sep20 with the 3 months before 1/3/20 (i.e. Dec19/Jan/Feb20)

Alternative Tests – New Business

- If commenced in February 2020
- Average daily turnover x 29 x 3
- Then compare with QE Sep 20 to determine whether 30% decline

Alternative Tests – New Business

If commenced during Nov19

Month	GST turnover
December 2019	\$280,000
January 2020	\$270,000
February 2020	\$350,000
Total	\$900,000

If commenced during Dec19

Month	GST turnover
January 2020	\$270,000
February 2020	\$350,000
Total	\$620,000
Average monthly GST Turnover ($\$620,000/2$)	\$310,000
Average monthly GST turnover multiplied by 3	\$930,000

Alternative Tests – New Business

Compare result from previous slide with turnover for QE Sep20 to determine whether $\geq 30\%$ decline

If QE Sep20 turnover is \$500K then decline in 1st example = 44.4% and pass test

2nd Example = 46.2% and pass test

Alternative Tests – Increase in Turnover

Can apply test if turnover increased by :

- 50% in 12 months prior to test period or 1/3/20, or
- 25% in 6 months prior to test period or 1/3/20, or
- 12.5% in 3 months prior to test period or 1/3/20

Alternative Tests – Increase in Turnover

Increase in turnover immediately before	12 months – 50% threshold	6 months – 25% threshold	3 months – 12.5% threshold
September 2020 quarter	Test June 2019 turnover with June 2020 turnover	Test December 2019 turnover with June 2020 turnover	Test March 2020 turnover with June 2020 turnover
December 2020 quarter	Test September 2019 turnover with September 2020 turnover	Test March 2020 turnover with September 2020 turnover	Test June 2020 turnover with September 2020 turnover
1 March 2020	Test February 2019 turnover with February 2020 turnover	Test August 2019 turnover with February 2020 turnover	Test November 2019 turnover with February 2020 turnover

Alternative Tests – Increase in Turnover

- If used the period before QE Sep20 to test increase in turnover, then compare actual QE Jun 20 v QE Sep20 to determine 30% decline
- If used period before 1 Mar 20, then compare actual Dec/Jan/Feb20 v QE Sep20 for 30% decline

Alternative Tests – Increase in Turnover

Example substantial increase

Blue Co was on a strong growth trajectory before the pandemic hit.

In February 2019, Blue Co's GST turnover was \$50,000 and \$80,000 in February 2020. Over the 12 months between February 2019 and February 2020, Blue Co grew by 60% and is able to apply the substantial growth alternative test using 1 March 2020 as the reference point (as over the 12 month period, Blue Co grew by 50% or more).

Blue Co's current GST turnover for the quarter ending 30 September 2020 was \$150,000.

Blue Co's GST turnover for the comparison period was:

Month	GST Turnover
December 2019	\$70,000
January 2020	\$75,000
February 2020	\$80,000
GST turnover	\$225,000

Blue Co's decline in turnover is 33.3% ($(\$225,000 - \$150,000) / \$225,000 = 33.3\%$). Blue Co passes the alternative substantial increase decline in turnover test.

Integrity Rules

- Specific integrity rules have been introduced to prevent artificial or contrived arrangements or schemes being used to access the funding
- Must be on payroll at 1 July 2020
- Back dating wage payments, or other artificial arrangements will void eligibility
- Payments received may have to be repaid

Registration Process

- Check employer and employees meet the eligibility
- Calculate payment rate (80hr test)
- For October fortnights, pay by 31 October
- Notify ATO re pay rate (STP or online)
- Notify your eligible employees the pay rate (7 days)
- Send the employee nomination notice to your employees if not already nominated

Questions

