

MGAA JobKeeper Guidance Sheet – It's much clearer, but not quite complete

With a week since our last publication of JobKeeper Guide, we now have much more clarity on how ATO is going to administer JobKeeper Payments. It's critical to be conservative and participate in the scheme only if you are certain. Otherwise payments made to employees might not be reimbursed by ATO later on!

Let's jump to the 5 steps process! (For further confirmation of rules, [refer to ATO website](#));

Step 1. Assess your turnover test. It's quite simple. You need to pass a minimum 30% reduction in your business turnover in any one of the following three periods (to start JobKeeper from 30th March 2020).

- Compare actual turnover of March 2019 to March 2020
- Compare actual turnover of April 2019 to estimated turnover of April 2020
- Compare actual turnover of April-June 2019 to estimated turnover of April-June 2020.

Step 2. Identify all eligible employees and get them to complete the [Employee Election form](#). Eligible employees have to meet ALL of the following criteria;

- employed in your business on 1st March 2020
- permanent full time or part time, or long term casual on systematic and regular basis for over a year
- be a resident of Australia under Social Security Act i.e. citizens, PR, or holder of long term visa

Step 3. Pay each eligible employee a minimum of \$1,500 (gross) per JobKeeper fortnight.

- For the month of April, pay for FN ending 12.04.20 and FN ending 26.04.20 by end of April.
- For subsequent fortnights starting from 27.04.20, pay preferably by end of each fortnight.
- Payment needs to be made first, before a reimbursement is made by ATO.

Step 4. Make a claim, but be patient!

- Register for JobKeeper claim with ATO by end of April 20 (can be extended to end of May 20 if further time is required). All you need for this is an estimate of number of employees you are going to claim JobKeeper payment for.
- Provide monthly information to ATO starting from 4th May 20;
 - Details of employees for whom a claim of \$1500 per FN is to be made. For STP employers this can be done through eligible software, or on ATO portal using their pre-filled employee information. For non STP employers details of employees and payments will need to be provided.

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- Report turnover of last month and expected turnover of current month.

Step 5. Wait for the payments. ATO has said first payments will flow around 14th of May and then monthly from there on.

Employer Eligibility	
The Rules	The explanation
➤ Turnover test. Your GST turnover should have dropped by at least 30% over comparable period last year (assuming business turnover less than \$1b py).	Comparable turnovers for immediate start are; <ul style="list-style-type: none"> • March 2019 compared with March 2020 • April 2019 compared with estimated April 2020 • April-June 2019 compared with estimated April-2020 <p>You can also enter the scheme at a later date if your turnover starts dropping.</p>
➤ GST Turnover is your turnover for supplies subject to GST or GST Free supplies. Residential rent, interest and dividend do not count.	The test applies on accrual / actual billing basis. Alternatively if you are registered for BAS on Cash basis, you can choose to apply the test on cash/collection basis.
➤ There are special arrangements for new businesses, businesses that have seen volatility, or businesses where comparing turnover from last year might not reflect drop in business turnover.	ATO has the discretion on how this will work, and is expected to be covered in subsequent release of information on their JobKeeper site.
➤ You need to maintain records of your workings prior to starting JobKeeper payments, and for 5 years post JobKeeper arrangements.	
➤ If you use a separate employer company in your group to employ people, JobKeeper can only be availed if the employer company passes the turnover test on its own. It will not pass the turnover test	In this situation, if the main business drops payments to employer company in line with its own drop in revenue, you will need to prove it is done on commercial basis. Employee hours

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purely on the basis that the main business passes the test.	will need to be reduced. ATO's discretion will need to be sought.
Employee Eligibility	
The Rules	The explanation
➤ It is a One In – All In scheme	This means you have to offer JobKeeper payment to ALL ELIGIBLE employees. You cannot pick and choose.
➤ Permanent full time and part time employees who were on your rolls on 1 st March 2020 qualify.	
➤ Casuals who were on your rolls on 1st March qualify if they have been employed regularly and systematically for more than 12 months.	This requires an assessment of whether a particular casual employee was regularly employed over the period since 1 st March 2019. If it is occasional, the employee will not qualify.
➤ Employees on two permanent jobs will be eligible to choose JobKeeper only from their primary job.	ATO has confirmed employee can choose any one employer.
➤ Additionally, employee need to be resident of Australia for Social Security purposes. Employee should also be of 16 years of age at 1 st March 2020.	This includes citizens, holder of permanent visas and long term visas e.g. Spouse visas and long term business visas. Hence unfortunately students and holders of work visas do not qualify.
➤ Employees who have been terminated or stood down post 1st March and rehired can qualify.	
➤ If you are on Paid Parental Leave or Dad and Partner pay through Services Australia, you will not qualify for JobKeeper.	
➤ Similarly if you are on full workers compensation, you are not actually working, hence won't qualify. However if it	

is a partial compensation with some work required, you can qualify	
➤ JobKeeper payments are not means tested but are used for means testing other support payments from Centrelink.	
Operational Issues	
The Rules	The explanation
➤ You need to pay a minimum of \$1500 per fortnight before tax, to be reimbursed. If an employee is otherwise paid say \$1200 for the fortnight, you need to bump up the payment by another \$300 JobKeeper Payment.	Where any employee is otherwise paid less than \$1500 per fortnight, they need to top up the payment. ATO will accept catch up payments for first two fortnights, provided payment is made prior to 30 th April.
➤ You need to pay super on normal wages, but not on additional JobKeeper payment, per example above.	
➤ This is a reimbursement arrangement. So you need to pay the wages first, and then get reimbursed by ATO.	Considering you need to fork out the funds first, and run the risk of not qualifying, it is best to be conservative.
➤ The arrangement runs on fortnightly basis. First fortnight is from 30 th March to 12 th April. If your payroll does not align with the above cycle, ATO has the discretion to make calculations to confirm you qualify.	It is best to align your payroll with the JobKeeper payroll cycle. Thus if your fortnightly or weekly payroll does not align with the JobKeeper fortnights, it is best to do an adjustment payrun, and going forward conform to the fortnights or weeks within the fortnight.
➤ You need to elect to avail JobKeeper payments on an approved form, either by 30 th April, if you pass the turnover test by then, or by end of a fortnight in JobKeeper cycle, if you pass the turnover test subsequently.	Registrations are now open and need to be completed by 30 th April. Subsequent details on how to report wages paid are expected to be released by 5 th May 2020. First payment will be made in first fortnight of May, and then onwards on monthly basis.
➤ You need to continuously report to ATO the salary and wages paid, to enable them to	While businesses who are not required to be on STP may be able to do this claim manually, it is

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reimburse you the JobKeeper payment. This is best done through STP.	expected to cause delays. Hence it might be better to start reporting your wages using STP.
➤ Once in, you need to report each month's turnover and next month's expected turnover to ATO on an approved form, expected to be online.	While this information is stated to be sought for statistical purposes, it is also expected to be used by ATO to assess if a business has artificially adjusted its turnover to qualify for JobKeeper.
➤ You need to advise approved employees in writing that they are being covered by JobKeeper and get them to accept the election in writing.	This step is to ensure that employees do not try to claim JobKeeper from multiple employers. JobKeeper Employee Election forms can be downloaded here and need to be completed by 30 th April 2020.
➤ JobKeeper payments are GST Free but assessable income for tax purposes	The income will however be offset with the equal salary paid to employees hence there should be no additional tax liability for employers.

Self Employed (Business Participant)

What we know	And what we don't
➤ You could be self employed as a sole trader or through a partnership, trust or company	If you are taking a salary from your trust or company, this provision does not apply, and you need to review provisions above relating to employer and employee.
➤ If you are only taking profit draw, as a sole trader, or as a shareholder, director or beneficiary, you can elect one individual who is actively involved in the business to get JobKeeper payment.	This is over and above the employer eligibility as explained earlier in this guide.
➤ Specified individual should be actively involved in the business and the business should pass the turnover test.	The individual need not, and should not be paid a salary. The business entity will be paid \$1500 per fortnight into their bank account by ATO.
➤ However, you do not qualify for JobKeeper payment if the specified individual above also has a permanent job with another employer, how so ever small the job might be.	

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➤ Application for business participant is made with ATO in a separate section of the JobKeeper registration form online.	
Integrity and Anti-avoidance	
What we know	And what we don't
➤ ATO has been given wide ranging powers to ensure integrity of the scheme.	It is understood ATO will be watching your business performance closely to see if there are any contriving schemes to; <ul style="list-style-type: none"> • Qualify for JobKeeper by varying turnover • Over claim JobKeeper by artificially adding employees who were not genuinely in employment on 1st March 2020.
➤ Employers will have to keep proper records to prove both qualification and payment of wages.	
➤ Employers can be made to pay back overpayments or wrong payments with interest up to 5 years down the line.	
➤ Employees, if making a wrongful declaration can be held jointly liable for refund of payments made. This is to save employers where they have made an honest payment based on wrongful declaration of an employee.	
➤ Penalties include up to 75% on top of the amount to be refunded, with interest. More severe cases could result in criminal consequences with jail time of up to 10 years.	We have further been advised by Accountancy Insurance, your audit insurance company, that since COVID incentives are government grants, and not tax compliance matters, it is likely that costs relating to ATO inquiries and investigations may not be covered by the policy.