



Tax Insights

JobKeeper extended to March 2021

Snapshot

On 21 July 2020, the Government announced an extension of the JobKeeper scheme until 28 March 2021. Subsequently, further changes were also announced on 7 August 2020.

The key elements of the JobKeeper Extension period are:

- A reduction in the payment amount per fortnight from \$1,500;
- The introduction of a two tier payment system depending on hours worked; and
- A requirement to retest the decline in turnover based on actual 2020 GST turnover, and not projected 2020 GST turnover.

This Tax Insights is updated as at 7 August 2020.

Updated in this issue

On 7 August 2020, two further key changes were announced to JobKeeper and the JobKeeper Extension:

- From 3 August 2020, the relevant reference date of employment for the purposes of determining employee eligibility for the JobKeeper payment will move from 1 March to 1 July 2020; and
- With respect to the JobKeeper Extension, the decline in turnover testing for organisations to qualify for the JobKeeper payment will no longer be cumulative.

These changes are further discussed below.

Key links

On 7 August 2020, the following reference documents were issued:

- Updated Treasury Fact Sheet: Extension of the JobKeeper Payment, available [here](#)

In addition, the following Treasury Fact Sheets have also been updated:

- JobKeeper Payment, available [here](#)
- JobKeeper Payment: Changes to the Fair Work Act, available [here](#)
- JobKeeper Payment: Protecting integrity, available [here](#).

On 21 July 2020, following reference documents were issued:

- Report of the Treasury JobKeeper Review, June 2020: available [here](#)
- Government's 21 July 2020 media release, available [here](#).

At this stage, no amendments have been made by the Treasurer to the JobKeeper Rules. The detailed mechanics to give effect to the Government's announcements will be found in these updated JobKeeper Rules.

JobKeeper to 27 September 2020

The JobKeeper arrangements as previously announced by the government until the end of JobKeeper Fortnight 13, ending on 27 September 2020 will remain largely unchanged.

However, from 3 August 2020, which is the start of JobKeeper fortnight 10, the relevant date of employment will move from 1 March to 1 July 2020. The effect of this is that employees hired between 1 March 2020 and 1 July 2020 can potentially become eligible for JobKeeper.

No further details have been issued on the administration/ nomination processes at this stage. Further guidance on such matters is expected from the ATO in due course, once the updated JobKeeper Rules are in place.

JobKeeper Extension

The extension of the JobKeeper scheme will be split into 2 phases as follows:

- First phase: From 28 September 2020 to 3 January 2021 (JobKeeper Fortnights 14-20)
- Second phase: From 4 January to 28 March 2021 (JobKeeper Fortnights 21-26).

The relevant reference date for identifying potentially eligible employees is whether the person was an employee at 1 July 2020, and generally, the employee must be 18 years or older on 1 July 2020.

The Government has announced that in order to "better align the payment with the incomes of employees before the onset of the COVID-19 pandemic", a 2 tier payment system will be introduced. Broadly, a reduced JobKeeper Payment will be paid to employees working less than 20 hours per week on average in either February or June 2020. By contrast, the 21 July 2020 announcement only contemplated that this testing would occur with reference to February 2020.

In addition, the maximum payment per fortnight will be reduced from \$1,500.

Further, in order to ensure that access to the JobKeeper scheme remains targeted to those most in need, organisations will be required to retest the decline in turnover in order to enter into the JobKeeper Extension, and then again apply the decline in turnover test in order to remain eligible for the second phase.

The requisite decline in turnover to be tested in the extension period remains unchanged as follows:

- 50% for those with an aggregated turnover of more than \$1 billion
- 30% for those with an aggregated turnover of \$1 billion or less
- 15% for Australian Charities and Not-for-profits Commission-registered charities (excluding schools and universities).

First phase: 28 September 2020 to 3 January 2021

Two tier payment

The two tier payment framework for the first phase is as follows:

- **\$1,200** per fortnight for all eligible employees who were working in the business or not-for-profit for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average; and
- Otherwise: **\$750** per fortnight.

The Commissioner will have a discretion to set out alternative tests where an employee or business participant's hours were not usual during the February and/or June 2020 reference period (the period with the higher number of hours worked is to be used for employees with 1 March 2020 eligibility). For example, this will cover situations such as where an employee was on leave, volunteering during the bushfires or not employed for all or part of February or June 2020.

The ATO is expected to issue further guidance where an employee is paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

Decline in turnover testing

In order to be eligible for the JobKeeper Payment in the first phase of the extension period, businesses and not-for-profits will need to demonstrate that their **actual GST turnover** has fallen by the relevant percentage in the **September 2020 quarter** (July, August, September) relative to a comparable period (generally the corresponding quarter in 2019).

The decline in turnover testing will **no longer** be based on a comparison of **projected** GST turnover. Instead, the decline in turnover test will require businesses and not-for-profits to "compare **actual turnover in a quarter in 2020** with actual turnover in a quarter in 2019".

Further, the decline in turnover testing required in respect of the JobKeeper Extension period **must** be based on GST turnover for a quarter, and the testing cannot be applied with respect to a month.

The Commissioner will have a discretion to set out alternative tests in specific circumstances where it is not appropriate to "compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019", in line with the Commissioner's existing discretion.

As the deadline to lodge a BAS for the September quarter or month is in late October, businesses and not-for-profits will need to assess their eligibility for JobKeeper in advance of the BAS deadline in order to meet the wage condition. For example, JobKeeper Fortnight 14 (28 September to 11 October 2020) will be completed prior to finalisation of the BAS for the September quarter or month.

However, the Commissioner will have a discretion to extend the time an entity has to pay employees in order to meet the wage condition, so that entities have time to re-apply the decline in turnover test and confirm their eligibility for the JobKeeper Payment.

Second phase: 4 January to 28 March 2021

Two tier payment

The two tier payment framework for the second phase is as follows:

- **\$1,000** per fortnight for all eligible employees who were working in the business or not-for-profit for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020, and for business participants who were actively engaged in the business for 20 hours or more per week on average; and
- Otherwise: **\$650** per fortnight.

Decline in turnover testing

In order to be eligible for the second phase of the JobKeeper Extension period, businesses and not-for-profits will need to demonstrate that their **actual GST turnover** has fallen by the relevant percentage in the **December 2020 quarter** relative to comparable periods (generally the corresponding quarter in 2019).

As above, the Commissioner will have a discretion to facilitate an employer meeting the wage condition, pending the lodgement of the December BAS.

Implementing the proposed changes

When the JobKeeper legislation (*Coronavirus Economic Response Package (Payments and Benefits) Act 2020*) was passed by the Parliament in April 2020, it empowered the Treasurer to make rules setting out the detailed mechanics of the JobKeeper regime. These rules could be made for payments "in respect of a time that occurs during the prescribed period". The prescribed period was defined as the period between 1 March 2020 and 31 December 2020.

The Treasurer issued by way of a Legislative Instrument the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020*. Further, the Treasurer has made a series of amendments to these Rules, by way of further Legislative Instruments.

Accordingly, within the envelope of the existing regime, the Treasurer is able to amend the Rules with respect to 31 December 2020. However, as the JobKeeper Extension will run until March 2021, it will be necessary for the relevant legislation to be amended by Parliament.

Parliament is due to next meet on 24 August 2020, and it is expected that JobKeeper and JobKeeper Extension will be critical matters on the Parliamentary agenda. It is expected that updated JobKeeper Rules will be issued by the Treasurer after the matter is addressed by Parliament in late August.

| JobKeeper as originally announced: remaining JobKeeper fortnights | | | Turnover testing |
|---|--------------|-------------------|-------------------------------|
| From fortnight 10, the relevant reference date of employment will be 1 July 2020 Payment amount per fortnight: \$1,500 flat rate | | | Once only testing – no change |
| 7 | 22 June 2020 | 5 July | |
| 8 | 6 July | 19 July | |
| 9 | 20 July | 2 August | |
| 10 | 3 August | 16 August | |
| 11 | 17 August | 30 August | |
| 12 | 31 August | 13 September | |
| 13 | 14 September | 27 September 2020 | |

| JobKeeper Extension, First phase 28 September 2020 to 3 January 2021 | | | Turnover testing |
|--|-------------------|----------------|--|
| Payment amount per fortnight: <ul style="list-style-type: none"> • \$1,200 (broadly, if the person worked more than 20 hours per week on average in either February or June 2020) • \$750 in other cases | | | Required to have met the relevant decline in turnover test in the September 2020 quarter |
| 14 | 28 September 2020 | 11 October | |
| 15 | 12 October | 25 October | |
| 16 | 26 October | 8 November | |
| 17 | 9 November | 22 November | |
| 18 | 23 November | 6 December | |
| 19 | 7 December | 20 December | |
| 20 | 21 December 2020 | 3 January 2021 | |

| JobKeeper Extension, Second phase 4 January to 28 March 2021 | | | Turnover testing |
|--|----------------|---------------|---|
| Payment amount per fortnight: <ul style="list-style-type: none"> • \$1,000 (broadly, if the person worked more than 20 hours per week on average in either February or June 2020) • \$650 in other cases | | | Required to have met the relevant decline in turnover test in the December 2020 quarter |
| 21 | 4 January 2021 | 17 January | |
| 22 | 18 January | 31 January | |
| 23 | 1 February | 14 February | |
| 24 | 15 February | 28 February | |
| 25 | 1 March | 14 March | |
| 26 | 15 March | 28 March 2021 | |

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