

Understanding the JobKeeper Payment

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CREATING BUSINESS CLARITY

JOBKEEPER WEBINAR APRIL 2020

Presented by

Bookwiz

Bookwiz is a multi-award winning firm who has been providing Bookkeeping, BAS, Payroll, Training & Small Business Advisory services to Australian SME's for over 20 years.

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Housekeeping

- As we do have quite a few attending today, I will answer questions that are general the best that I can.
- If possible, please hold questions till the end of each section as I may cover your answer. I will address questions at the end of each section of the webinar.
- If a question appears to be specific to your business only, I may not answer but I will come back to you after the session with some information.
- Where any questions may be more HR related, I may not be able to answer these



JobKeeper Qualification Requirements – Business Owners

To be able to participate in the scheme you must meet the below criteria:

- On 1 March 20, you carried out a business in Australia, have an ABN and employed at least 1 eligible employee (we will discuss sole traders /partnerships / trust entities without “wage earning” employees later who still qualify)
- Your eligible employees are currently employed by your business for the fortnights you are going to claim (including any that had been stood down or re-instated)
- Your business has faced a:
 - 30% decline in turnover (for entities with aggregated turnover of \$1 billion or less)
 - 50% decline in turnover (for entities with aggregated turnover of more than \$1 billion)
 - 15% decline in turnover (for ACNC registered charities other than Universities or Schools)

“Only Australian based turnover is relevant for the turnover test – a decline in overseas operations with not be counted in the turnover test”

- Your business doesn't fall into one of the ineligible categories (link to this to check later if required below)

<https://www.ato.gov.au/general/jobkeeper-payment/employers/eligible-employers/#Ineligibleemployers>



Decline in turnover explained

- A decline in turnover test needs to be satisfied BEFORE anyone can apply for JobKeeper
- You only have to test and qualify once. There is no requirement to re-test later, but you will be required to report information via a Declaration each month to the ATO (for the purpose of monitoring the economy).
- If an entity doesn't qualify for April because turnover wasn't sufficiently affected, it can test and apply again later. If this applies to your business, you will only be paid JK from the month you actually qualify (not back paid to 30th March)
- There is more than one way to test for a Decline in Turnover in case the comparative method to same period last year is not suitable.
- Bookwiz recommends all workings are recorded and kept for evidence in case at some point these need to be provided as evidence.



Decline in turnover – Basic Test

This is the preferred method. You can base it on BAS Lodgements, P&L's, Cash Method or Accrual Method. For most businesses this will be the simplest method to use. **GST Turnover** is what you are comparing so these are sales that you would include in the BAS, this doesn't mean it has to be tested on the same method of BAS reporting for your business (Cash/Accrual). You don't have to be registered for GST to claim JobKeeper, if you don't lodge BAS's you will be using Sales that appear in your P&L as business Sales Income. Remember to exclude international sales from both periods first if you make sales to overseas customers.

Decline in turnover when comparing :

- Month March 2020 vs March 2019
- April 2020 vs April 2019
- Projected April / May / June 2020 vs 2019
- Projected Quarter April – June 2020 vs 2019



Decline in turnover – Alternative Test

There are going to be situations where comparing the same period last year cannot apply (start-ups, growth businesses, seasonal businesses as examples). You can qualify eligibility by other measures:

- New Business – refer to previous months P&L's, P&L trends, GST Turnover
- Growth – perhaps a new business anticipating/experiencing rapid growth and anticipates/experiences a reduction different from anticipated if it can be clearly evidenced.
- Evidenced by Shut Down
- Month by Month P&L Trend or seasonal P&L Trends for businesses that have seasonal peaks and troughs.

For more details on methods of eligibility tests go to this link: <https://www.bookwiz.biz/jobkeeper-eligibility-tests/>



Keep it Ethical!

Businesses, individuals and entities that deliberately enter into contrived arrangements with the sole or dominant purpose of reducing their turnover in order to gain access to JobKeeper payments or increase the amount of JobKeeper payments they receive, will not be entitled to the payment.

Any overpayments or increased JK payments will need to be repaid, and general interest charge will apply under section 19 of the Act.

In addition, significant administrative as well as criminal penalties are also likely to apply to the parties involved in such schemes.



Employee Eligibility

For an employee to be eligible they must be as at 1 March 2020:

- Aged 16 years or over, and
- An Australian Resident (for anyone with employees on Visa's contact us after this webinar)
- A full-time or part-time employee (even if stood-down or re-instated)
- A long-term casual employee (12 months or more, must have had regular and systematic work as at 1 March 20)
- Not employed with another entity where they will receive the JobKeeper payment
- They agree to be nominated by you (nomination form)

NOTE: An employee can only receive JobKeeper at one place of employment, you are required to obtain a signed declaration from them stating this to keep on file for 5 years.

If a BAS or Tax Agent is involved they will also need copies of these sent to them.



Employee Eligibility- Exclusions

- Parental leave that is payable and overlaps with or includes the fortnight, or
- At any time during the fortnight the individual is paid dad and partner pay
- An employee is totally incapacitated throughout the fortnight and amounts are being paid by workers compensation for the fortnight
- An employee receiving Youth Allowance
- They cannot receive if they have applied for JobSeeker – if they have been reinstated and now get JobKeeper they have to cancel JobSeeker to avoid a debt that will have to be repaid.
- Were not employed by you at 1 March 20 (or left before 1 March 20)
- Have been nominated by another employer for JobKeeper

If any employees have multiple employers, they can usually choose which employer they want to nominate through. However, if your employees are long-term casuals and have other permanent employment (FT or PT), they will not be eligible to receive JobKeeper from you.



Employee Eligibility Checklist

Guideline Checklist for FT/PT Employees employed as at 1 March 2020

Employee Name	FT/PT	JobKeeper Y/N	Employer Declaration Provided	Employee Declaration Received	ATO Notified	Employer Normal Pay	JK TopUp Amount Paid	Finalised

Guideline Checklist for Casual Employees who have met requirements of 12 months employment and regular systematic work

CASUAL Employee Name	Start Date	Pay Period W/FN/MTLY	How may pay periods paid in the 12 months	Averages hours per pay period	Other Comments	Eligible Y/N	Employer Declaration Provided	Employee Declaration Received	ATO Notified	Employer Normal Pay	JK TopUp Amount Paid	Finalised



JobKeeper Enrolment Process

- Determine JobKeeper eligibility for the Business
- Review all employees to determine their eligibility and ensure they are paid the \$1500 per fortnight each by the due dates. If these are paid late you will miss out on claiming for the month.
- **IMPORTANT UPDATE:** The ATO has extended the date for the 1st two JK fortnights payments to the 8th of May. This extension allows employers who are suffering significant cash flow issues more time to make arrangements.
- Notify eligible employees that you are intending to claim JobKeeper and ensure they are not claiming it elsewhere.
- Provide the JobKeeper Employee Nomination Notice to the eligible employees, these must be returned by 30th of April to be able to claim April JobKeeper. Keep on file and provide a copy to your Tax/BAS agent if you are using one.
- From 20th April enrol with the ATO via the business portal for JobKeeper. The ATO have also extended the enrolment date deadline from the 30th of April to the 31st of May to be able to claim April and May JobKeeper payments. (You can enrol early to receive April payments sooner if you wish).
- Via the online form, provide your bank details, here you can also indicate if you are claiming an entitlement based on business participation (e.g. sole trader).
- Specify the estimated number of employees who will be eligible for the first JK Fortnight (30th March – 12th April) and the second JK Fortnight (13th April – 26th April)



Confirmation of eligible employees for JK Claim

This can be done via the ATO Business Portal from 4th May onwards. Remember, to be eligible you must pay the eligible employees \$1500 per JobKeeper Fortnight each by the 8th of May to be able to claim this (or you will miss out), and have advised eligible employees you have nominated them and have a signed Employee Nomination Form back from them.

- Identify eligible employees in the application form by:
 - selecting employee details that are prefilled from your STP pay reports if you report payroll information through an STP enabled payroll solution, or
 - manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution, or
 - using a registered tax agent who will submit a report on your behalf through Online services for agents.
- Submit the confirmation online and wait for the confirmation screen.
- ATO will pay the JobKeeper payment after receiving the application.
- On an ongoing basis you have to notify the ATO via a MONTHLY DECLARATION REPORT any changes to employees as well as information on your current and projected turnover



Monthly Business Declaration

On an ongoing basis you will be required to reconfirm the eligibility of your business and your reported eligible employees.

Each month you must:

- Ensure you have paid your eligible employees at least \$1,500 per eligible employee per fortnight.

Log in to the Business Portal to

- review the number of eligible employees for each JobKeeper fortnight
- update your eligible employees if any of your eligible employees change or leave your employment
- provide your current and projected GST turnover
- re-confirm your contact and bank details for payment.

This can be done by you or your BAS/Tax Agent.



Entitlement to JobKeeper as a Business Participant

There will be situations where the business owner may want to nominate themselves to receive JobKeeper. Sole Traders (with or without employees), business operators or participants that are not WAGE employees of the business may still be eligible if their business meets the Decline in Turnover requirements.

- Only 1 business participant per entity can apply – so if there are 2 partners, only 1 can receive the payment, or, if there are 2 non-employee Directors, only 1 can apply. It is up to the business to determine which participant receives the payment.
- An individual can only create an entitlement for 1 entity
- The business participant must be actively engaged in the operations of the business and must have a particular role in the business, in the case of an entity that is:
 - sole trader—the individual must be the entity;
 - partnership—the individual must be a partner in the partnership;
 - trust—the individual must be an adult beneficiary of the trust; and
 - company—either a director or shareholder in the company.

For individuals nominating as Business Participants, you are not required to pay or report via STP the \$1500 per fortnight.



How do I pay staff before the Subsidy is received?

As mentioned earlier, there is now an extension in place to the 8th of May to pay employees for the first 2 JobKeeper Fortnights.

- The JobKeeper subsidy has been announced as a support of the employer based on what has been paid in the previous month. Pays paid during April will be subsidised in May, pays during May will be eligible for the subsidy to be paid in the first week of June ...and so on.
- For the month of April, the system will only be available to enrol after 20th April and to report eligible employees later.
- The Law and now the ATO have outlined that as long as payments are made by the 8th of May, it will be possible to claim the JK amount of \$1500 per fortnight for both of the April JK Fortnights. ie as long as the employee is paid \$1500 or more for each of the first 2 JobKeeper Fortnights.
- This extension to pay the first 2 JK fortnights is only allowed for this first round. This same concession is NOT available for later months. For May (and onwards) payments must be paid within the designated JobKeeper fortnights. (Fortnights 3 and 4 end on 24th of May therefore \$3000 paid to each eligible employee by that date).
- Monthly payroll is allowed to be allocated to each fortnight. So recipients of monthly amount of \$3000 or more towards the end of the month is allowed to claim the subsidy of \$3000 even though the payment is only one payment in one of the fortnights, just be sure you have paid it within the JK fortnights for that month.

IMPORTANT: It is all about payments being made within the JK Fortnight. I will send the Fortnight Dates out to everyone after this session.

If you cannot pay due to cash flow constraints and the timing of the deadlines, recommendations are to approach the Bank for a SME Guarantee low interest facility that is based on advancing you the funds to pay the employees and will then be offset by receipt of the JobKeeper subsidy. However it will need to be an ongoing facility until cashflow balances out.

Consider deferring any ATO amounts due to provide a cashflow timing advantage.

Keep in mind the PAYG Cash Flow Boosts that are now already appearing in ATO and Bank accounts as well which will ease the BAS payment obligation.



Stood Down or Terminated Employees

- Employees who have been stood down from work under the *Fair Work Act 2009* without pay may still be eligible employees as long as they were in your employment and met the eligibility criteria on 1 March 2020.
- However, you will need to have paid them at least the minimum amount of \$1,500 for each fortnight from 30th March 20 to claim JobKeeper for April– annual leave or long service leave payments being paid are included if that is how you are paying them. If no payments are currently being paid, you have until the 8th of May to pay the required \$3000 for the 2 April JobKeeper fortnights should you wish to claim it.
- If you terminated an employee after 1 March 2020, you can re-engage them and they will be eligible if they met the eligibility criteria on 1 March 2020.
- If you want to claim the JobKeeper payment for employees you have re-engaged, you will need to:
 - *confirm they want to be re-hired and participate in the JobKeeper scheme with you*
 - *re-engage the employees you want to claim for*
 - *ask them to complete the JobKeeper employee nomination notice and return it to you. You are required to keep this form as part of your records keeping obligations under the law*
 - *start paying them a minimum of \$1,500 (before tax) for each fortnight they are employed and you claim for.*
 - *You will only be paid a JobKeeper payment for employees from the fortnight they were re-engaged. You cannot claim retrospectively for employees you re-engage.*



Paying Employees JobKeeper

- The employees should be paid through your normal payroll software
- All payments during this time (including JobKeeper top-up) are to be included in the employees end of year Income Statement
- The payments are subject to PAYG Withholding
- JobKeeper payments must be included in the Single Touch Payroll Reporting system and need to be correctly linked to the ATO Reporting Category in the STP Settings in your software. All the main Software Providers have updated their systems and have support notes available.
- JobKeeper payments are to be classified as an Allowance and new pay categories will need to be set-up in your payroll software and linked correctly to the ATO reporting categories for STP.
- If at any point an employee receiving JobKeeper from you leaves or becomes ineligible, you can report this via your software as well to ensure you don't continue to receive payments (therefore end up with a debt to repay).
- Your Payroll Officer or Bookkeeper will need to change the payroll settings in your software before commencement of JK payments to ensure reporting of JK is done correctly and that entitlements accrue correctly. It's also recommended to create a new P&L Income and Payroll Expenses accounts to identify JK Payments received and paid separately.



Superannuation Guarantee and JobKeeper

SG applies to Ordinary Time Earnings (OTE)

- SG applies to those payments to the employees for the work that they were continuing to do for the employer, irrespective of the JK scheme. For example, if an employee's OTE calculated at \$300 then SG would apply to the \$300, or, an employee's OTE calculated at \$4500 then SG applies to the whole \$4500 (even if the employer is receiving the \$1500/fn in JK payments)
- SG does NOT have to apply to the JK top-up amounts: If the employee would have been paid the \$300 but is now being topped up by JK by an additional \$1200, the employer does not have to pay SG on the top-up \$1200. The employer however may elect to pay SG on the full amount.
- If an employee is NOT working at all but is receiving the \$1500 JK, the employer is not required to pay any SG (but they may elect to)
- If they are being paid MORE than the \$1500 (their normal pay for example), SG applies to the extra amount.



Entitlements and JobKeeper

These are the current instructions that we have been provided to us by HR Advisors, however, if you are unsure we urge to seek HR advice independently as there are sometimes circumstances outside of the norm.

PAYROLL ACCRUAL SCENARIOS	Leave	Super
Normal Hours Worked (38)	38	38
Leave Taken (38)	38	38
Unpaid Leave - Approved	0	0
Stand Down - Pre Job Keeper Legislation		
Full Stand Down	38	38
Agreement to Reduce Hours (10hrs)	10	10
Public Holidays - Payable on Stand Down	Yes	Yes
JobKeeper Enabling Stand Down		
Full Stand Down (38)	38	38
Partial Stand Down (From 38 to 10hrs)	38	38
Public Holidays - Payable on Stand Down	Yes	Yes
Top-Ups		
JobKeeper Top Up if < \$750	No	Optional
Employer Top Up if > \$750 -optional	No	Optional



How to record JobKeeper subsidy receipts - Bookkeeping

- We note that the JK Top-up payments to the employees are to be considered part of “normal” payroll and accordingly will be included as an expense on the P&L of the employer and reconcilable to the end of year reports.
- The JobKeeper Subsidy received by the employer from the Government is to be considered GST-Free (probably exempt and not reportable – yet to be confirmed) Assessable Income. It will be disclosable to the ATO as Income in the preparation of tax returns.
- In most cases it will not be possible to fully reconcile and match the amount of JobKeeper subsidy received by the employer to the amounts paid to employees due to the different scenarios in processing payroll payments. And you are not required to do this.
- You will need to create a new Income Account (or Other Income Account) called “JobKeeper Subsidy” This is NOT reporting on BAS, there is NO GST on this subsidy.



Important Dates to be aware of – MARCH 2020

- 1 March 20:** Must have been carrying on a business in Australia
- 1 March 20:** Only employees who were employed by the entity on this date are eligible (unless eligible business participant)
- 12 March 20:** Must have an ABN by this date and have lodged 2019 ITR or a BAS with taxable supplies (only where there are 'eligible business participants')
- 30 March 20:** Decline in turnover test applies to months ending after this date (i.e. first month is March)
- 30 March 20:** Start of the first JobKeeper fortnight



Important Dates to be aware of – APRIL 2020

- 1 April 20:** Decline in turnover test applies to quarter commencing on this date (June 2020 quarter)
- 12 April 20:** End of the first JobKeeper fortnight
\$1500 wage condition to be satisfied for each eligible employee
(Commissioner discretion may be available to recognise back-payments)
- 20 April 20:** Enrolment available on Tax Portal
- 26 April 20:** End of the second JobKeeper fortnight
- 30 April 20:** Employees to have returned the Employee Nomination Forms



Important Dates to be aware of – MAY 2020

- 4 May 20:** Confirmation of eligible employees available to notify on Tax Portal
- 7 May 20:** Report to ATO the April 2020 GST turnover and May 2020 projected GST turnover
- 8 May 20:** **Eligible employees must be paid at least \$3000 for the 2 JobKeeper fortnights ending 26 April. If you don't pay by this date you will not receive the subsidy for April.** (You can enrol and claim for JobKeeper earlier if you choose. For example, you can enrol by the end of April to claim JobKeeper payments for the two fortnights in April)
- 10 May 20:** End of third JobKeeper fortnight
- 14 May 20:** ATO to make payment for first two JobKeeper fortnights by this date
- 31 May 20:** Enrolment for JobKeeper to be completed for April and May fortnights.



Links & Resources

<https://www.ato.gov.au/General/JobKeeper-Payment/Employers/>

<https://www.ato.gov.au/General/JobKeeper-Payment/Employees/>

<https://www.ato.gov.au/General/JobKeeper-Payment/Sole-traders-and-other-entities/>

<https://www.legislation.gov.au/Details/F2020L00419>

<https://www.ato.gov.au/general/jobkeeper-payment/employers/enrol-and-apply-for-the-jobkeeper-payment/#RegisterfortheJobKeeperpayment>

<https://bookwiz.biz/covid19-topic/business-advice/>

<https://bookwiz.biz/covid19-topic/wellbeing/>

<https://www.smallbusiness.wa.gov.au/coronavirus>





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