

Coronavirus Tax Update

Government Coronavirus Stimulus and
Incentive Summary #3

Covid-19

CORONAVIRUS

Here at, AH Jackson & Co, Chartered Accountants (AHJ), we value our clients and understand that the current widespread coronavirus outbreak may result in cash flow constraints within your business and personal life. In addition to the previous updates on the Federal and Queensland State Government stimulus packages available, please find the summary of Federal Government Economic Stimulus Package #3 JobKeeper Payment announced on 30 March 2020 as follows:

Federal Government Economic Stimulus Package #3

Summary

Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.

This package is applicable for:

- Businesses with employees;
- Businesses without employees – Such as self- employed;
- Not-for-profit entities (including charities)

Eligibility Criteria

The **Eligible Entity** will receive \$1,500 per **eligible employee** from 30 March 2020, for a maximum period of 6 months.

Eligible Employers

Eligibility criteria for employers are as follows:

- Employers must notify all eligible employees that they are receiving a JobKeeper payment.
- Pay superannuation guarantee on normal salary and wages amounts paid to employees. Should the employee generally receive less than \$1,500 per fortnight before tax, the employer can decide whether to pay superannuation on the additional amount that is paid as a result of the JobKeeper program.
- For businesses with a turnover < (less than) \$1 billion - expected that the turnover **will be** reduced by more than 30 % relative to a comparable period a year ago (of at least a month) – **Based on future forecast**
- For business with turnover > (Equal or more than) \$1 billion - expected that the turnover **will be** reduced by more than 50 % relative to a comparable period a year ago (of at least a month) – **Based on future forecast**
- The business is not subject to the Major Bank Levy (i.e not applicable for Banks and Financial Institution).
- The employer must have been in an employment relationship with the **eligible employees** as at **1 March 2020**,
- Confirm that each eligible employee is **currently engaged** in order to receive JobKeeper Payments.

Eligible Employees

Eligibility criteria for employees are as follows:

- Currently employed by the eligible employer (including those stood down or re-hired);
- Were employed by the employer at 1 March 2020;
- Full-time, part-time, or long-term casuals (**a casual employed on a regular basis for longer than 12 months** as at 1 March 2020);
- At least 16 years of age;
- An Australian citizen, the holder of a permanent visa or Eligible Visa Holder;
- Not in receipt of a JobKeeper Payment from another employer. (i.e can get benefit from only one employer)

If you're not eligible in March, you may become eligible in a following month. Thus, it is imperative that you keep your records as complete and accurate at all times.

Procedures & Timing For Payment

1. **Registration of Interest** – Eligible employers can register their interest from 30 March 2020;
<https://www.ato.gov.au/general/gen/JobKeeper-payment/>
2. **Submit Application** - Eligible employers with then complete a detailed online application at a later date upon identifying eligible employees;
3. **First Payment** – To be received from the ATO in the 1st Week of May. For self-employed, payments are to be made to the nominated individuals bank account;
4. **Reporting Requirement** – Report monthly to the ATO. It is suggested this will be done via the current method of single touch payroll, a separate monthly report required to be prepared for those who are self employed

How JobKeeper Works?

Payment to be received by Employers from ATO

- Eligible employers will be paid \$1,500 per fortnight per eligible employee.
- **Optional** to pay superannuation on any additional wage paid above the JobKeeper Payment.
- Payments to be made by the ATO monthly in arrears.
- If an employee was employed on 1 March 2020, and subsequently ceased employment with their employer, but then has been re-engaged by the same eligible employer, the employee is entitled to the JobKeeper Payment.

Payment to be received by Employees from their Employer

- Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.
- If an employee ordinarily **receives \$1,500 or more** in income per fortnight before tax:
 - will continue to receive their regular income according to their prevailing workplace arrangements;
 - JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee(s).
- If an employee ordinarily **receives less than \$1,500** in income per fortnight before tax, they will receive, at a minimum, \$1,500 per fortnight, before tax.
- If an employee has been **stood down**, they will receive, at a minimum, \$1,500 per fortnight, before tax.

See below examples from the Australian Taxation Office:

Employer with employees on different wages

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30 per cent in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

- The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Anne's salary and will continue paying the superannuation guarantee on Anne's income;
- The business continues to pay Nick his \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The business receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of Nick's salary. The business must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Nick is earning. The business has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

Adam can register his initial interest in the scheme from 30 March 2020, followed subsequently by an application to ATO with details about his eligible employees. In addition, Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Employer with employees who have been stood down without pay

Zahrah runs a beauty salon in Melbourne. Ordinarily, she employs three permanent part-time beauticians, but the government directive that beauty salons can no longer operate has required her to shut the business. As such she has been forced to stand down her three beauticians without pay.

Zahrah's turnover will decline by more than 30 per cent, so she is eligible to apply for the JobKeeper Payment for each employee, and pass on \$1,500 per fortnight before tax to each of her three beauticians for up to six months. Zahrah will maintain the connection to her employees, and be in a position to quickly resume her operations.

Zahrah is required to advise her employees that she has nominated them as eligible employees to receive the payment. It is up to Zahrah whether she wants to pay superannuation on the additional income paid because of the JobKeeper Payment. If Zahrah's employees have already started receiving income support payments like the JobSeeker Payment when they receive the JobKeeper Payment, they will need to advise Services Australia of their new income.

Contact us

Further, if you would like to discuss any of the above measures or the financial impact you are currently facing in general please feel free to email your AHJ contact or enquiries@ahjackson.com or call (07) 3253 1500. Please note, however, that our office is currently unattended and our telephones are diverted to messages. We will endeavour to call you back as soon as possible.



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