

# MEMBER BRIEFING NOTE

## JobKeeper 2.0

DATE: 22 JULY 2020



### PURPOSE

The purpose of this briefing note is to summarise the Australian Government's reformed COVID-19 wage subsidy scheme – JobKeeper 2.0.

### BACKGROUND

The global spread of COVID-19 was confirmed as a pandemic by the World Health Organization in mid-March 2020.

Throughout most of 2020, the Australian and state/territory governments have iteratively implemented a range of health and economic measures in response to COVID-19 impacts. These include a range of health restrictions, such as travel restrictions and restrictions on certain types of gatherings, and economic response packages by the Australian Government alone totalled \$320 billion as of late March 2020.

A significant proportion of the Australian Government's economic response is 'JobKeeper', a wage subsidy scheme first announced on 30 March 2020. The Australia Government announced its extension (beyond the original expiry date of 27 September 2020) on 21 July 2020 through what is described as 'JobKeeper 2.0'.

This briefing note provides a summary of the Federal Treasury's guide on new arrangements (available [here](#)).

### ORIGINAL SCHEME - JOBKEEPER

Consult Australia's summary of the original JobKeeper scheme is [here](#).

Despite the announcement of an extended scheme, these original arrangements will still continue until 27 September. From this date, the below arrangements for JobKeeper 2.0 will take effect.

### EXTENDED SCHEME – JOBKEEPER 2.0

The Australian Government is extending its wage subsidy scheme by a further six months to March 2021 under some new arrangements. These, along with rules that remain unchanged, are outlined below.

#### New payment rates

From 28 September 2020 to 3 January 2021, the JobKeeper payment/s to eligible businesses to pass on to eligible employees will reduce from the current flat rate of \$1500 per fortnight to:

- \$1200 per fortnight for employees (or business participants<sup>1</sup>) who were working 20 hours or more a week on average in the four week of pay periods before 1 March 2020; or
- \$750 per fortnight for all other employees and business participants.

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<sup>1</sup> i.e. sole traders, partners, adult beneficiary of a trust, or a shareholder/director of a company

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From 4 January 2021 to 28 March 2021, the JobKeeper payment/s will reduce further to:

- \$1000 per fortnight for employees (or business participants<sup>2</sup>) who were working 20 hours or more a week on average in the four week of pay periods before 1 March 2020; or
- \$650 per fortnight for all other employees and business participants.

With the split payment rates, eligible businesses will be required to nominate which they are claiming for each of their eligible employees when they re-apply for the scheme when new arrangements commence.

### Additional turnover tests – employer eligibility

To be eligible for the scheme after 27 September 2020, businesses will need to meet a decline in turnover test for each of the two periods of the extension (those highlighted in red in the previous section).

For the first extension period, eligible businesses will need to demonstrate that their actual GST turnover has significantly fallen in both Q2 and Q3 of 2020, relative to comparable periods (usually Q2 and Q3 of 2019).

For the second extension period, eligible businesses will need to demonstrate that their actual GST turnover has significantly fallen in Q2, Q3 and Q4 of 2020, relative to comparable periods.

The same decline in turnover thresholds will continue to apply for business eligibility:

- 50 per cent for those with an aggregated turnover of more than \$1 billion; and
- 30 per cent for those with an aggregated turnover of \$1 billion or less.

Businesses will generally be able to assess their eligibility based on their Business Activity Statement (BAS). Alternate arrangements will be put in place for businesses who are not required to lodge a BAS.

The ATO will again have the discretion to set out alternative tests to determine eligibility in circumstances where it is not appropriate to use the above test.

Please note: as the deadline to lodge a BAS for Q3 or the September month is in late October, and Q4 or the December month is in late January, businesses will need to assess their continued eligibility for the scheme in advance of the BAS deadline.

The ATO will be providing further information on the process for businesses re-assessing their eligibility for the scheme at their website: <https://www.ato.gov.au/General/JobKeeper-Payment/Employers/>

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### Employee eligibility

Employee eligibility requirements will be unchanged for the extended scheme.

An employee must be:

- An Australian citizen;
- A holder of a permanent visa;
- A holder of a special category visa residing in Australia for ten or more years; or
- A holder of a special category (subclass 444) visa (New Zealand citizen).

### Payment process

The payment process will be unchanged for the extended scheme.

Payments will continue to be made by the ATO to employers in arrears. Employers will continue to be required to make payments to eligible employees equal to, or greater than, the JobKeeper payment (before tax) based on the payment rate that applies to each employee.

## **OTHER RESOURCES**

- Prime Minister, [Media release – JobKeeper payment extended](#)
- Federal Treasury, [Extension of the JobKeeper payment](#)
- Federal Treasury, [JobKeeper payment \(summary of original and extended scheme\)](#)
- ATO, [JobKeeper payment](#) (includes guidance and FAQs)

## **CONTACT US**

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