

# JobKeeper Payment

## Quick Employer Guide

A brief employer guide to the new Federal Government JobKeeper wage subsidy

March 2020



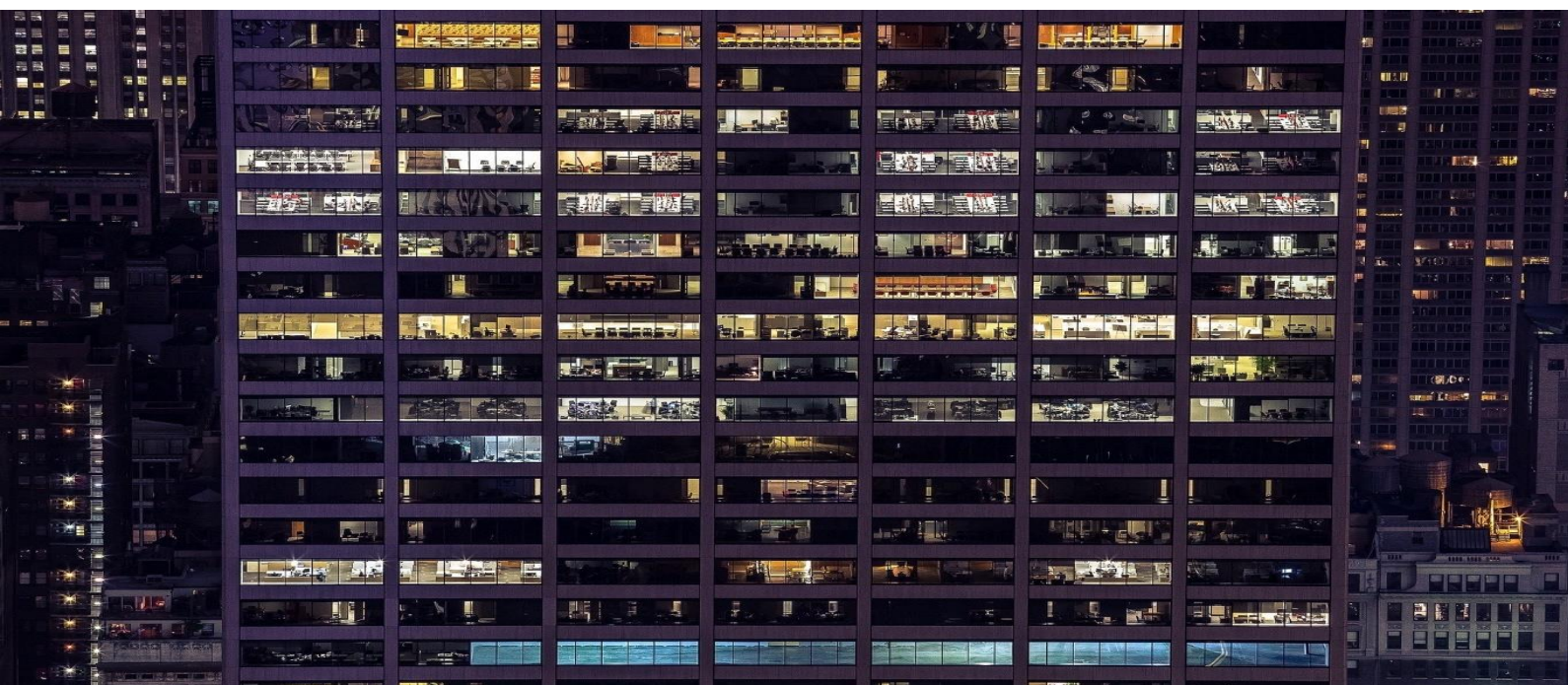
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# Introduction

# JobKeeper Payment

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The novel coronavirus (COVID-19) pandemic has drastically shifted the course of life across the globe in 2020. As well as the global health crisis, each country now faces an economic one.

In Australia, the Federal Government has rolled out a suite of financial stimulus packages to buoy the Australian economy where possible and support employers, employees and those that now find themselves out of work.

The latest tranche of financial support is aimed preserving the employer-employee relationship, keeping more businesses in business and more people in jobs.

The \$1500 per fortnight Job Keeper payment announced on Monday, March 30, will be paid directly to employers to help them keep staff on the books.

**ACCI has prepared a short guide on the Job Keeper payment, which seeks to answer some of the more common questions employers may have.**

Employers should at all times be conscious of their particular legal obligations applicable under the Fair Work Act 2009, their respective State and Territory WHS legislation and workers compensation legislation, as well as enterprise agreements, awards, contracts and policies and should seek further advice where necessary.

*The content of this publication is for general informational purposes only, it may not be applicable to your organisation and does not constitute legal advice. You should seek advice before acting or relying on any of the content.*





# 1. Eligibility Criteria

JobKeeper is the new wage subsidy payment announced by the Federal Government on 30 March 2020 which will enable eligible employers to access a subsidy to continue paying their employees.

The JobKeeper Payment (not to be confused with JobSeeker Payment) allows eligible employers to claim a **fortnightly payment of \$1,500 for each eligible employee** to subsidise their wage, from 30 March, for a maximum period of 6 months.

The full amount of the JobKeeper Payment, before tax, **must be** passed from employer to employee or the business owner will face stiff penalties.

## 1.1 Eligibility Criteria

In order to receive the JobKeeper Payment **both** an employer and employee must meet the eligibility criteria (set out below).

### 1.1.1 Am I an eligible employer for the JobKeeper Payment?

Eligible employers are businesses (including companies, partnerships, trusts, sole traders), not for profits and charities:

- with a turnover of less than \$1 billion that have lost or expect to lose 30% or more of their turnover compared to a comparable period a year ago (of at least one month); **OR**
- with a turnover of \$1 billion or more that have lost or expect to lose more than 50% of their turnover compared to a comparable period a year ago (of at least one month).
- Big banks subject to the Major Bank Levy are **not eligible**.

### 1.1.2 If I am an eligible employer are my employees eligible for the JobKeeper Payment

Once an employer determines that they are an eligible employer (see 1.1.1), the employer then need to consider which employees they employ are eligible for the payment.

#### Eligible employees:

- were employed by the employer at 1 March 2020;
- are currently employed by the employer (including those stood down or re-hired);
- are 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) or a sole trader;
- are at least 16 years of age;
- are an Australian citizen, the holder of a permanent visa, a protected special category visa, a non-protected special category visa who has been residing continually in Australia for 10 years or more, or a New Zealander on a special category (subclass 444) visa (all other temporary visa holders are not currently eligible); **AND**
- Are not in receipt of a JobKeeper Payment from another employer.





## 2. Job Keeper payment process

### 2.1 How do employers receive the JobKeeper Payment?

In order to receive the JobKeeper payment employers must do the following:

- Employers **must** elect to participate in the scheme.
- Employers can register their interest online now at the [ATO website](#).
- Employer will subsequently need to apply for the JobKeeper Payment through an online application (this is not yet available). The ATO will use Single Touch Payroll data to pre-populate most eligible employee details.
- The ATO will need to assess whether an employer has or will experience the required turn over decline (employers will need to provide supporting information demonstrating the necessary downturn in their business).

#### 2.1.1 Is the JobKeeper Payment part of Centrelink?

**No**, the JobKeeper payment is not a Centrelink welfare payment, it is a wage subsidy administered by the ATO.

#### 2.1.2 How will the JobKeeper Payment be paid to employers by the Government?

The JobKeeper Payment will be delivered through monthly arrears via existing systems at the ATO.

Employers will be required to provide monthly updates to the ATO on the number of eligible employees employed by the business.

#### 2.1.3 When will the JobKeeper Payment start being

#### paid to employers?

The first JobKeeper Payment will be reimbursed by the ATO from the **first week in May** but will be **backdated to 30 March 2020**.

So, in the meantime, employers must continue paying their employees and then claim the money from Government from the first week of May.

#### 2.1.4 How long will the JobKeeper Payments last?

For up to six months, running from 30 March 2020 to approximately 1 October 2020.





# 3. JobKeeper and Employee Pay and Sole Traders

## 3.1 How does the JobKeeper Payment effect the amount an employer must pay their employee/s who were employed as at 1 March 2020?

### 3.1.1 Where an employee currently earns UNDER \$1500 a fortnight (before tax)

They are about to get a pay rise (if they are an eligible worker).

- Employers legally need to pass on all of the \$1,500 JobKeeper Payment (even where this is more than the employee currently earns).
- Employers should start topping up these employees' income to \$1,500 before tax.
- It will be up to the employer in this circumstance to decide if they want to pay superannuation on the additional wage earned by that employee (the additional money the employee is making from JobKeeper on top of their normal wage) because of the JobKeeper Payment.

### 3.1.2 Where an employee currently earns MORE THAN \$1500 a fortnight (before tax)

If an employee ordinarily receives more than \$1,500 (before tax) in income per fortnight, employers will now receive the \$1,500 JobKeeper Payment to toward their salary but will need to continue to top up this amount to their regular income amount.

## 3.2 How does the JobKeeper Payment effect the amount an employer must pay their employee/s who were hired after 1 March 2020?

In order to be eligible for the JobKeeper Payment, an employer must have been in an employment relationship with the eligible employee as at 1 March 2020, and the employee must be currently engaged.

If a new employee has or is hired after 1 March 2020 (who was not in an employment relationship with the employer on 1 March 2020) they are not eligible for the JobKeeper payment for that employee.



## 3.3 Are sole traders eligible for the JobKeeper payment?

The JobKeeper Payment is available to the self-employed including sole traders, partners in a partnership and beneficiaries of a trust who take their income as drawings (as opposed to wages).

### EXAMPLE – SOLE TRADER

- Self-employed Kelsey is a sole trader running a florist. She does not have employees. Kelsey's business has been in operation for several years.
- The economic downturn due to COVID-19 has adversely affected Kelsey's business, and she expects that her business turnover will fall by more than 30 per cent compared to a typical month in 2019. Kelsey will be able to apply for the JobKeeper Payment and would receive \$1,500 per fortnight before tax, paid on a monthly basis





### EXAMPLE – EMPLOYER WITH DIFFERENT TYPES OF EMPLOYEES ON DIFFERENT WAGES

Sarah owns a retail clothing business with four employees. The business is still operating at this stage but Sarah expects that turnover will decline by significantly more than 30 per cent in the coming months (if it hasn't already). The employees are:

- Tilly, who is a permanent full-time employee on a salary of \$2,500 per fortnight before tax who has been working for Sarah for 2 years and who continues working for the business;
- Tasha, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax who has been working for Sarah for 1 year and who continues working for the business;
- Melanie, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax who has been working for Sarah since 7 March 2020 and who continues working for the business; and
- Alex, who is a casual employee paid on average \$600 per fortnight before tax who has been working for Sarah since 1 October 2019 and who continues working for the business.

Sarah is eligible to receive the JobKeeper Payment for the following employees:

- Tilly, who was in an employment relationship with Sarah on 1 March 2020, is currently still engaged as an employee and works full-time.
- Tasha, who was in an employment relationship with Sarah on 1 March 2020, is currently still engaged as an employee and works part-time.

Sarah is not eligible to receive the JobKeeper Payment for the following employees:

- Melanie, as she wasn't in employment relationship with Sarah as at 1 March 2020, given that she was employed on 7 March 2020.
- Alex, as she is a casual employee who had not been engaged on a regular basis for longer than 12 months as at 1 March 2020.

The JobKeeper Payment would mean the following for Sarah's two eligible staff's wages:

- Sarah continues to pay Tilly her full-time salary of \$2,500 per fortnight before tax but receives \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Tilly's salary, meaning she only needs to pay the remaining \$1,000 per fortnight before tax towards Tilly's wages with the rest covered by the JobKeeper Payment. Sarah will need to continue paying the superannuation guarantee on Tilly's \$2,500 income; and
- Sarah will receive \$1,500 per fortnight before tax from the JobKeeper Payment to subsidise Tasha's salary. As this is more than Tasha's current \$1,000 per fortnight salary Tasha will see an increase of \$500 per fortnight before tax being paid whilst Sarah is receiving the JobKeeper Payment. Sarah must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Tasha is earning. Sarah has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Tasha under the JobKeeper Payment.

Sarah is required to advise her employees that she has nominated them as eligible employees to receive the JobKeeper Payment.

Sarah will be required to register and apply for the JobKeeper payment and to provide information to the ATO on a monthly basis. She will receive the payment monthly in arrears.

# 4. Employees with multiple employers

## 4.1 Employees with multiple employers

Where employees have multiple employers – only one employer will be eligible to receive the payment.

The employee will need to notify their primary employer to claim the JobKeeper Payment on their behalf.

The claiming of the tax-free threshold will in most cases be sufficient notification that an employer is the employee's primary employer.



### EXAMPLE – EMPLOYEE WITH MULTIPLE EMPLOYERS

- Michelle currently works two permanent part-time jobs, at an art gallery during weekdays, and at the local café on the weekend. Due to the impact of COVID-19, the gallery has closed and Michelle has been stood down without pay under the Fair Work Act.
- Michelle continues to work at the café delivering take-away orders.
- Michelle can only receive the JobKeeper Payment once, from the employer from whom she nominates as her primary employer.
- As Michelle only claims the tax free threshold from her job at the art gallery, this will be treated as her nomination of the art gallery as her primary employer.
- The art gallery is eligible for the JobKeeper Payment. The art gallery will pass the JobKeeper Payment on to Michelle, so she will receive \$1,500 per fortnight before tax.
- During the application process, the art gallery will need to notify the ATO that Michelle receives the payment from them. The art gallery is also required to advise Michelle that she has been nominated to the ATO as an eligible employee to receive the payment.
- The café is not eligible to receive the JobKeeper Payment for Michelle. The income that Michelle receives from her job at the café does not change her entitlement to the JobKeeper Payment she receives from the art gallery.



# 5. Stand Down and JobKeeper



## 5.1 Are employers who have already stood down employees without pay eligible for the JobKeeper Payment?

**Yes**, employers who have stood down their employees (in part or full) are still eligible for the JobKeeper Payment.

Employees who have been stood down must be paid at a minimum the \$1,500 JobKeeper Payment per fortnight, before tax.

It will be up to the employer in this circumstance to decide if they want to pay superannuation on the JobKeeper Payment to their employees.

## 5.2 What if an employee who was stood down after 1 March has since applied for income support (JobSeeker)?

Employers who nominate for JobKeeper must advise their eligible employees.

A person receiving the JobKeeper Payment **cannot** also receive the JobSeeker Payment.

Employees who have already applied for JobSeeker can notify Services Australia (formerly Centrelink) to withdraw and shift to the JobKeeper Payment if their employer notifies them that they have nominated for JobKeeper.

## 5.3 What if my employee who was stood down after 1 March 2020 has since got another job?

Employees can **only** receive the JobKeeper payment **once**.

If an employee was stood down (after 1 March 2020) and has subsequently got another job, they are still eligible for the JobKeeper payment with their employer who has stood them down. Meaning their employer can apply and can pay them \$1,500 per fortnight before tax.

The employees' new employer will not be eligible for the JobKeeper Payment for them as they have been employed after 1 March 2020 and are therefore not an eligible employee with that employer.

If employer who stood the employee down registers and applies for the JobKeeper Payment they should notify that employee.

## 5.4 Can I direct my employee who's been stood down and subsequently receives JobKeeper from me to do work?

**No**, not while they are still stood down. A stand down by its very definition means that an employer's employees cannot be "usefully employed" by the employer because of a stoppage of work for which the employer cannot reasonably be held responsible.

Unless an employer decides that they can "usefully employ" their employee and ends a stand down of employees **cannot** be directed by their employer to do work even where they are receiving the JobKeeper payment.

### EXAMPLE – EMPLOYER WITH EMPLOYEES WHO HAVE BEEN STOOD DOWN

- Tim runs a gym. Ordinarily, he employs three permanent part-time gym instructors, but the government directive that gyms can no longer operate has required him to shut the business. As such he has been forced to stand down his three gym instructors without pay.
- Tim's turnover will decline by more than 30 per cent, so he is eligible to apply for the JobKeeper Payment for each employee and must pass on \$1,500 per fortnight before tax to each of his gym instructors for up to six months. Tim will maintain the connection to his employees and be in a position to quickly resume his operations.
- Tim is required to advise his employees that he has nominated them as eligible employees to receive the Payment. It is up to Tim whether he wants to pay superannuation on the additional income paid to the three employees because of the JobKeeper Payment.
- If Tim'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 as employees cannot be in receipt of both payments. If some of Tim's employees have since got other jobs after he stood them down they will still be eligible to receive the JobKeeper Payment from Tim. They will not be eligible to also receive the JobKeeper Payment from their new employer.

## 6. Dismissal and JobKeeper

### 6.1 What happens if an employer has dismissed an employee/s since 1 March?

Employees who were employed on 1 March 2020 and have subsequently been let go can now be **re-engaged by the same eligible employer** and they will be eligible to receive the \$1,500 a fortnight JobKeeper Payment.

This effectively means employees who have been laid off since 1 March 2020 can be put back on the books.

### 6.2 What if my employee who was dismissed after 1 March 2020 has since applied for income support (JobSeeker)?

Employers who nominate for JobKeeper **must advise** their eligible employees.

A person receiving the JobKeeper Payment cannot also receive the JobSeeker Payment (formerly Newstart).

Employees who have already applied for JobSeeker can notify Services Australia (formerly Centrelink) to withdraw and shift to the JobKeeper Payment if they are re-engaged by their employer and they notify them that they have nominated for the JobSeeker Payment.

### 6.3 What if my employee who was dismissed after 1 March 2020 has since got another job?

Employees can **only** receive the JobKeeper payment once.

If an employee was dismissed (after 1 March 2020) and has subsequently got another job, they will not be eligible for the JobKeeper Payment with their new employer as they have been employed after 1 March 2020 and are therefore not an eligible employee with that employer.

However, if their former employer (as at 1 March 2020) decided to re-engage them then that employer will be eligible to receive the JobKeeper payment of \$1,500 per fortnight before tax for them, even where they continue to keep their other job.



## EXAMPLE – EMPLOYER WHO DISMISSED AN EMPLOYEE AFTER 1 MARCH 2020 BUT NOW WISHES TO RE-ENGAGE THEM

Ingrid runs a café. At 1 March 2020 she employed one full time chef Scott on a salary of \$2,000 per fortnight and two casual staff Jennifer and Tammy who earn \$1,000 per fortnight and have all worked regularly for the café for longer than two years.

As the government directive required her café to only serve takeaway on 22 March Ingrid decided she had to let go of Tammy in order to be able to continue to operate.

Tammy subsequently goes out and gets a new casual job with a large supermarket stacking shelves in the evening earning \$1,000 per fortnight.

With the announcement of the JobKeeper payment Ingrid considers that she may now be able to afford to re-engage Tammy as a casual staff member again, as the JobKeeper Payment means the following for Ingrid's cafe:

- Ingrid continues to pay Scott his full-time salary of \$2,000 per fortnight before tax but receives \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Scott's salary, meaning she only needs to pay the remaining \$500 per fortnight before tax towards Scott's wages with the rest covered by the JobKeeper Payment. Ingrid will need to continue paying the superannuation guarantee on Scott's \$2,000 income.
- Ingrid will receive \$1,500 per fortnight before tax from the JobKeeper Payment to subsidise Jennifer's salary. As this is more than Jennifer's current \$1,000 per fortnight salary Jennifer will see an increase of \$500 per fortnight before tax being paid whilst Ingrid is receiving the JobKeeper Payment. Ingrid must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Jennifer is earning. Ingrid has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Jennifer under the JobKeeper Payment.
- Tammy can be re-engaged by Ingrid and Ingrid will then receive \$1,500 per fortnight before tax from the JobKeeper Payment to subsidise Tammy's salary. As this is more than the \$1,000 per fortnight salary Tammy is offered to be re-engaged at, Tammy will see an increase of \$500 per fortnight before tax being paid whilst Ingrid is receiving the JobKeeper Payment. Ingrid must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Tammy is earning. Ingrid has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Tammy under the JobKeeper Payment.
- Tammy can also continue to remain working at the large supermarket in the evening earning \$1,000 a fortnight. Her new employer will not be eligible for the JobKeeper payment for her as she was not employed by them at 1 March 2020.







## 7. Where and who to contact for further information and assistance?

### 7.1 Key resources

The following are links to government websites and information on the JobKeeper payment.

**Australian Tax Office** – [JobKeeper Payment](#)

**Business.gov.au** – [JobKeeper Payment for employers and employees](#)

**Treasury** – [JobKeeper Payment](#)

### 7.2 Key contacts

Have a question or situation that isn't covered by this guide. The Australian Chamber of Commerce and Industry is here to help and answer any questions you might have.

A list of ACCI member organisations in each state and territory and representing major industries can be accessed [here](#), or you can call ACCI on (03) 9668 9950 to be referred to our members.

