

# JobKeeper 2.0 – payment extension explained

The JobKeeper coronavirus wage subsidy is changing effective 28 of September 2020. As the pandemic has continued to wreak havoc on the economy, the government has extended JobKeeper through to March 2021, but with different rights and eligibility requirements.

Here's what's changing from today.

## tier 1

This new JobKeeper will be \$1,200 each fortnight if you work the equivalent of 20 hours a week or more during the reference periods of either February or in June 2020.

## tier 2

If you worked less than 20 hours a week in both reference periods, then you will move to the new part-time rate of \$750 each fortnight.

## GST turnover

Businesses will need to show a 30 per cent drop in actual GST turnover in the three months to the end of September 2020 compared to the same period last year, the September quarter 2019. This needs to be done before 31 October 2020.

The rate of JobKeeper will remain at current levels for the period 28 September 2020 until 3 January 2021 whereby it will fall again. On 4 January 2021, the full time JobKeeper rate will fall to \$1000 per fortnight, while the part time rate will drop to \$650 per fortnight.

Again, businesses will need to demonstrate a drop in revenue in the three months to December 2020 compared to the three months to December 2019 using the same rules as above, refer to working **example 1** below.

## alternative decline in turnover tests

Two important updates:

- The alternative decline in turnover tests have been released by the ATO Commissioner;
- The ATO has provided guidance for individual Business Participants in making declarations about their hours worked

The ATO has confirmed that the alternative decline in turnover tests are only available where there is no appropriate relevant comparison period for the purposes of satisfying the decline in turnover tests for JobKeeper fortnights starting on or after 28 September. For example, if the business commenced later than 1 July 2019. More examples can be found on the ATO website:

<https://www.ato.gov.au/General/JobKeeper-Payment/In-detail/Actual-decline-in-turnover-test/?anchor=Alternativeturnovertest#Alternativeturnovertest>

## written declaration by business participant

An individual Business Participant (BP) of a company, trust or partnership needs to make a written declaration of the hours that they were actively engaged in the business in the relevant reference period (generally February 2020 unless you need to use an alternative reference period).

Generally, the ATO has stated that the declaration must contain the following:

- full name
- contact phone number and/or email address
- a statement that the time you spent actively engaged in the business during your reference period was 80 hours or more

The BP should keep records to show how they came to this conclusion.

There is no prescribed way the declaration must be provided to the entity. The notice can be submitted:

- through internal business process – for example, a business HR portal, or
- by their own form of communication channel – for example, email

The declaration does not need to be sent to the ATO, but the eligible business entity should keep a copy for their records in order to substantiate their claim.

If the BP was actively engaged in the business for less than 80 hours during the reference period, they do not need to complete the written declaration and the tier 2 rate will apply.

## what about sole traders?

Sole traders need to make that declaration in their monthly declaration form to the ATO.

## key dates to remember

**Now:** notify your employees about the JobKeeper payment they can expect to receive.

**28 September 2020:** start paying your eligible employees Tier 1 and Tier 2 JobKeeper rates based on their hours worked.

**From 28 September:** if using Single Touch Payroll to notify the ATO of eligible employees, provide each eligible employee's Tier as part of your normal payday reporting. Enrol for the JobKeeper payment if you're doing so for the first time.

**Between 1 – 14 October 2020:** complete your October JobKeeper monthly business declarations to receive your reimbursement for the September fortnights.

**Between 1 – 31 October 2020:** prepare and submit your businesses actual decline in turnover to the ATO.

**Before 31 October 2020:** ensure you meet the wage condition for all eligible employees included in the JobKeeper scheme for the JobKeeper fortnights starting 28 September 2020 and 12 October 2020.

**From 1 November 2020:** complete your monthly business declaration and confirm what payment tier you are claiming for each employee.

## Example 1

### Retesting turnover under the JobKeeper 2.0 extension

Chantelle owns and runs a **small medical specialist practice in Melbourne with two employees**. Chantelle started claiming the JobKeeper Payment for her eligible staff and herself as a business participant when the JobKeeper Payment commenced on 30 March 2020. At the time, Chantelle estimated that the projected GST turnover for her practice in April 2020 would be 70 per cent below its actual GST turnover in April 2019. To be eligible for the JobKeeper Payment from 30 March 2020 to 27 September 2020, Chantelle needed to show the turnover for the practice was estimated to decline by at least 30 per cent.

As a monthly BAS lodger, Chantelle submitted her BAS for the practice in April, May and June. For each of these, her actual turnover was as follows:

	2020	2019
April	20,000	200,000
May	50,000	200,000
June	100,000	200,000
Total for June quarter	170,000	600,000

#### Decline for June quarter: 72 per cent

From July to September, actual turnover improved as follows:

	2020	2019
July	110,000	200,000
August	140,000	200,000
September	150,000	200,000
Total for September quarter	400,000	600,000

#### Decline for September quarter: 33 per cent

The actual turnover decline for the September 2020 quarter was still greater than 30 per cent, so Chantelle's practice was eligible for the JobKeeper Payment for the period of 28 September 2020 to 3 January 2021.

Business continued to improve for the practice, and actual turnover for the December 2020 quarter was 20 per cent less than the December quarter 2019, so Chantelle's practice was no longer eligible to claim the JobKeeper for the second extension period starting from 4 January 2021.

#### Working out the JobKeeper Payment rate to be claimed

In the scenario above, Chantelle also needs to calculate how much to claim for each of her staff, and for herself as a business participant.

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