

An update of the government assistance packages due to the COVID 19 outbreak

(Updated: 24 September 2020)

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JobKeeper extension

(issued 23 July 2020 / updated 24 September 2020)

On 21 July 2020, the Prime Minister and Treasurer announced that the fortnight JobKeeper payments will be extended after the initial period which was due to end on 27 September 2020.

Furthermore, on 07 August 2020, based on the circumstances now faced in Melbourne from the stage 4 restrictions, the Treasurer proposed additional changes to both the original JobKeeper and proposed extension program.

With the JobKeeper extension finally becoming law during early September, the ATO commenced publishing their web guidance over several periods commencing on 16 September 2020. As such, we have summarised, what has been announced as of 24 September with some sections as highlighted (in green) to be updated at a future date.

Timeline for JobKeeper extension

- **27 September 2020:**
JobKeeper program finishes if not eligible for JobKeeper extension 1 (may return from extension 2)
- **From 28 September 2020:**
JobKeeper extension 1 starts & changes to payment rates based on hours worked
- **01 October - 31 October 2020:**
need to review actual decline in turnover for the September 2020 quarter relative to a comparable period & submit this information online to the ATO
- **01 October – 14 October 2020:**
need to submit a monthly declaration to receive JobKeeper payments for September 2020
- **Before 31 October 2020:**
meet the minimum wage condition for fortnights ending in October (only for employers with eligible employees)
- **01 November – 14 November 2020:**
Need to submit a monthly declaration to receive JobKeeper payments for October 2020 (if eligible for JobKeeper extension 1) & inform whether Tier 1 or 2 (higher or lower rates) for each eligible employee and/or business participant

JobKeeper (original period to end on 27 September 2020)

A change was proposed on 07 August 2020 for the criteria around eligible employees with those hired as of **1 July 2020** to be eligible for JobKeeper commencing from the fortnight beginning **03 August 2020 (JobKeeper fortnight #10)**. This led to several scenarios where new eligible employees were now covered including,

- new full time and part time employees who commenced between 01 March ~ 01 July 2020
- regular and systematic casuals who are now employed for over 12 months as of 01 July 2020
- employees who have turned 18 years old as of 1 July 2020
- employees who have turned 16 years old as of 1 July 2020 and is independent or not in full time study
- employees who now meet the visa eligibility conditions as of 1 July 2020
- employees who can now be nominated by a new employer if their employment or business participation had ceased with the first entity before 1 July (however, can only be nominated by one employer at a time)

The government summarised the initial JobKeeper scheme by explaining that,

- About 960,000 businesses were enrolled in JobKeeper and 3.5 million workers were covered
- About one in four workers had earned approximately \$550 more than what they would have normally received as a wage

It also now expected that the total cost of the JobKeeper program will be around \$101 billion with the changes announced on 07 August costing an additional \$15.6 billion, of which round \$13 billion would be provided to businesses in Victoria.

JobKeeper extension 1 & 2 (28 September 2020 – 28 March 2021)

The JobKeeper extension has been proposed to cover the following periods at 2 difference rates.

Required action	JobKeeper fortnight periods	JobKeeper Fortnight	Turnover Reduction Test	JobKeeper rates
Before 11 Oct 2020	28 September 2020 – 11 October 2020	14	Jul - Sep 2020 quarter only	Tier 1: \$1,200 Tier 2: \$750
Before 25 Oct 2020	12 October 2020 – 25 October 2020	15		
Before 08 Nov 2020	26 October 2020 – 8 November 2020	16		
Before 22 Nov 2020	9 November 2020 – 22 November 2020	17		
Before 06 Dec 2020	23 November 2020 – 6 December 2020	18		
Before 20 Dec 2020	7 December 2020 – 20 December 2020	19		
Before 03 Jan 2021	21 December 2020 – 3 January 2021	20	Oct - Dec 2020 quarter only	Tier 1: \$1,000 Tier 2: \$650
Before 17 Jan 2021	4 January 2021 – 17 January 2021	21		
Before 31 Jan 2021	18 January 2021 – 31 January 2021	22		
Before 14 Feb 2021	1 February 2021 – 14 February 2021	23		
Before 28 Feb 2021	15 February 2021 – 28 February 2021	24		
Before 14 Mar 2021	1 March 2021 – 14 March 2021	25		
Before 28 Mar 2021	15 March 2021 – 28 March 2021	26		

EXTENSION 1: From 29 September 2020 to 3 January 2021,

DECLINE IN TURNOVER:

To qualify for the extension, will be required to demonstrate an actual decline in turnover for the **July ~ September 2020 quarter** to a comparable period (generally July ~ September 2019)

JOBKEEPER RATES:

- **TIER 1** rates of **\$1,200** for,
 - **[Eligible employees]** ⇒ worked for **80 hours or more** in the four weeks of pay periods before either **1 March 2020** or **1 July 2020** (alternative period may apply)
 - **[Eligible business participants]** ⇒ actively engaged in the business for **80 hours or more** in **February 2020** (alternative period may be applicable)
- **TIER 2** rates of **\$750** for all other eligible employees and business participants

EXTENSION 2: From 4 January 2021 to 28 March 2021,

DECLINE IN TURNOVER:

To qualify for the extension, businesses will be required to demonstrate an actual decline in turnover for the **October ~ December 2020 quarter** to a comparable period (generally October ~ December 2019). Businesses could still be eligible even if they were not eligible for JobKeeper extension 1.

JOBKEEPER RATES:

- **TIER 1** rates of **\$1,000** for,
 - **[Eligible employees]** ⇒ worked for **80 hours or more** in the four weeks of pay periods before either **1 March 2020** or **1 July 2020** (alternative period may apply)
 - **[Eligible business participants]** ⇒ actively engaged in the business for **80 hours or more** in **February 2020** (alternative period may be applicable)
- **TIER 2** rates of **\$650** for all other eligible employees and business participants

Decline in Turnover Test

To remain in the JobKeeper scheme from 28 September 2020, there will be a requirement to reapply the eligibility test and demonstrate the required reduction in turnover as follows,

- **30 % for businesses with turnovers of \$1 billion or less**
- **50 % for businesses with turnovers of more than \$1 billion**
- **15 % for ACNC-registered charities.**

The above will need to be demonstrated using the **ACTUAL** GST turnover for the relevant periods and not the projected turnover.

Also, the calculation of the turnover must use the same accounting basis used for GST reporting purposes (cash or accrual as stated on your BAS). Therefore, the turnover calculation,

- should be very close to the amount for total sales (G1) minus the GST payable (1A) as per the BAS
- would need to include any amounts received from the sale of fixed assets

If the business was not registered for GST, the turnover can be calculated either using the cash or non-cash basis of accounting (although the same method when calculating for income tax would probably make the calculations easier).

To calculate the decline by the specified percentage, comparison should generally be made against the GST turnover for the,

- **(for JobKeeper extension 1) quarter ending 30 September 2019 and**
- **(for JobKeeper extension 2) quarter ending 31 December 2019**

If the quarter ending 30 September 2019 or 31 December 2019 was not an appropriate comparison period based on events or circumstances outside the usual business transactions, one of the **ALTERNATIVE TESTS** as follows may be used,

1. **Business that started after the comparison period started but before 1 March 2020**
2. **Business acquisition or disposal that changes the entity's turnover**
3. **Business restructure that changed the entity's turnover**
4. **Business that has had a substantial increase in turnover**
5. **Business affected by drought or natural disaster**
6. **Business that has an irregular turnover**
7. **Sole trader or small partnership with sickness, injury or leave**

【Eligible employees】 Tier 1 rates

During the extension period, eligible employees will be entitled to the higher **TIER 1** rates, if the employees had worked for **80 hours or more** for a “[28-day reference period](#)” based on,

- actual hours they worked
- hours they were on paid leave (not unpaid leave)
- hours they were paid for absence on a public holiday

The “**28-day reference period**” is based on the 28 days which finished on the last day of the last actual payroll cycle immediate before **either 1 March 2020 or 1 July 2020** (either period is acceptable). The 80-hour threshold is only required to be satisfied for one of the 28-day reference periods.

It will not be complicated to calculate the 80-hour threshold during the 28-day reference period for a full-time working employee, but care will be required if one of more are applicable for eligible employees,

- **part-time or long-term casuals**
- **stood down or on unpaid leave**
- **paid on a monthly payroll cycle**
- **not paid on an hourly basis**
- **insufficient records as proof for hours worked**
- **on a different payroll cycle to other eligible employees**
- **paid on different dates to their payroll cycle ending date**

If the payroll cycle is monthly, the 80-hour threshold would be met if the monthly hours were at least the following,

<u>Days in monthly pay cycle</u>	<u>Hours in monthly pay cycle</u>
29	82.86
30	85.72
31	88.58

Example:

Employee has a fortnightly pay cycle

If during February 2020, the last pay cycle ended on the 19th, then the 28 consecutive days ending on the immediate recent pay cycle before 1 March would be 23 January ~ 19th of February.

Employee has a monthly pay cycle

If the pay cycle ended on the last day of each month, then the immediate recent pay cycle before 1 March would be 1 February to 29 February 2020 (29 days).

If the employee’s hours were say, 81 hours during February 2020, then the pro-rata hours for the pre-March period would be $81 \times 28 \div 29 = 78.2069$ hours and would not satisfy the 80-hour threshold.

The “[alternative reference period](#)” could be considered, if the employee,

- does not satisfy the 80-hour threshold AND,
- there are circumstances where the pre-March or the pre-July reference periods were not suitable

Additionally, if payroll records are insufficient or destroyed to work out if the 80-hour threshold had been satisfied during the 28-day reference period (including [alternative reference period](#)), the **TIER 1** rates could still be considered, if one of the following can be met,

- 1) **[employee was paid \\$1,500 or more during the 28-day reference period \(JobKeeper top-up amounts to be excluded from the \\$1,500\)](#)**
- 2) **there is a [written agreement](#) requiring the employee to work 80 hours or more during the 28-day reference period**
- 3) **a [reasonable assumption](#) can be made that the employee worked at least 80 hours during the 28-day reference period**

Eligible employees will receive the **TIER 2** rate, if the 80-hour threshold for a 28-day reference period (including [alternative reference period](#)) cannot be satisfied by payroll records or using any one of the above circumstances.

Finally, there is no need to complete a new nomination form for ALL employees during the extension period, unless it is for a new JobKeeper eligible employee.

【Eligible business participants】 Tier 1 rates

For eligible business participants, the higher **TIER 1** rates will apply if, they were “[actively engaged](#)” in the business for **80 hours or more** during the **29 days of February 2020**.

The “[alternative reference period](#)” could be considered, if the business participant,

- does not satisfy the 80-hour threshold AND,
- there are circumstances where February was not a suitable reference period.

The hours that an eligible business participant spent “[actively engaged](#)” in the business can include time spent on providing services and selling goods, as well as management duties (simply providing advice to the other business owners or thinking about the business during non-working time would not be adequate). The proof of been actively engaged in your business could be provided by such things as,

- business diaries, appointment books, logbooks
- hours billed on invoices issued
- time sheets or attendance records

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- emails to customers, employees, suppliers
 - records prepared for other business or statutory purposes.

A written declaration by the business participant will be required confirming that they were actively engaged in the business for 80 hours or more during the reference period. The declaration must include,

- **the full name of the business participant**
- **contact phone number and/or email address**
- **a statement that the time spent actively engaged in the business during the reference period was 80 hours or more (records to show how this conclusion was made should be maintained)**

As there are no clear guidelines of the proof required as defined by the ATO, there will remain an uncertainty of what quality of records will accurately prove that the business participant had actively been engaged in the business for more than the 80-hour threshold.

There is no need to provide a written declaration if the business participant had actively engaged in the business for less than the 80 hours during the reference period and will simply receive the **TIER 2** rate.

**** UPDATE REQUIRED : A template of the declaration for business participants has not been published**

Important dates & notifications

The key dates during September ~ November 2020 for the JobKeeper extension 1, are as follows,

- **27 September 2020**

JobKeeper program finishes if not eligible for JobKeeper extension 1 (could still be eligible for extension 2) and,

- the businesses should notify eligible employees that they will be no longer receive the “JobKeeper top-up” amounts

- **01 October - 31 October 2020:**

If the business is currently JobKeeper enrolled and would like to continue to claim JobKeeper payments during extension 1, there will be a need to,

- review the actual decline in turnover for the September 2020 quarter relative to a comparable period
- submit the decline in turnover information by Business Portal or from a registered tax agent to the ATO
- review the JobKeeper **TIER 1** or **2** rates for the eligible employees and/or eligible business participant
- inform eligible employees of the JobKeeper payments they can expect to receive
- inform eligible employees if any top-ups will be on hold & paid before 31 October (see below)

- **Before 31 October 2020:**

The minimum rates (before tax) for **TIER 1** and **TIER 2** employees will be required to be paid to an employee before the ATO will refund the JobKeeper payment. However, for the following periods, the ATO will accept an exception that the minimum conditions has been paid for each of the two fortnights ending in October even if it has been paid late, provided it is paid by **31 October 2020**.

- **28 September - 11 October 2020**
- **12 October - 25 October 2020**

- **01 November – 14 November 2020:**

To claim the October 2020 JobKeeper payments during extension 1, the business would need to,

- submit a monthly declaration for October 2020
- select TIER 1 or TIER 2 for each eligible employee and/or business participant on the monthly declaration
- for the business participant, within 7 days of notifying the ATO of the JobKeeper rate, the business must also notify the individual in writing of their TIER 1 or TIER 2 rate

Other important points

New JobKeeper registrations

JobKeeper still continues to remain open to new recipients, provided they meet the existing eligibility requirements and the additional turnover tests during the extension periods.

- Eligibility for [sole traders](#)
- Eligibility for [partnerships, company & trusts](#)

Also, if the business is not eligible in extension 1 but requalify for extension 2, there is no need to re-enrol for JobKeeper from January 2021.

Fair Work conditions

If the business qualified for the original JobKeeper program but was unable to qualify for the extension, they may still be able to access the temporary Fair Work Act conditions for a further six months, if they are experiencing at least a 10% decline in turnover ([‘legacy employers’](#)).

“Legacy employers” will

- have access to modified JobKeeper enabling directions (for example, variation to working hours, partial stand down) after 28 September 2020 and,
 - be required to obtain a ‘10% decline in turnover test certificate’ from a tax agent, BAS agent or qualified accountant not related to the employer (if less than 15 employees, employers can provide a statutory declaration to verify the 10% decline)
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Please do not hesitate to call us on 03 9500 2097 should you wish to further discuss any options (if unattended, please leave a message of an appropriate timeframe to call back).

Please stay healthy and look after yourself, your family, and your business.

(updated 24 September 2020)

[READ INFO ON OUR WEBSITE](#)

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Disclaimer:

Information based on facts we have summarised to the above updated date. We have not considered your personal circumstances and should you wish to consider it, please seek professional advice.

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