

30 March 2020

Dear Clients

“JobKeeper” package for employers/employees

The Australian Government yesterday released a further measure to support businesses and employees.

This package will provide a flat minimum payment of \$1,500 per employee per fortnight over the next 6 months to businesses affected by coronavirus COVID-19. This amount is equivalent to 70% of the median wage and represents 100% of the median wage for those industries most affected, such as tourism, hospitality and retail.

Employee eligibility

Full-time and part-time employees and casuals that have been with their employers for at least 12 months are all eligible for this payment, subject to them being at least 16 years of age. It will also be available to New Zealanders in Australia on 444 Visas.

Only currently engaged employees, including those stood down, qualify for the payment. If employees have been retrenched, they would need to be reinstated to qualify for the benefit.

For most employers, Single Touch Payroll data will enable the ATO to pre-populate employee details.

Sole-traders without employees that meet the turnover tests will also be eligible.

Business eligibility subject to “required turnover decline”

Businesses with turnover of up to \$1 billion that have seen their revenue drop by 30%, and businesses with turnover of more than \$1 billion that have seen their revenue drop by 50%, due to coronavirus are eligible to register with the ATO for the JobKeeper subsidy.

The turnover decline will require that turnover of a current period be compared with a comparable period of a year earlier (of at least one-month duration).

Not-for-Profit organisations (including charities) also qualify.

The package commences from today and applies to employees registered with their employer from 1 March 2020. The first payment will be made via the ATO from 1 May and will be backdated to today (30 March 2020).

The JobKeeper subsidy will be administered by the ATO on a self-assessment basis. Businesses can register their interest online now at <https://www.ato.gov.au/general/gen/JobKeeper-payment/>.

How does this work with Jobseeker?

People can either access the Jobseeker payment or the JobKeeper payment, not both. It was also flagged that the partner threshold for people looking to access the Jobseeker payment will be lifted to nearly \$80k (\$79,762), allowing more people to access support in the future.

Main features

- Employers will receive \$1,500 per employee per fortnight, irrespective of what the employee's earning are.
- For employees who earn less than \$1,500 in a particular fortnight, the employer will need to top up to \$1,500.
- Employers must notify eligible employees that they are receiving the JobKeeper Payment.
- Employees with multiple jobs can only benefit from one JobKeeper Payment.
- Employees are subject to PAYG Withholding tax on their earnings including the component supported by the JobKeeper Payment.
- Superannuation guarantee obligations will continue except that it won't apply to any top-up for those employees who were earning less than \$1,500 per fortnight.
- It will be administered through the single touch payroll system, requiring businesses to keep the employee on the books in order to distribute the payment.
- Businesses will have to fund the payments to employee until being reimbursed by the ATO.

For further assistance please contact our office on 03 9579 3377.

Yours faithfully,

The Directors

Douglas & Harrison Pty Ltd