

# JobKeeper Payment Guide

## Illuminations Article

Enrolment is now open for the government's \$130 billion JobKeeper Payment scheme. The scheme supports businesses significantly affected by the coronavirus to help keep more Australians in jobs.

The JobKeeper payment is open to eligible employers, sole traders and other entities to enable them to pay their eligible employee's salary or wages of at least \$1,500 (before tax) per fortnight.

The following frequently asked questions have been provided by LDB Group to ensure that the necessary processes are adhered to, by their due dates.

### **Who is eligible?**

The eligibility criteria applies firstly to employers, who must show they have been impacted by COVID-19. They do this by passing a reduction in turnover test, which for most LDB clients is 30 per cent, against a comparable prior year period.

### **When will the JobKeeper payment commence?**

The JobKeeper payment will be available for employees employed from March 30, 2020. If a business cannot establish eligibility from that date, they still have opportunities to access the program at a later date should they then satisfy the eligibility criteria.

### **How long will the JobKeeper payment last for?**

The JobKeeper payment will be available for the period until September 27, 2020.

### **When will I receive the first payment?**

The first payments by the ATO will be received by employers from the first week of May.

### **To access this program from the very start, what turnover periods am I comparing?**

To be eligible from the earliest point, the comparable periods are:

- March 2020 (actual) v March 2019 (actual)
- April 2020 (projected) v April 2019 (actual)
- June quarter 2020 (projected) v June quarter 2019 (actual)

### **How often will these payments be made?**

The payments will be made by the ATO monthly in arrears. That is, you would have to pay your eligible employees the minimum of \$1500 per fortnight, and then will be reimbursed at

the beginning of the following month by the ATO.

**So, I don't get the JobKeeper payment first and then use that to pay employees?**

Correct. You have to pay first and are reimbursed by the ATO later. For some businesses this may present a funding gap.

**Do I need to change my pay cycle to align with the ATO fortnightly pay periods?**

No, you don't. However, the requirement is your employees have been paid the equivalent of \$1500 per fortnight.

**Once my eligibility has been confirmed, do I need to pass the eligibility test each month?**

No. The decline in turnover test only needs to be satisfied once. The business will remain in the program for the rest of the period. It is not tested again, even if it would not have been met in later periods. However, the ATO has indicated they will want monthly updates of business performance.

**Are the self-employed eligible for the payment? What about partners in a partnership, adult beneficiaries of a trust, or directors of a company?**

Yes. People in these categories will be eligible for the payment, provided at the time of applying they satisfy certain eligibility criteria. These people are identified as business participants, and only one business participant per entity can be nominated.

**What about the sole trader who also has employees?**

Yes, they can receive JobKeeper payments for their employees and themselves.

**Are the JobKeeper payments taxable income?**

Yes. The payments are taxable income for the employer that receives the subsidy, and for the employees who subsequently receive the amount.

**Can an employee receive the JobKeeper payment from more than one employer?**

No. Only one registration per employer. This is why the JobKeeper Employee Nomination Notice form needs to be signed and received from each eligible employee.

**Can an employer select which of their eligible employees are covered by the JobKeeper scheme?**

No. Once an employer decides to participate in the JobKeeper scheme, then all of their eligible employees who have agreed to be nominated for the scheme will be participants. It is effectively a "one in, all in" approach.

**Are employers obligated to pay superannuation guarantee on any additional payments?**

Employers are only obligated to pay superannuation based on the employee's actual employment. If the JobKeeper payment provides a top-up to their ordinary pay, employers



do not have to pay superannuation guarantee on this additional amount. This will often occur when employees are employed part-time.