



Updated Information: Changes to JobKeeper from August

SUMMARY

The federal Government has announced significant changes to the JobKeeper Payment (JKP).

From 3 August to the end of the initial JobKeeper period (to 27 September), eligible employers should claim the JKP in respect of eligible employees who were employed as at 1 July (previously 1 March) as long as they remain employed.

In general, individuals who have been eligible employees prior to 3 August will be preserved as eligible employees after 3 August without the need for a new agreement to be nominated.

Long-term casual employees who had been employed for twelve months as at 1 July can also be eligible as can employees who were Australian residents on 1 July. Also, employees who had been eligible employees of another employer prior to 1 July but who been hired by a new employer before 1 July can become eligible employees of the new employer from 3 August. These changes will extend eligibility to a new cohort of employees. Employees in these categories will need to agree to be nominated as eligible employees by their employer.

The Government has also announced an extension of the JKP beyond 27 September. Under extended arrangements that will apply from 28 September to 28 March, the JKP will be paid to eligible employers in respect of their eligible employees and will have two rates.

From the end of September, the wage subsidy will be \$1,200 per fortnight for employees that worked 20 hours or more a week on average during either February or June and \$750 per fortnight for each other eligible employee. From 4 January 2021, the JKP will reduce to \$1,000 per fortnight or \$650 per fortnight depending on their hours of work in February or June.

Employer eligibility will generally be based on turnover tests that are similar to the eligibility tests in the current JKP arrangements. However, unlike the current arrangements, eligibility will be reassessed in October and again in January.

Generally, businesses will be eligible if they have experienced a reduction in turnover of 30 per cent or more relative to a year earlier. Businesses with an annual turnover of more than \$1 billion will be eligible if they experience a reduction in turnover of 50 per cent or more. Tests using different comparable periods will continue to apply where relevant. New alternative tests will also be developed.

Employers will be obliged to pay the employees an amount that is at least the amount of the relevant JobKeeper amount (these remain pre-tax amounts).

Payments will be made to employers in arrears to reimburse employers for wage payments made in the preceding two fortnights.

The [Treasury Fact Sheet](#) has further details.

Changed employee eligibility

Most of the eligibility rules for employees remain unchanged other than for the substitution of the 1 July date for the previous 1 March 2020 date in the rules. This changed date applies both for the period from 3 August to 27 September for employees of employers who are eligible in the period to 27 September and for the extended Jobkeeper period (from 28 September).

An employee will be eligible if they:

- are currently employed by an eligible employer (including if they were stood down or rehired);
- were employed as a full-time or part-time employee on 1 July 2020 or had been employed as a long-term casual employee for at least 12 months as at 1 July 2020;
- were aged over 18 years on 1 July 2020 (or if 16 or 17 were independent and not a full-time student);
- were an Australian resident (for Social Security purposes) or an Australian resident for the purpose of the *Income Tax Assessment Act 1936* and the holder of a Subclass 444 (Special Category) visa as at 1 July 2020; and
- were not in receipt of any of these payments during the relevant JobKeeper fortnight:
 - government parental leave or Dad and partner pay under the *Paid Parental Leave Act 2010*;
 - or
 - a payment in accordance with Australian worker compensation law for an individual's total incapacity for work.

Only one employer can claim the JKP in respect of an eligible employee in any particular JobKeeper fortnight. (This is different to the situation before 3 August when an employee could not be an eligible employee if they had ever previously been an eligible employee of another employer.)

Employee agreement to be nominated

To be eligible employees, employees need to agree to be nominated by their employer. The ATO (see [here](#)) provides guidance on how employers can request employees to agree to be nominated.

If employees have previously agreed to be nominated and remain employed by their existing employer, their agreement is preserved from 3 August. Agreement is similarly preserved if employees have previously agreed to be nominated and had been rehired by 1 July.

Employees who become eligible from 3 August and who have not previously agreed to be nominated should be invited to do so by their employer. This will include:

- employees who were employed as at 1 July 2020 but who were not employed by the employer on 1 March 2020;
- employees who were previously eligible employees of another employer but who ceased to work for the previous employer prior to 1 July 2020);
- employees who between 1 March and 1 July became long-term casual employees of the employer; and
- employees who had become Australian residents before 1 July 2020.

What employers are eligible under the extended Jobkeeper arrangements?

From 28 September, employers will be eligible under somewhat similar arrangements to those that apply under the current JKP arrangements. A key difference is that eligibility beyond 27 September and until 3 January 2021 will require employers to demonstrate that their actual GST turnover has significantly fallen in the September quarter 2020 (July, August and September). Generally, this will be relative to the comparable period a year earlier.

In order to be eligible for the period from 4 January 2021 to 28 March 2021, employers will need to demonstrate that their actual GST turnover has significantly fallen in the December 2020 quarter relative to comparable periods (generally the corresponding quarter in 2019).

Which employees are eligible for the different rates for the extended JobKeeper period?

Until 27 September employers will receive \$1,500 per fortnight for each of their eligible employees.

For the extended JobKeeper period (from 28 September) two rates will apply in the December quarter: \$1,200 a fortnight and \$750 a fortnight. These will be reduced to \$1,000 and \$650 per fortnight for the January quarter.

The higher rates will apply in respect of employees who, in the four weeks before either 1 March 2020 or 1 July 2020, were working in the business for 20 hours or more on average. The lower rates apply in respect of other employees.

The [Treasury Fact Sheet](#) indicates that the Commissioner of Taxation will have discretion to set alternative tests where an employee's hours were not usual during the February or June 2020 reference period. For example, this will include where the employee was on leave, volunteering during the bushfires, or not employed for all or part of February 2020.

Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

Ai Group will seek clarification of the use of this discretion and update this Member Advice as the information becomes available.

For eligible business participants (for example owners and directors) a similar demarcation will apply based on the hours the business participant was "actively engaged in the business").

Look out for updates to this Advice

There is a need for further clarification over the coming period. Ai Group will update this Advice as further information becomes available.

Do you require further advice?

Ai Group has set up a special [section on our website](#) to provide access to Ai Group advice and assistance relating to the COVID-19 pandemic. As mentioned above, Ai Group encourages Members to email peter.burn@aigroup.com.au with their JobKeeper Payment concerns and issues.

A handwritten signature in black ink, appearing to read 'Peter Burn'.

Peter Burn

Head of Influence and Policy

FURTHER INFORMATION

For further information or assistance, please contact the Ai Group Workplace Advice Line on 1300 55 66 77.