JobKeeper 2.0 Update
What it means to our clients

Prepare yourself… this is a long newsletter but important for our clients who think they may be eligible for JobKeeper 2.0

The existing JobKeeper program comes to an end on 27 September. The next phase of the program runs from 28 September to 28 March 2021.

If you are already enrolled in the program, there is no need to re-enrol for the next phase. If you qualify for the next phase, all your eligible employees (1 March-based and 1 July-based) will simply carry over.

If we applied for your original JobKeeper, we will notify you the FIRST week of October if you qualify for JobKeeper 2.0 at no additional charge. This can only be done after the 30th September due to the test requiring ACTUAL turnover for the September 2020 quarter.

To recap, here is a summary of the next JobKeeper phase (assuming the 30% decline threshold applies):

Stage	Minimum actual decline in turnover	Compare this quarter →	→ to this quarter	Fortnightly rate per eligible employee	Hrs worked in determined 28 day period
1st Stage 28 Sept – 3 Jan	30%	Sept 2020	Sept 2019	\$1,200 \$750	80 hrs + < 80 hrs
2nd Stage 4 Jan – 28 Mar	30%	Dec 20	Dec 2019	\$1,000 \$650	80 hrs + < 80 hrs

From 28 September, JobKeeper will be tapered, making it more targeted. If you are not in the existing JobKeeper program, you can still qualify for the next phase. You'll need to satisfy the same qualifying criteria, and the new actual decline in turnover test. You can qualify for either the 1st stage or the 2nd stage. The first monthly declaration for the next JobKeeper phase will be for October, incorporating the first two fortnights, ending 11 October and 25 October. We expect the declaration will be similar to before, except that each eligible employee will be allocated to the higher-rate or lower-rate camp.

Re-Test Your Decline in Turnover

The re-test is based on decline in actual turnover. For stage 1, compare the September 2020 quarter to the September 2019 quarter. For the stage 2, compare the December 2020 quarter to the December 2019 quarter. For our clients, the required decline is 30%. It is still the case that only the turnover of the particular entity is used for actually measuring any decline.

To avoid a re-run of the saga over differing methods of measuring turnover, the Commissioner of Taxation has been given the power to determine that turnover essentially means what you disclose in your Business Activity Statements (BAS). For a majority of our clients this means that your GST Turnover is reporting on a Cash Basis and therefore you will need to compare your cash sales from the September 2020 quarter vs your cash sales from the September 2019 quarter.

New Business & No Comparative Year?

The Commissioner already had the power to determine alternative decline in turnover tests where there is no comparative period in 2019 (eg, recently commenced business), and had issued a number of such alternatives. These alternative tests can similarly be available for the September and December 2020 quarters when re-testing for actual decline in turnover.

Higher or Lower Rate for Employees

For each eligible employee, you must determine whether the higher or lower payment rate applies. This only needs to be done once. Once this has been determined for an eligible employee, the higher/lower rate will apply for them for either or both of stages 1 and 2 as applicable.

The higher or lower rate is determined based on the number of hours worked in the 28-day period up to the end of the most recent pay cycle ending before either 1 March 2020 or 1 July 2020. This includes time on annual leave, long service leave, sick or personal leave and paid public holidays. You must adopt the high/lower rate for any particular employee based on which 28-day period has the higher number of hours. If the number of hours is 80 or more, the higher rate applies for that employee. If under 80, the lower rate applies.

The purpose of using your pay cycle is to align with your payroll and rostering systems, to reduce compliance costs. Eligible full-time employees during the applicable 28-day period will generally qualify for the higher rate. It is more so eligible part-time and long-term casual employees who might work (including leave, paid public holidays) more or less than 80 hours in the relevant 28-day period.

If employees are paid on a pay cycle that is greater than 28 days, pro-rate the hours to 28 days (eg, pay cycle is each calendar month, per the middle row above. An eligible employee worked 83 hours in February. Therefore, 83 x 28/29 = 80.1 hours attributed to the 2-29 February period.)

For Eligible Business Participants (EBP), it is fixed as the calendar month of February (despite having 29 days this year) for determining the number of hours. As they are not employees, there are no payroll records. Rather, they must “reasonably demonstrate” the number of hours “actively engaged” in the relevant business in the month of February.

What to do now?

As noted above, there is no requirement to re-enrol if you are already in the JobKeeper program. However, after dividing your eligible employees into the higher-rate and lower-rate camps, you must make **two notifications covering every eligible employee**.

Firstly, you must notify the ATO which camp each eligible employee falls into. We expect the form for this will issue shortly, and perhaps can be done through Single Touch Payroll reporting. You will not be eligible to receive next-phase JobKeeper unless this notification is done.

Secondly, within seven days of notifying the ATO, you must notify each eligible employee which camp (higher rate, lower rate) they fall into. There is no standard form for this.

EBPs operating through an entity whose number of active engagement hours in February 2020 was 80 or more must give notice to that effect (no particular form) to the entity in order to receive the higher rate. The entity must notify the ATO (approved form pending) that an EBP is subject to the higher or lower rate, and then must notify the EBP in writing of the rate notified to the ATO. If EBP's February hours was less than 80 – or they simply don't provide the notice to the entity where 80 or more – the lower rate will apply.

EBPs operating in their personal name as a sole trader whose number of active engagement hours in February 2020 was 80 or more must state that in a notice to the ATO (approved form pending) in order to receive the higher rate.

Minimum wage

The higher/lower rates replace the standard $1,500 per fortnight when the new JobKeeper phase commences on 28 September. The applicable rate (pre-tax) per individual eligible employee must be paid as a minimum in each fortnight.

As mentioned above, we will do the 'heavy lifting' for all of our clients currently receiving JobKeeper to let them know if they are eligible for 2.0.

Not sure if you are eligible to continue to receive JobKeeper 2.0?

New in business and suffered a decline in turnover in September 2020 quarter?

Not currently receiving JobKeeper but suffered a decline in turnover in the September 2020 quarter?

Get in touch with you Client Manager today at Link to see if they can assist you on 9455 7022 or enquiries@linkacct.net.au

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