



COVID-19 Weekly AFTA Update

Hosted by Jayson Westbury

Friday, 3 April 2020

Housekeeping

- This webinar is being recorded
- www.afta.com.au/afta-webinars
- Dedicated COVID-19 website page
- Listen only mode
- Question toolbox



Content

- AFTA Update – the story so far
- Webinar Program
- JobKeeper Payment
- Questions & Ideas



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The story so far

- Government
- KPMG
- Radio/media
- New Member Support Measures
- AFTA resources and staff – here to help



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Webinars

All webinar recordings are available on the AFTA website

www.afta.com.au/afta/covid-19-updates/covid19-webinars



Economic Stimulus
Package #1



Economic Stimulus
Package #2



Future Proofing
Your Business



Business
Administration 101



JobKeeper
Payment



Weekly Update with
Jayson Westbury



Mental Health
caring for you



AMEX Chargeback
Webinar

NEW

NEW

NEW

JobKeeper Payment

- What is it?
- Eligibility
- How do employers receive the JobKeeper Payment?
- How do employees receive the JobKeeper Payment?
- Questions & Ideas



JOBKEEPER PAYMENT

- JobKeeper Payment – aimed at preserving the employer-employee relationship
- \$130 billion package
- FLAT \$1,500 per fortnight for each eligible employee, paid directly to employers
- The full amount of the JobKeeper Payment, before tax, must be passed from employer to employee
- An employer must have been in an employment relationship with an eligible employee as at 1 March 2020.

Note: If a new employee is hired after 1 March 2020, then they are not eligible for the JobKeeper Payment with that employer.

ELIGIBILITY

EMPLOYERS

- Your business has a turnover of < \$1 billion and turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month), or
- Your business has a turnover of > \$1 billion and turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month).
- *Self-employed individuals (businesses without employees) that meet the turnover tests are eligible to apply for JobKeeper.*



EMPLOYEES

- Are currently employed by the eligible employer (including those stood down or re-hired),
- Were employed by the employer at 1 March 2020,
- Are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020),
- Are at least 16 years of age,
- Are an Australian citizen, or holder of a particular visa*,
- Are not receiving the JobKeeper payment from another employer.

* Eligible Visa categories include:

- Permanent visa
- Protected Special Category Visa Holder
- Non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years +
- Special Category (Subclass 444) Visa Holder

ELIGIBILITY

The JobKeeper Payment is available to businesses structured through:

- PTY LTD companies;
- Sole-traders;
- Partners in a Partnership; and
- Beneficiaries of a trust (those who may take income as drawings as opposed to wages).

*For those businesses **with** employees, the ATO will use Single Touch Payroll to pre-populate eligible employee details.*

*For those businesses **without** employees, businesses will need to provide an ABN, nominate an individual to receive the payment and provide that individual's TFN and provide a declaration as to recent business activity.*

People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments.

Payment will be made monthly to the individual's bank account.

HOW DO EMPLOYERS RECEIVE JOBKEEPER?

Step 1:

Employers must elect to participate in the scheme by registering their interest online at the ATO website - <https://www.ato.gov.au/general/gen/JobKeeper-Payment/>

Step 2:

Employers will need to provide information to the ATO to demonstrate the necessary downturn in their businesses. The ATO will use Single Touch Payroll to pre-populate most eligible employee details.

Step 3:

The JobKeeper Payment will be delivered through monthly arrears via existing systems at the ATO. Employers will be required to provide monthly updates to the ATO on the number of eligible employees employed by the business.

Step 4:

The first payment will be reimbursed by the ATO from the **first week in May** but will be **backdated to 30 March 2020**.

Step 5:

The JobKeeper Payment will continue to last for up to six months, running from 30 March 2020 to approx. 1 October 2020.

JOBKEEPER FOR EMPLOYEES

What if my employee currently earns UNDER \$1,500 per fortnight (before tax)?

They are about to get a pay rise.

Employers are legally need to pass on all of the \$1,500 JobKeeper Payment (even where this is more than the employee currently earns).

It will be up to the employer in this circumstance to decide if they want to pay superannuation on the additional wage earned by that employee.

What if my employee currently earns MORE THAN \$1,500 per fortnight (before tax)?

If an employee ordinarily receives more than \$1,500 (before tax) in income per fortnight, employers will now receive the \$1,500 JobKeeper Payment towards the salary, but will need to continue to top up this amount to their regular income amount.

The employer will need to continue to pay superannuation on the employees regular wage or salary.

JOBKEEPER FOR EMPLOYEES

For example...

Adam owns a travel agency business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30 per cent in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

- The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Anne's salary and will continue paying the superannuation guarantee on Anne's income;
- The business continues to pay Nick his \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totaling \$1,500 per fortnight before tax. The business receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of Nick's salary. The business must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Nick is earning. The business has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

JOBKEEPER FOR EMPLOYEES

Question:

I own and manage a retail travel agency, and employ 5 travel consultants. I have shut my doors as there is no more business right now and my staff are unable to work from home as we do not use laptops in the business, only desktops. If I apply for the JobKeeper Payment, am I just going to be paying them to sit at home and do nothing?

Answer:

Yes.

If you have decided to place your business into “hibernation”, the JobKeeper Payment will allow you to remain connected to your employees so that when the rebound happens, you have maintained them on the books and there is no additional paperwork, training or costs involved.

You will receive from the Government \$1,500 per fortnight for each eligible employee, which you would then pass on in its entirety (before tax) to the employee through your payroll system.



STAND DOWN AND JOBKEEPER

Employers who have already stood down employees without pay are eligible for the JobKeeper Payment.

Employees who have been stood down must be paid at a minimum the \$1,500 JobKeeper Payment per fortnight before tax.

The employer can decide if they want to pay superannuation on the JobKeeper Payment to their employees, this is not compulsory in this instance.

STAND DOWN AND JOBKEEPER

For example...

Tim owns a travel agency business. Ordinarily, he employs three permanent part-time consultants, but with no more work Tim can no longer operate as normal and has been forced to stand down his three employees without pay.

Tim's turnover will decline by more than 30 per cent, so he is eligible to apply for the JobKeeper Payment for each employee and must pass on \$1,500 per fortnight before tax to each of his consultants for up to six months.

Tim will maintain the connection to his employees and be in a position to quickly resume his operations.

Tim is required to advise his employees that he has nominated them as eligible employees to receive the Payment. It is up to Tim whether he wants to pay superannuation on the additional income paid to the three employees because of the JobKeeper Payment.

If Tim's employees have already started receiving income support Payments like the JobSeeker Payment when they receive the JobKeeper Payment, they will need to advise Services Australia as employees cannot be in receipt of both payments.

If some of Tim's employees have since gotten other jobs after he stood them down they will still be eligible to receive the JobKeeper Payment from Tim. They will not be eligible to also receive the JobKeeper Payment from their new employer.

DISMISSED EMPLOYEES

Employees who were employed on 1 March 2020 and have subsequently been let go can now be **re-engaged by the same eligible employer**, and they will be eligible to receive the \$1,500 a fortnight JobKeeper Payment.

This effectively now means employees who have been laid off since 1 March 2020 can now be put back on the books with your business.

If the dismissed employee has applied for income support (JobSeeker) then they must notify Services Australia and withdraw this, as they cannot receive both payments.

DISMISSED EMPLOYEES

For example...

Ingrid runs a travel agency business. At 1 March 2020 she employed one full time consultant Scott on a salary of \$2,000 per fortnight and two casual staff Jennifer and Tammy who earn \$1,000 per fortnight and have all worked regularly for the travel agency for longer than two years.

Unfortunately, Ingrid had to let Tammy go due to a reduction in business.

With the announcement of the JobKeeper payment Ingrid considers that she may now be able to afford to reengage Tammy as a casual staff member again, as the JobKeeper Payment means the following for Ingrid's business:

1. Ingrid continues to pay Scott his full-time salary of \$2,000 per fortnight before tax but receives \$1,500 per fortnight from the JobKeeper Payment to subsidize the cost of Scott's salary, meaning she only needs to pay the remaining \$500 per fortnight before tax towards Scott's wages with the rest covered by the JobKeeper Payment. Ingrid will need to continue paying the superannuation guarantee on Scott's \$2,000 income.
2. Ingrid will receive \$1,500 per fortnight before tax from the JobKeeper Payment to subsidize Jennifer's salary. As this is more than Jennifer's current \$1,000 per fortnight salary Jennifer will see an increase of \$500 per fortnight before tax being paid whilst Ingrid is receiving the JobKeeper Payment. Ingrid must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Jennifer is earning. Ingrid has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Jennifer under the JobKeeper Payment.
3. Tammy can be re-engaged by Ingrid and Ingrid will then receive \$1,500 per fortnight before tax from the JobKeeper Payment to subsidize Tammy's salary. As this is more than the \$1,000 per fortnight salary Tammy is offered to be re-engaged at, Tammy will see an increase of \$500 per fortnight before tax being paid whilst Ingrid is receiving the JobKeeper Payment. Ingrid must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Tammy is earning. Ingrid has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Tammy under the JobKeeper Payment.

Federal Government Business Hotline

13 28 46

business.gov.au

Increased support and targeted assistance by specialist advisors to provide support to businesses looking to access the various stimulus measures.



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Key Resources

ato.gov.au

business.gov.au

treasury.gov.au/coronavirus/jobkeeper



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Questions and Ideas