

BRINGING YOUR BUSINESS BACK INTO BALANCE

JOBKEEPER EXTENSION 1 (28 September 2020 to 3 January 2021) (Updated 23-9-2020 at 2pm)

Step 1: Determine Employer Eligibility	✓														
<p>Was the entity, on 1 March 2020, either:</p> <ul style="list-style-type: none"> a) carrying on a business in Australia; b) a non-profit body that is either pursuing its objectives principally in Australia, or that is endorsed under the Overseas Aid Gift Deductibility Scheme or for developed country relief? 															
<p>Was the entity none of the following:</p> <ul style="list-style-type: none"> a) a business subject to the Major Bank Levy; b) a government body; c) a business to which a provisional liquidator or trustee in bankruptcy had been appointed; d) a sovereign entity as defined in the Income Tax Assessment Act 1997 e) an employer who is a Child Care Subsidy (CCS) approved provider, including a sole trader operating a child care service? 															
<p>Can the entity satisfy either of the following tests?</p> <p>1. The Actual Decline in Turnover Test. This test requires that your turnover (referred to as your “Current GST turnover”) for a period (referred to as “the turnover test period”) falls short of the turnover (referred to as your “Current GST turnover”) for a period (referred to as “the comparison period”) by greater than the Specified Percentage. Document your eligibility below.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tbody> <tr> <td style="padding: 5px;">Turnover Test Period Choose the September 2020 quarter (or all of the months of July, August and September if you report monthly)</td> <td style="width: 50px;"></td> </tr> <tr> <td style="padding: 5px;">Turnover for the Turnover Test Period Known as “Current GST Turnover” (A)</td> <td></td> </tr> <tr> <td style="padding: 5px;">Comparison Period The period in 2019 that corresponds to the turnover test period (i.e. the September 2019 quarter or all of the months of July, August and September 2019 if you report monthly)</td> <td></td> </tr> <tr> <td style="padding: 5px;">Turnover for the Comparison Period Known as “Current GST Turnover” (B)</td> <td></td> </tr> <tr> <td style="padding: 5px;">Decline in turnover (C) Equal to (B-A)/B x 100%</td> <td></td> </tr> <tr> <td style="padding: 5px;">Specified Percentage (D) Either 15% for ACNC registered charities (excluding universities and schools), 50% for businesses with aggregated turnover over \$1billion or 30% for all other businesses</td> <td></td> </tr> <tr> <td style="padding: 5px;">Is C greater than D?</td> <td></td> </tr> </tbody> </table> <p>2. Alternative Test.</p> <p>The Commissioner released a legislative instrument on 22 September 2020 which gives certain entities or classes of entities an alternative basis on which to satisfy the decline in turnover test where there is not an appropriate relevant</p>	Turnover Test Period Choose the September 2020 quarter (or all of the months of July, August and September if you report monthly)		Turnover for the Turnover Test Period Known as “Current GST Turnover” (A)		Comparison Period The period in 2019 that corresponds to the turnover test period (i.e. the September 2019 quarter or all of the months of July, August and September 2019 if you report monthly)		Turnover for the Comparison Period Known as “Current GST Turnover” (B)		Decline in turnover (C) Equal to (B-A)/B x 100%		Specified Percentage (D) Either 15% for ACNC registered charities (excluding universities and schools), 50% for businesses with aggregated turnover over \$1billion or 30% for all other businesses		Is C greater than D?		
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comparison period in 2019.

The required percentage downfall to qualify for JobKeeper payments is still the same as for the Basic Test (i.e. 15% for ACNC registered charities (excluding universities and schools), 50% for businesses with aggregated turnover over \$1 billion or 30% for all other businesses). However, the methodology for determining whether such a percentage downfall has occurred is different.

There are seven alternative decline in turnover tests:

1. Entity is new to business
2. Business acquisition or disposal that changed the entity's turnover
3. Business re-structure that changed the entity's turnover
4. Business had substantial increase in turnover
5. Business affected by drought or natural disaster
6. Business has an irregular turnover
7. Sole trader or small partnership with sickness, injury or leave.

For a detailed explanation of each of the seven tests, please refer to both the Legislative Instrument and Explanatory Statement. It is critical that these documents are read in tandem with one another.

Importantly:

- An entity does not need to satisfy any of the Alternative Tests if it can already satisfy the Actual Decline in Turnover Test. This is the case even if the circumstances described by one of the Alternative Decline in Turnover Tests apply to it.
- If an entity is relying on one of the Alternative Tests because it cannot pass the Actual Decline in Turnover Test, it only needs to satisfy one of the Alternative Decline in Turnover Tests. For example, if the circumstances described by more than one of the Alternative Decline in Turnover Tests could apply to an entity, and it can pass at least one of the tests but not others, then it has satisfied the Alternative Test.

A Modified test applies for group employer entities. You may be eligible to apply this modified test if you:

- do not satisfy the basic test, and
- supply employee labour services to members of your consolidated, consolidatable or GST group.

Further advice should be sought if these limited circumstances apply to you.

Cash or Accruals?

Unlike the original decline in turnover test, there is now only one method you can use to determine when you make a supply. Supplies must be allocated to a period on a GST reporting basis, even if you are not registered for GST.

For many GST-registered businesses, this calculation will match the 'total sales' reported at G1 on your BAS minus GST payable (1A).

However, circumstances where you may not be able to rely on these BAS labels, and will instead need to perform manual calculations, include:

- you haven't lodged a BAS
- you are a GST branched entity, GST group member or GST joint venture operator
- you have annual tax periods for GST
- your total sales (G1) do not represent your current GST turnover for another reason, for example
 - you make input taxed supplies
 - you make supplies under the margin scheme and only report your margin at G1
 - for some ACNC-registered charities – you receive donations and gifts, or government grants and elect not to count these grants for JobKeeper purposes
 - you have incorrectly filled out label G1 when lodging your BAS
 - you have corrected GST errors from an earlier period in the relevant BAS or have corrected errors in a later



<p>BAS for sales that were attributable to the relevant BAS.</p> <p>The following rules apply:</p> <ul style="list-style-type: none"> • If you are registered for GST for both test periods and have not changed your accounting basis for GST - you use the same accounting basis you used for preparing your business activity statements. • If you are not registered for GST during either test period – you can work out the time you made sales either on a cash basis or a non-cash basis but you must use the same accounting basis for both test periods. • If you became registered for GST during the relevant comparison period, use your accounting basis that first applied to you. • If you changed your accounting basis during or after the start of the relevant comparison period, use your accounting basis from the first tax period of the relevant comparison period. • If you cancelled your GST registration during or after the relevant comparison period, use your accounting basis from the first tax period of the relevant comparison period. • If you registered for GST after the end of the relevant comparison period, use your accounting basis at the beginning of your turnover test period. 	
<p>Where an entity is part of a GST group, the entity calculates its GST turnover as if it wasn't part of the group. This means that supplies made by one group member to another will be included.</p>	
<p>GST Turnover When calculating turnover, exclude the following:</p> <ul style="list-style-type: none"> • GST you included in sales to your customers (if any) • sales that are input taxed sales (e.g. bank interest, sale of shares, residential rental income) • sales not connected with an enterprise that you carry on (e.g. sale of private car) • sales that are not made for payment (unless a taxable supply to an associate) • payments for no supply (e.g. JobKeeper payments) • gifts and donations (except for deductible gift recipients and ACNC-registered charities) • sales not connected with Australia. 	
<p>Once a Decline in Turnover Test has been passed, it is not re-tested (and thus does not have to be passed again) throughout the JobKeeper Extension 1.</p>	
<p>You also need to have satisfied the original decline in turnover test contained within the original JobKeeper 1 scheme. However, if you:</p> <ul style="list-style-type: none"> • were entitled to receive JobKeeper for fortnights before 28 September, you have already satisfied the original decline in turnover test; • are enrolling in JobKeeper for the first time from 28 September 2020, if you satisfy the actual decline in turnover test, you will also satisfy the original decline in turnover test (except for certain universities). You can enrol on that basis. 	

<p>Step 2: Determine Eligible Employees for each fortnightly period</p>	<p>✓</p>
<p>Employers do not need to reassess employee eligibility if they were already claiming for those employees prior to 28 September 2020. However, newly-eligible employees will need to be assessed as follows.</p>	
<p>Does the employee satisfy the following eligibility requirements at 1 July 2020:</p> <ul style="list-style-type: none"> • aged 16 years or over; and • either a full-time or part-time employee, or a long-term casual being someone employed on a regular and systematic basis for more than 12 months (noting that special rules apply where a business has changed hands); and • either: <ul style="list-style-type: none"> - an Australian resident within the meaning of section 7 of the Social Security Act 1991, or - a resident of Australia for the purposes of the Income Tax Assessment Act 1936 and the holder of a Subclass 444 (Special Category) visa? 	



<p>Employees aged 16 or 17 at 1 July 2020 must also satisfy either of the following additional eligibility requirements at that same date:</p> <ul style="list-style-type: none"> • are “independent” within the meaning of the Social Security Act 1991; or • are not “undertaking full-time study” within the meaning of the Social Security Act 1991? 	
<p>During the fortnight, was the employee:</p> <ul style="list-style-type: none"> • employed by the entity • not receiving Parental leave pay; and • not receiving Workers Compensation? 	
<p>“One in, all in”. Once an employer has notified the ATO that they will be participating in the JobKeeper scheme (in other words, they have enrolled), they must provide all “relevant employees” with the opportunity to participate.</p> <p>A “relevant employee” is a person who satisfies the eligibility requirements at 1 July 2020. However, a relevant employee does not include employees aged 16 or 17 at 1 July 2020 unless they also satisfy either of the following additional eligibility requirements:</p> <ul style="list-style-type: none"> • are “independent” within the meaning of the Social Security Act 1991; or • are not “undertaking full-time study” within the meaning of the Social Security Act 1991. 	
<p>Has the employer considered communicating with non-eligible employees to explain why they are not covered by the JobKeeper scheme.</p>	
<p>Employers do not need to be nominated by their eligible employer or fill out a fresh nomination notice if an employer was already claiming for that employee before 28 September.</p> <p>For newly-eligible employees (i.e. from 28 September 2020) has the entity obtained from the employee either a Jobkeeper Employee Nomination Notice or JobKeeper Employee Nomination Notice (1 July employees only) stating the employee:</p> <ul style="list-style-type: none"> • meets the aforementioned requirements • agrees to be nominated by the entity as an eligible employee of the entity for the purposes of JobKeeper; • is not in receipt of Parental Leave Pay, Dad and Partner Pay, or Workers Compensation at the time of the nomination; • if a long-term casual, is not a full-time or part-time employee of another entity; • has not given another entity a nomination notice (other than where the employee ceased their employment or business participation with the first entity before 1 July 2020, and commenced their employment with the new entity by 1 July 2020). <p>This notice also serves the role of notifying the employee in writing that the entity has elected to participate in the scheme and that their eligible employees will all be covered by the scheme.</p>	

Step 3: Determine Eligible Business Participants for each fortnightly period	✓
Is the entity not a non-profit body?	
Did the entity have an ABN on 12 March 2020?	
<p>Has the entity lodged, on or before 12 March 2020, either:</p> <ul style="list-style-type: none"> • a 2018/19 income tax return which included an amount of assessable income in relation to carrying on a business; or • if the entity is GST registered, an activity statement for a tax period that started after 1 July 2018 and ended before 12 March 2020 showing that it made a taxable, GST free or input-taxed sale? <p>Note: The ATO have the discretion to give further time to meet these requirements. Examples of where the discretion is expected to be exercised (subject to the circumstances of each case) include the following:</p> <ul style="list-style-type: none"> • For extensions of time to hold an ABN – Both of the following are satisfied <ul style="list-style-type: none"> - the entity was conducting an active business on 12 March 2020 - the entity is entitled to hold an ABN but did not obtain one because the adverse requirements of not holding an ABN (such as no-ABN withholding) would not apply. • For extensions of time to provide notice of assessable income or taxable supply – The entity has not lodged by 12 March 2020 because either: <ul style="list-style-type: none"> - a pre-existing lodgement deferral was in place, for example, a tax agent lodgement deferral - the entity is a new business that is not required to be registered for GST but made supplies in the relevant period. <p>The ATO have created a form where this discretion can be applied for.</p>	



<p>On or after 1 July 2020, was the individual:</p> <ul style="list-style-type: none"> aged 16 years or over; and either: <ul style="list-style-type: none"> - an Australian resident within the meaning of section 7 of the Social Security Act 1991, or - a resident of Australia for the purposes of the Income Tax Assessment Act 1936 and the holder of a Subclass 444 (Special Category) visa? 	
<p>Does the individual satisfy the business participation requirements as follows:</p> <p>a) Is the individual actively engaged in the business; and</p> <p>b) Is the individual either:</p> <ul style="list-style-type: none"> - the owner (if the entity is a sole trader); - a partner (if the entity is a partnership); - an adult beneficiary of the trust (if the entity is a trust); or - a shareholder or director (if the entity is a company)? 	
<p>During the fortnight, was the individual:</p> <ul style="list-style-type: none"> not an employee of the entity; not receiving Parental leave pay; and not receiving Workers Compensation? 	
<p>Is the individual the only eligible business participant that has or will receive JobKeeper for this entity?</p>	
<p>Is the individual not an employee (other than a casual employee) of another entity?</p>	
<p>Is the individual not receiving JobKeeper (either as an eligible employee or as an eligible business participant) from any other entity?</p>	
<p>Other than in the case of sole traders and eligible business participants who received JobKeeper before 28 September 2020 has the entity obtained from the individual a JobKeeper eligible business participant nomination notice (excluding sole trader) which, among other things, states that the individual:</p> <ul style="list-style-type: none"> satisfies the reference date requirements listed above; satisfied the business participation requirements above; agrees to be nominated by the entity as an eligible business participant of the entity for the purposes of JobKeeper; is not an employee (other than a casual) of another entity; is not in receipt of Parental Leave Pay, Dad and Partner Pay, or Workers Compensation at the time of the nomination; has not given another entity a nomination notice (other than where the individual ceased their employment or business participation with the first entity before 1 July 2020); is the only eligible business participant that has or will receive JobKeeper for this entity? 	

Step 4: Confirm entitlement to JobKeeper for each fortnightly period	✓
<p>Has the entity enrolled with the ATO (through OSFA or the Business Portal) by the end of the month in which the final date of the relevant JobKeeper fortnight falls?</p> <p>This enrolment process will capture eligibility information, expected number of eligible employees, contact and bank details, and whether there is an eligible business participant.</p>	
<p>Has the entity not since notified the ATO they that no longer wish to participate in Jobkeeper?</p>	



<p>Is the fortnight between 28 September 2020 and 3 January 2021?</p>	
<p>Is the employer eligible for JobKeeper before the end of the fortnight? (see Step 1)?</p>	
<p>Is the individual for whom a JobKeeper is being sought either:</p> <ul style="list-style-type: none"> • an eligible employee of the employer for the fortnight (see Step 2); or • an eligible business participant of the employer for the fortnight (see Step 3)? 	
<p>Only in the case of eligible employees (i.e. not in the case of eligible business participants), has the “wage condition” been satisfied? This requires that the eligible employee is paid the Tier 1 or Tier 2 fortnightly amount.</p> <p>Note:</p> <ul style="list-style-type: none"> • the Tier 1 or Tier 2 amount can be made up of gross salary, bonuses, allowance, commissions, fringe benefits and salary sacrificed super? • pay periods can be weekly or monthly if that is an entity’s pay cycle, as long as the pays can be attributed or apportioned to the relevant fortnight to prove that the wage condition has been met. • in the case of the JobKeeper fortnights ended 11 October 2020 and 25 October 2020, the Commissioner of Taxation has extended until 31 October 2020 the time an entity has to pay employees in order to meet the wage condition, so that entities have time to first confirm their eligibility for the JobKeeper payment. 	
<p>Has the entity identified and maintained their eligible employees with the ATO?</p> <p>If you use STP enabled payroll software updated with JobKeeper functionality:</p> <ul style="list-style-type: none"> • Update each eligible employee in your payroll software and lodge via your payroll software; • Log in to OSFA or the Business Portal to register any changes to an eligible business participant. <p>If you use STP enabled payroll software that does not offer JobKeeper functionality, use OSFA or the Business Portal to select or upload the details of eligible employees. If you do not use STP enabled software, manual processes are available through OSFA or the Business Portal.</p>	
<p>Employers and businesses will need to nominate the rate they are claiming for each eligible employee and/or eligible business participant. Payment rates are split into two tiers as follows:</p> <p>Tier 1 - \$1,200 per fortnight (before tax). This rate applies to:</p> <ul style="list-style-type: none"> • eligible employees who worked for 80 hours or more in the four weeks of pay periods ending either prior to 1 March 2020 or 1 July 2020; and • eligible business participants who were actively engaged in the business for 80 hours or more in February and provide a declaration to that effect. <p>Tier 2 - \$750 per fortnight (before tax). This rate applies to any other eligible employee or eligible business participant.</p> <p>Please note that alternative reference periods may apply to employees such as where (but not limited to):</p> <ul style="list-style-type: none"> • an eligible employee taking various types of unpaid leave during the reference period, for example, sick leave, parental leave and leave to be on emergency services leave duty during bushfires • a scenario where the eligible employee’s total number of hours of work, of paid leave and of paid absence on public holidays, in the reference period was affected due to the employee’s employer entity conducting business or some business in a declared drought zone or declared natural disaster zone. <p>Likewise, alternative reference periods may apply to eligible business participants such as where (but not limited to) the eligible business participant not being actively engaged in the business for all or part of February 2020 due to sickness, injury or leave.</p> <p>See the following legislative instrument for these alternative reference periods:</p>	



Step 5: Payroll Processing	✓
<p>It is a requirement that eligible employees (but not eligible business participants) are paid at least their Tier 1 or Tier 2 amount for the fortnight, in either gross wages or salary sacrificed superannuation.</p>	
<p>A JobKeeper Top-up Allowance should be created within the payroll system and will be used when:</p> <ul style="list-style-type: none"> • an employee is not working and receives their entire Tier 1 or Tier 2 amount per fortnight from the JobKeeper payment; • an employee is working but is earning less than their required Tier 1 or Tier 2 amount per fortnight, and thus needs to be topped-up to the relevant amount. 	
<p>The JobKeeper Top-up Allowance payroll item should be set-up such that it is:</p> <ul style="list-style-type: none"> - subject to PAYG-W - not subject to SGL <p>Individual software vendors have their own specific instructions on the set-up of this payroll item to facilitate the transmission of the required information to the ATO via Single Touch Payroll. The following are links to JobKeeper guidance notes which have been published by some of the major accounting software providers (in alphabetical order) which may be helpful:</p> <p>Intuit QuickBooks MYOB Reckon Xero</p>	
<p>In most cases, the JobKeeper Top-Up Allowance will not:</p> <ul style="list-style-type: none"> • accrue leave; • attract payroll tax; • be counted as wages for worker's compensation purposes. <p>In the case of leave, continuing employees (even if temporarily stood down) will continue to accrue normal leave benefits but not on any additional amounts afforded by JobKeeper. For example, if a person ordinarily works 2 days a week earning \$500 per week and the JobKeeper Top-Up Allowance increases their earnings to \$600 per week, they will continue to accrue leave based on their ordinary hours of work (i.e. 2 days per week). The additional JobKeeper Top-Up Allowance of \$100 does not increase their leave entitlements.</p> <p>However, in the case of more complex leave issues, you should seek HR advice if unsure, and in the case of payroll tax and worker's compensation, you should refer to the relevant state government body.</p>	
<p>An employee's hourly rate cannot be less than their previous hourly rate. Thus, in terms of hours of work:</p> <ul style="list-style-type: none"> • If the required Tier amount per fortnight is in excess of an individual's normal earnings per fortnight, they would work their normal hours and be topped-up to the required Tier amount per fortnight; • If the required Tier amount per fortnight is less than an individual's normal earnings, then they can either work their normal hours and be paid their normal earnings, or work for the reduced number of hours that equates to the required Tier amount per fortnight. 	



Step 6: Receipt of JobKeeper Payments	✓
JobKeeper payments are to be paid by the ATO within 14 days of the end of each calendar month (subject to the requirements being met)	
The JobKeeper payment should be recorded to an income account called "JobKeeper Subsidy"	
<p>The JobKeeper Subsidy will be:</p> <ul style="list-style-type: none"> • assessable income and shown on the entity's tax return; • not subject to GST; • not reportable on BAS. 	

Step 7: Monthly Reporting Requirements	✓
<p>Where an entity is entitled to a JobKeeper payment in any given calendar month, then within 14 days of the end of that month, the entity must lodge a monthly declaration with the ATO through OSFA or the Business Portal. This monthly declaration requires you to:</p> <ol style="list-style-type: none"> a) Review the number of eligible employees for each of the JobKeeper fortnights in the previous month; b) Reconfirm your reported eligible employees and eligible business participants and the applicable Tier; c) Reconfirm your contact and bank details for payment; d) Enter the entity's current GST turnover for the month just finished; e) Enter the entity's projected GST turnover for the coming month. 	
<p>The ATO has advised that the monthly reporting will not affect an entity's eligibility and is not used to verify whether projections previously supplied were accurate. Rather, it is intended to ensure there is good information on which to assess the economic impact of Coronavirus across Australia.</p>	

