

Jobmaker Now Law

The Government's new JobMaker scheme passed both houses of Parliament yesterday, and is now awaiting (the formality of) Royal Assent.

Commencement

The scheme will be backdated to commence on 7 October 2020 and provide eligible employers with the following payments for up to 12 months for new jobs created for which they hire the following young workers:

- \$200 a week for hiring a worker aged 16 to 29 on at least 20 hours a week and
- \$100 for those aged 30 to 35.

Although the scheme is slated to run for just 12 months, that period is the hiring period – not the payment period. Eligible employers who hire an eligible employee on the last day of the scheme (6 October 2021), may be eligible for hiring credits for the subsequent 12 months until 6 October 2022.

Employer eligibility

The criteria are broad (e.g. having an ABN, being registered for PAYG withholding, being up-to-date with lodgement obligations, reporting through STP), however some employers are specifically excluded:

- Employers who are claiming JobKeeper
- Entities in liquidation or who have entered bankruptcy
- Commonwealth, state, and local government agencies (and entities wholly owned by these agencies)
- Employers subject to the major bank levy
- Sovereign entities (except those who are resident Australian entities owned by a sovereign entity).

Additionality criteria

Key to the scheme is that employers must have hired additional eligible employees.

The additionality criteria for the first four JobMaker periods requires that there is an increase in:

- the business' total employee headcount (minimum of one additional employee) from the reference date of 30 September 2020; and
- the payroll of the business for the reporting period, as compared to the three months to 30 September 2020.

Treasury example – increase in headcount:

Lisa employs two new staff, Emma aged 28 and Jessica aged 32, who both start on 7 January 2021 and meet the employee eligibility requirements.



Angus resigns from his job at Lisa's business, effective as at 7 January 2021. When claiming for the March quarter reporting period (7 January 2021 to 6 April 2021), Lisa again compares her current situation to her baseline:

- On 30 September 2020, her baseline headcount was 2 and her quarterly payroll was \$30,000.
- On 6 April 2021, her headcount was 4 and her payroll for the reporting period was \$52,000.

For the March quarter reporting period, as her headcount is 2 above her baseline, Lisa can claim for the 2 additional positions. Lisa notifies the ATO through STP of the commencement of Emma and Jessica on 7 January 2021, and that Angus was no longer employed as at 7 January 2021.

Different additionality criteria operate for the final for JobMaker periods. As they are well into the future, they are beyond the scope of this piece

Eligible employees

These are those who commenced employment between 7 October 2020 and 6 October 2021; were aged between 16 and 35 years at the time they commenced employment; have worked an average of 20 hours a week for each whole week the individual was employed by the qualifying entity during the JobMaker period. Additionally, the worker must have met the pre-employment condition which requires that for at least 28 of the 84 days (i.e. for 4 out of 12 weeks) immediately before the commencement of employment of the individual, the individual was receiving the following payments

- parenting payment
- youth allowance (except if the individual was receiving this payment on the basis that they were undertaking full time study or was a new apprentice) or
- JobSeeker payment.

Participation and notification requirements

To be entitled to the JobMaker Hiring Credit payment in relation to a JobMaker period, employers must have notified the Commissioner in the approved form of its election to participate in the scheme by the end of the period that the entity first elects to participate. For example, for an entity that elects to participate for the JobMaker period of 7 January 2021 to 6 April 2021, the notice must be provided to the Commissioner by 6 April 2021.

The reporting requirements will include the details of employees that have commenced or ceased employment during a JobMaker period and the entity's payroll amount. The Commissioner will also specify that the information must be provided through the STP.

