



## GOVERNMENT STIMULUS

# Extension of JobKeeper payments to March 2021

7TH AUGUST, 2020



**On 21 July 2020, the Federal Government announced an extension to the JobKeeper program until 28 March 2021.**

Further, on 7 August 2020, due to the situation in Victoria and the economic impact on the rest of the country, the Government announced that it will ease a number of the criteria previously announced in respect of the JobKeeper extension.

The original JobKeeper program was only scheduled to run until 27 September 2020 and remains unchanged, except that from 3 August 2020 eligible employees include those who were employed on or before 1 July 2020 (previously 1 March 2020). Eligible employees hired between 1 March 2020 – 30 June 2020 are now eligible for the remainder of the original JobKeeper program (subject to all the other unchanged conditions).

Under the extended JobKeeper program, there are two distinct periods with additional eligibility criteria and different payment rates:

- 1st extension period – 28 September 2020 – 3 January 2021; and
- 2nd extension period – 4 January 2021 – 28 March 2021.

### **1<sup>st</sup> extension period**

To be eligible for JobKeeper payments during the 1<sup>st</sup> extension period, employers will need to demonstrate an actual turnover decline in both the June 2020 and September 2020 quarters (generally by comparison to the June 2019 and September 2019 quarters). There is no longer a need to demonstrate a turnover decline in the June 2020 quarter by comparison to the June 2019 quarter.

The ATO will have discretion to set out alternative comparison periods, in addition to the ones previously published in relation to the original JobKeeper program.

The turnover decline will generally be determined by reference to the actual Business Activity Statements lodged. Alternative arrangements will be put in place for employers who do not lodge Business Activity Statements.

The turnover decline percentages remain the same – 50% for employers with aggregated turnover of more than \$1 billion, 30% for employers with aggregated turnover of less than \$1 billion and 15% for charities.

The payment rates for the 1<sup>st</sup> extension period will be:

- \$1,200 per fortnight for employees who, in the 4 weeks of pay periods before either 1 March 2020 or 1 July 2020, were working for 20 hours or more a week on average and business participants who were activity engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$750 per fortnight for all other employees and business participants

The ATO will have discretion to set out alternative tests where the hours worked during the above period are not usual (e.g., leave).

## **2<sup>nd</sup> extension period**

To be eligible for JobKeeper payments during the 2<sup>nd</sup> extension period, employers will need to demonstrate an actual turnover decline in the December 2020 quarter, generally by comparison to the December 2019 quarter. There is no longer a need to demonstrate a turnover decline in the June 2020 and September 2020 quarters by comparison to the June 2019 and September 2019 quarters respectively.

Like the 1<sup>st</sup> extension period:

- the ATO will have discretion to set out alternative comparison periods;
- the turnover decline will generally be determined by reference to the Business Activity Statements lodged (with alternative arrangements for employers who do not lodge Business Activity Statements); and
- the turnover decline percentages remain the same.

The payment rates for the 2<sup>nd</sup> extension period will be:

- \$1,000 per fortnight for employees who, in the 4 weeks of pay periods before either 1 March 2020 or 1 July 2020, were working for 20 hours or more a week on average and business participants who were activity engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- \$650 per fortnight for all other employees and business participants.

The alternative tests for hours worked, if applicable apply to the 2<sup>nd</sup> extension period.

## **Issues impacting both extension periods**

When making claims during the 1<sup>st</sup> and 2<sup>nd</sup> extension periods, employers will have to nominate the relevant payment rates for each eligible employee and/or business participant.

Also, because the decline in turnover will be determined by reference to actual Business Activity Statements lodged, and the lodgment date will be after a relevant fortnight during which wage payments should have been made, the ATO will have discretion to extend the payment time to pay employees in order to meet the wage conditions.

We hope the ATO issues its guidance on this important matter well before the 1<sup>st</sup> extension period commences.

If you wish to discuss this announcement and its impact on your business, please contact your Prosperity adviser or **Raffi Tenenbaum** on 02 8262 8716.



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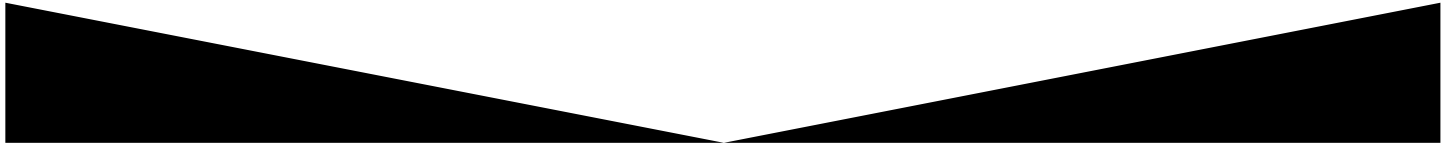
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