

New \$130bn jobkeeper payment announced: what does this mean for you?

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Today the Federal Government, through the Treasurer Josh Frydenberg together with the Prime Minister Scott Morrison announced the introduction of a new JobKeeper wage subsidy payment

that is designed to help keep approximately 6 million Australian's employed through the economic vacuum that has been created by the COVID-19 containment measures. It is estimated that this measure alone will cost \$130bn, bringing the total Federal government support packages to \$320bn or 16.4% of Australia's GDP.

What is the payment?

The JobKeeper payment of \$1,500 per fortnight, per eligible employee is a payment to employers to assist them in retaining their staff or to keep in touch with their workforce that might have previously been stood down. It will start being received by eligible employers during May 2020 but will be backdated to the date of the announcement, i.e. 30 March 2020.

The payment will be made for a maximum of six months from the date of the announcement.

Who will receive the money?

Eligible employers will receive the payment, however they have an obligation to ensure that all eligible employees then receive income of not less than \$1,500 per fortnight. An eligible employer is any employer who:

- If their turnover is less than \$1bn, has a reduction in their turnover of at least 30% relative to a comparable period 1 year ago; or
- If their turnover is more than \$1bn, has a reduction in their turnover of at least 50% relative to a comparable period 1 year ago; and
- Is not subject to the Major Bank Levy.

Self-employed individuals (businesses without employees) that meet the above turnover tests are also eligible to apply for the payment.

New eligibility criteria for Not for profit entities – 6th April 2020

Not for profit entities (including registered charities) that are registered with the Australian Charities and Not-For-Profit Commission will be eligible for the JobKeeper payment if they estimate that their turnover has or will likely fall by 15 per cent relative to a comparable period 1 year ago.

The Australian government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper payment. Non-government schools and private vocational education providers are eligible.

Under the initial arrangements those registered charities with a revenue of less than \$1 billion needed to have recorded a 30 per cent drop for eligibility and those with revenue of more than \$1 billion needed to have recorded a 15 per cent drop for eligibility.

The Government estimates there are 57,000 registered charities that operate in Australia and about 1.3 million people work in the charity sector. This reduced threshold will assist many charities to continue servicing their communities.

We await further clarification as the drafting continues today and Government hopes the legislation will be passed in a one day sitting of Parliament this Wednesday 8th April 2020.

What does this mean for eligible employers?

If you are an eligible employer and you have eligible employees, you will receive a fortnightly payment for each eligible employee. Eligible employees are:

- All full-time and part-time employees, including stood down employees that were employed on 1 March 2020 that are retained or continue to be engaged by their employer;
- Casual employees that were employed on 1 March 2020 that have been employed by their employer for at least 12 months;
- Are at least 16 years of age;
- Are an Australian citizen, holder of a permanent visa, Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (444 – New Zealand citizens) Visa Holder; and
- Are not in receipt of a Job Keeper Payment from another employer.

If you have already taken steps to stand down or otherwise reduce your workforce, you are able to re-engage your employees to receive the JobKeeper payment.

Employers participating in the program are required to ensure that all eligible employees will receive at least \$1,500 before tax per fortnight, regardless of the amount that the employees were paid prior to receiving the JobKeeper payment, i.e. if your employee previously received less than this amount you are required to give the employee a pay rise to bring their income up to \$1,500 before tax per fortnight. Employers have a choice if they wish to pay superannuation on any additional wage paid to employees as a result of the JobKeeper payment.

What does this mean for employees?

If you have more than one employer, you are required to inform your primary employer as you can only receive the JobKeeper payment once. If you are not an Australian citizen, you are required to inform your employer of your visa status to allow them to determine if you are an eligible employee. If you currently receive an income support payment, including the JobSeeker Payment and Coronavirus Supplement, you are required to inform Services Australia as the JobKeeper Payment must be reported as income and this could affect your entitlement to other support payments.

In summary

For employees that ordinarily receive \$1,500 or more in income per fortnight before tax, nothing changes as the Job Keeper Payment will be received by employers as a subsidy for their wages.

Employees that ordinarily receive less than \$1,500 in income per fortnight before tax, will receive a pay rise as they are required to receive, at a minimum, \$1,500 per fortnight before tax.

For employees that were employed on 1 March 2020 and have been subsequently stood down or otherwise ceased employment, employers can re-engage with these employees to ensure that they receive, at a minimum, \$1,500 per fortnight before tax.

Conclusion

As you are no doubt aware, the current economic conditions are bringing about fast-moving announcements and there will no doubt be more stimulus packages to come. For a confidential discussion on your eligibility to participate in the JobKeeper Payment program, or if you would just like a sounding board for your current business plans please reach out to one of our Fordham Partners.

For further details, contact your [Fordham Partner](#).

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