

23 July 2020

COVID-19 Extension to the JobKeeper Payment subsidy

- The Government is extending JobKeeper by six months to March 2021.
- Support will be targeted to eligible entities that continue to be significantly impacted by the Coronavirus.
- The payment rate will be reduced and a lower payment rate will be introduced for those who work fewer hours.
- There are no changes to the existing JobKeeper Payment, which will remain in place until 27 September 2020.

On 21 July 2020, the government announced a tapered extension of the JobKeeper Payment subsidy. The JobKeeper Payment, which was originally due to expire in late September this year, will now continue to be available to eligible businesses (including the self-employed) and not-for-profits until 28 March 2021, but with some important modifications.

How will the payments change?

The payment of \$1,500 per fortnight will be reduced to \$1,200 from October and to \$1,000 from January for those working more than 20 hours per week. Employees who work less than 20 hours per week will receive a lower payment of \$750 from October and \$650 from January.

Determination on hours will be based on hours per week worked on average in February 2020. The Commissioner of Taxation will have discretion to set out alternative tests if hours worked in February 2020 were not usual.

Businesses and not-for-profits will be required to nominate which payment rate they are claiming for each of their eligible employees (or business participants).

The JobKeeper Payment will continue to be made by the ATO to employers in arrears. Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the JobKeeper Payment.

Have the eligibility criteria changed?

While the eligibility criteria haven't changed, entities will be required to reassess their eligibility with reference to their actual GST turnover (rather than using projected GST turnover) and they will need to reapply the turnover test at specific intervals.

From 28 September 2020, entities will need to demonstrate that they have met the relevant decline in turnover test in both the June 2020 and September 2020 quarters to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021. To remain eligible for the JobKeeper Payment from 4 January 2021 to 28 March 2021, entities will also need to have met the turnover test in the December 2020 quarter.

To be eligible for JobKeeper Payments under the extension, businesses and not-for-profits will still need to demonstrate that they have experienced a decline, typically against the comparable period in 2019, of:

- 50% for those with an aggregated turnover of more than \$1 billion
- 30% for those with an aggregated turnover of \$1 billion or less
- 15% for Australian Charities and not-for-profits Commission-registered charities (excluding schools and universities)

The Commissioner of Taxation will have the discretion to set out alternative tests if required.

The eligibility rules for employees remain unchanged.

Further information

Zurich will be monitoring developments as they arise. In the meantime, as always, please reach out to your Zurich representative if you have any questions on the above.

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