

Enrol employees for JobKeeper payments

This article is for small businesses who use Xero

Overview

- To apply for JobKeeper payments, you need to identify which employees in Xero are eligible.
- Once you've identified eligible employees, edit their details if necessary, then file them with the ATO using Single Touch Payroll (STP).

What you need to know

The JobKeeper payment program allows businesses impacted by COVID-19 to access a government subsidy to continue paying employees.

To qualify for the payment, you need to show that COVID-19 caused a negative financial impact on your business. Use [Xero's turnover calculator](#) to compare a quarter or month with a period 12 months prior.

You can then access a list of employees in Xero who might be eligible for JobKeeper payments. Review the list, confirm eligible employees, then add a JobKeeper payment start date next to their names. Do this [based on your pay frequency](#). You can only select a current or past JobKeeper date. You can also [look at the eligibility criteria](#) on the ATO's website.

Once you've set a start date for eligible employees, process a pay run. You'll see a note on the payslips of nominated employees to remind you they're enrolled for JobKeeper payments. The note won't be visible when you send the payslips to employees.

When you file a pay run with STP, it'll send the employee information to the ATO. If you haven't already, [set up STP](#).

Tip

To claim payments for earlier pay periods in April, enrol your employees in the JobKeeper program, then file a pay run with STP before the end of April. If you don't have any pay runs scheduled before then, [create and file an unscheduled pay run](#) for JobKeeper employees with the earnings removed.

Some important points to note:

- You can still enrol employees marked as 'unlikely to be eligible' on the list, but you might need to adjust their details in Xero. In some circumstances, you can't enrol an employee because their details are incompatible with the JobKeeper program or with STP.
- If you want to claim a payment for an eligible employee, set a start date for them – even if they won't receive a JobKeeper top-up in a pay run. Eg if you're claiming a payment for an

employee who earns \$2000 a fortnight, you still need to set a start date to send to the ATO.

Set JobKeeper payment start dates

For each employee, set the date you want to receive the JobKeeper payments from.

1. In the **Payroll** menu, select **Pay Employees**.
2. In the **Payroll support during COVID-19** message, click **visit our Payroll support page**.
3. Select the **JobKeeper settings** tab at the top of the page.
4. Next to an employee's name, click **Start JobKeeper**. If the details under an employee's name are red, edit them using the steps in the section below.
5. Under **JobKeeper start date**, select the applicable ATO fortnight.
 - You can decide which fortnight to select based on the **Payment Date** of the pay run that the employee should start to receive top-ups. Eg if the payment date is 1 April, select the ATO fortnight that spans 30 March to 12 April. For more information, look at [how to set the JobKeeper dates based on your pay calendar](#).
 - You can't select an ATO fortnight in the future. You can only select a current or past fortnight.
6. Carefully review the selected ATO fortnight. When you're ready, click **Save for reporting**.

Repeat these steps for other eligible employees. The employee JobKeeper start dates will be sent to the ATO when you next file with STP.

Edit highlighted employee details

When enrolling employees for JobKeeper payments, you might notice some employees are listed as 'unlikely to be eligible' or 'not compatible with JobKeeper'.

In these sections, we've highlighted the employee details that don't meet the eligibility criteria. You can still enrol an employee if some details are highlighted, but you might have issues when claiming a payment from the ATO.

Employment basis

An employee's employment basis can prevent them from getting JobKeeper payments. This applies if the basis is set to **Labour hire**, **Superannuation income stream** or left blank. To check the employment basis:

1. In the **Payroll** menu, select **Employees**.
2. Click the employee's name to open their details, then select the **Taxes** tab.
3. Under **Employment Basis**, check what you've saved.
4. Update the **Employment Basis** if necessary, then click **Save Only** or **File Now**.

Age

Employees who were younger than 16 years on 1 March 2020 aren't eligible for JobKeeper payments. To check an employee's date of birth:

1. In the **Payroll** menu, select **Employees**.
2. Click the employee's name to open their details.
3. In the **Details** tab, under **Basic Information**, check the employee's **Date of Birth**.
4. Update the **Date of Birth** if necessary, then click **Save**.

Employment start date

Permanent employees who started after 1 March 2020, or casual employees who started after 1 March 2019, aren't eligible for JobKeeper payments. To check an employee's start date:

1. In the **Payroll** menu, select **Employees**.
2. Click the employee's name to open their details, then select the **Employment** tab.
3. Under **Start date**, check the date.
4. Update the **Start Date** if necessary, then click **Save**.

Employment end date

If an employee's termination date was prior to 1 March 2020, they aren't eligible for JobKeeper payments. To check an employee's termination date:

1. In the **Payroll** menu, select **Employees**.
2. Select the **History** tab.
3. Click the employee's name to open their details, then select the **Employment** tab.
4. Check the **Termination Date**.

If the termination date is incorrect, you can fix it by [reinstating the employee's record](#). You can also reinstate the employee's record if they were terminated after 1 March and you rehire them.

Residency status

Some employees, such as foreign residents or working holiday makers, might not be eligible for JobKeeper payments. To check an employee's residency status:

1. In the **Payroll** menu, select **Employees**.
2. Click the employee's name to open their details, then select the **Taxes** tab.
3. Under **Residency Status**, check the status.
4. Update the **Residency Status** if necessary, then click **Save Only** or **File Now**.

Payroll calendar

Employees on a quarterly payroll calendar aren't eligible for JobKeeper payments. To check an employee's calendar:

employee's calendar.

1. In the **Payroll** menu, select **Employees**.
2. Click the employee's name to open their details, then select the **Employment** tab.
3. Under **Payroll Calendar**, check the calendar.
4. Update the **Payroll Calendar** if necessary, then click **Save**.

If the correct calendar isn't available, [add a new calendar](#).

Set a stop date for employee JobKeeper payments

About setting a stop date

You can set a stop date for an employee's JobKeeper payments if you no longer need to claim for them.

You must file employee stop dates with STP. If you terminate an employee outside a pay run, please complete an STP finalisation for them after you set their stop date.

You don't need to set a stop date if you're claiming JobKeeper payments for the initiative's duration.

Set a stop date

1. In the **Payroll** menu, select **Pay Employees**.
2. In the **Payroll support during COVID-19** message, click **visit our Payroll support page**.
3. Select the **JobKeeper settings** tab at the top of the page.
4. Under **Nominated employees**, next to an employee's name, click **Stop JobKeeper**.
5. Under **JobKeeper stop date**, select the applicable ATO fortnight.
 - You can determine which fortnight to select based on the **Payment Date** of the final pay run that the employee should receive top-ups. Eg if the payment date is 1 May, select the ATO fortnight that spans 27 April to 10 May.
 - You can't select an ATO fortnight in the future. You can only select a current or past fortnight.
6. Carefully review the selected ATO fortnight, then click **Save for reporting**.

Repeat these steps for other employees as necessary. The employee JobKeeper stop dates will be sent to the ATO when you next file with STP.

You can re-enrol an employee by following the steps at the top of this page. You can't select a new start date that falls before the last stop date.

Change the JobKeeper payment dates

Warning

You can't revert JobKeeper dates that you've already filed through STP.

1. In the **Payroll** menu, select **Pay Employees**.
2. In the **Payroll support during COVID-19** message, click **visit our Payroll support page**.
3. Select the **JobKeeper settings** tab at the top of the page.
4. Next to the relevant employees, click the menu icon, and then select **Revert changes**.
5. Click **Revert changes**.

The dates will revert to either the last STP filed JobKeeper dates, or all dates will be removed completely if you haven't filed any pay runs since the JobKeeper dates were saved.

What's next?

If your employees earn less than \$1500 a fortnight, [set up or edit a JobKeeper pay item](#) to top-up their pay. You can then assign the pay item to your employees, and file a pay run with STP.

Set up or update JobKeeper pay items

This article is for small businesses who use Xero

Overview

- Use the new JobKeeper pay item to record JobKeeper top-ups, or edit an existing pay item that you created for these.

What you need to know

Before you start

- [Review the eligibility criteria for employers](#) (ATO website)
- [Enrol employees for the JobKeeper payment](#) (ATO website)

Use Xero's new JobKeeper pay item

Xero automatically creates a JobKeeper allowance pay item. You can use the pay item if you're paying or topping-up your employee wages with JobKeeper payments. You can also create an additional JobKeeper pay item, eg if you need one that calculates the Superannuation Guarantee and one that doesn't.

You don't need to use a JobKeeper pay item if your employees are already paid more than \$1500 per fortnight. You can just enrol the employees for JobKeeper payments, and file your next pay run with Single Touch Payroll (STP).

Edit an existing JobKeeper pay item or adjust previous payments

If you've already set up an allowance pay item for JobKeeper top-ups using our previous instructions, you can edit the pay item so it's in the required format.

If you've set up a custom pay item which isn't an allowance, or that has a rate type other than the fixed amount, any previous JobKeeper payments made using this pay item need to be adjusted. This will ensure that the JobKeeper payments are correctly reported to the ATO with STP.

Tip

To claim payments for earlier pay periods in April, enrol your employees in the JobKeeper program, then file a pay run with STP before the end of April. If you don't have another pay run scheduled before then, [create and file an unscheduled pay run](#) for JobKeeper employees with the earnings removed.

Use the new JobKeeper pay item

A JobKeeper allowance pay item has been automatically created for you. By default, the allowance type for the Xero generated pay item is 'JobKeeper - JobKeeper Payment top ups', and it's exempt from Superannuation Guarantee.

You can use the pay item in either your employees' [pay templates](#) or [payslips](#) so they are reported to the ATO in the required format.

View the pay item or make certain changes to it, if needed.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. From the list of **Earnings** pay items, click on the Xero generated pay item called **JobKeeper payment top up**.
4. Update details, if needed. The following pay item settings are automatically set and can't be changed:
 - **Rate type** is set to **Fixed Amount**
 - The **Exempt from PAYG Withholding** checkbox is set as unchecked
 - The **Reportable as W1 on Activity Statement** checkbox is set to checked
5. (Optional) Clear the **Exempt from Superannuation Guarantee Contribution** checkbox, if you want to contribute super payments.
6. Click **Save**.

You can also create an additional pay item, for instance, if you want one for calculating the Superannuation Guarantee and one that doesn't.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. Click **Add**, then select **Allowance**.
4. Under **Type**, select **JobKeeper - JobKeeper Payment top ups**. This ensures that it's reported correctly with the ATO.
5. Enter an earnings name such as 'JobKeeper top up (with super)', and select the relevant **Expense Account**.
6. (Optional) Update the amount.
7. (Optional) Select the **Exempt from Superannuation Guarantee Contribution** checkbox.
8. Click **Add**.

Update an existing JobKeeper pay item and file payments

What you need to know

If you had already set up a JobKeeper allowance pay item by following our previous instructions, you need to update the pay item so it's correctly reported with the ATO, going forward.

If you've already processed and filed your pay runs for April using this pay item, you'll also need to submit an updated JobKeeper file to qualify for the funding. This JobKeeper information flows through to the ATO when you file a pay run via STP. To meet the deadline, update your pay item, process an unscheduled pay run and file it via STP with the ATO by the end of April.

Update the pay item and file an unscheduled pay run

You first need to ensure that your employees are [enrolled for JobKeeper payments](#). Then you can update the pay item and file an unscheduled pay run.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. Open the pay item you set up for JobKeeper payments using an allowance type of **Other**.
4. Under **Type**, select **JobKeeper - JobKeeper Payment top ups**.
5. The following pay item settings are automatically set and can't be changed:
 - **Rate type** is set to **Fixed Amount**
 - The **Exempt from PAYG Withholding** checkbox is set as unchecked
 - The **Reportable as W1 on Activity Statement** checkbox is set to checked
6. (Optional) Select the relevant **Expense Account** and the **Exempt from Superannuation Guarantee Contribution** checkbox.
7. Click **Save**.

Once this is done, [process and file an unscheduled pay run](#), before the end of April. The pay run should:

- Include all eligible JobKeeper staff you've paid until now
- Have all earnings lines zeroed out

Adjust previous JobKeeper payments

If you've set up a custom pay item which isn't an allowance, or that has a rate type other than the fixed amount, you'll need to adjust any JobKeeper payments made using this pay item. This will ensure that the allowance is correctly reported to the ATO with STP.

1. Run a [Transaction Listing Summary](#) report for the relevant employees to help identify amounts paid using the custom pay item.
2. [Process an unscheduled pay run](#) – For each relevant employee, enter the amount as a negative against the incorrect earnings pay item and re-enter the amount as a positive using a JobKeeper pay item. We suggest processing unscheduled pay runs against each pay with a payment date on or after 30 March so the amounts are correctly reported per payment date.

3. [Inactivate](#) your custom JobKeeper pay item.
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What's next?

To top-up an employee's pay, [add the JobKeeper pay item to their pay template or payslip](#), and process a pay run.

Process JobKeeper payments

This article is for small businesses who use Xero

Overview

- To top-up an employee's pay, assign a JobKeeper pay item to their pay template or payslip. You can then process a pay run, and file the payment with Single Touch Payroll (STP).
- Catch up on any JobKeeper top-ups that you missed in April pay runs.

What you need to know

Before you start

- [Enrol your employees for JobKeeper payments](#)
- [Set up or update JobKeeper pay items](#)

About JobKeeper payments

To claim the JobKeeper subsidy from the ATO, [enrol eligible employees](#) (ATO website), and file a pay run with Single Touch Payroll.

If you need to pay or top-up an employee's wages, add a JobKeeper pay item to their pay template or payslip. You can then process pay runs and file them with STP on or before the payment date of the pay run. Here are some scenarios to help you [calculate the JobKeeper top-up amounts for employees](#).

The ATO relies on up-to-date STP records for proof of employee payments.

If necessary, you can use unscheduled pay runs to pay employees the JobKeeper top-ups you may have missed in April.

Assign the JobKeeper pay item to an employee

Once you've [set up or edited a JobKeeper pay item](#), you can assign it to the relevant employees. If you'll pay employees the JobKeeper top-up on an ongoing basis, [add this pay item to their pay templates](#), and enter a rate of zero. You can then calculate the exact amount on each employee's payslip.

If the JobKeeper top-up is only being made to employees once or twice, [add the pay item directly to the employee's payslip](#).

Record a JobKeeper top-up for an employee

About recording JobKeeper payments

If an employee needs a JobKeeper top-up (eg they currently earn less than \$1500 a fortnight), add the JobKeeper pay item to their payslip, then enter the top-up amount.

If an employee doesn't need a JobKeeper top-up, you don't need to add the JobKeeper pay item to their payslip. Just set up the employee's payslip as normal. If you've [enrolled the employee for JobKeeper payments](#), their information will be sent to the ATO when you file with STP.

Add a JobKeeper top-up to a payslip

1. In the **Payroll** menu, select **Pay Employees**.
2. Click **Add Pay Run**, select a pay period, then click **Next**.
3. Click the employee's name to open their payslip.
4. Check your employee's usual earnings lines are correct. If applicable, you can [add employee stand down hours](#).
5. Click **Add Earnings Line** to add the JobKeeper pay item. If you already added this to the employee's pay template, skip to step seven.
6. Under **Earnings Rate**, select the new earnings pay item created above, then click **OK**.
7. In the earnings line for the JobKeeper payment top-up, enter the fixed amount. See the ATO's website for more information on [paying your eligible employees](#).
8. Click **Save**.

Repeat the steps above for each employee as required, then post the pay run and file it with STP by the payment date.

Process pay runs for payments missed in April

About payments missed in April

You can use unscheduled pay runs to pay employees the JobKeeper top-ups you may have missed in April. To identify the employees who need a top-up, review pay runs with payment dates from 30 March 2020. You can then [calculate the top-up amounts to pay eligible employees](#) (ATO website).

Payment dates for these unscheduled pay runs must be on or before 26 April 2020 (weekly or fortnightly pay periods) or 30 April 2020 (monthly pay periods). This ensures the correct earnings are reported to the ATO for the first two fortnights (30 March – 12 April and 13 April – 26 April).

Tip

It's important to top-up employee wages to the full amount specified for each ATO fortnight. Don't split the top-up amounts, or make them proportional, if your pay period spans two

ATO fortnights, or only covers part of the first or last fortnight.

Process an unscheduled pay run

1. In the **Payroll** menu, select **Pay Employees**.
2. Click **Add a Pay Run**, then select **Unscheduled pay run**.
3. Select a payroll calendar, financial year and unscheduled pay period, then click **Next**. Make sure the details (eg pay period) are the same as the pay run with the missed payment.
4. Click **Payment Date**, select the actual date you'll pay the JobKeeper top-ups, then click **Save**.
5. In the **Included** column, select the employees to include in the pay run.
6. Click an employee's name to open their payslip.
7. Under each **Earnings Rate**, remove or zero out the default earnings line.
8. Click **Add Earnings Line** to add the JobKeeper pay item. If you already added this to the employee's pay template, skip to step 10.
9. Under **Earnings Rate**, select the new JobKeeper earnings pay item, then click **OK**.
10. In the earnings line for the JobKeeper top-up, enter the fixed amount. See the ATO's website for more information on [paying your eligible employees](#).
11. Review the lines under **Tax Type**, **Superannuation Fund** and **Leave Type** to make sure they're accurate, then click **Save**.

Repeat the steps above for each employee as required, then post the pay run and file it with STP. You'll also need to repeat this process for each applicable pay period.

What's next?

If necessary, you can [stop JobKeeper payments for an employee](#).