



GOODMAN
CHARTERED ACCOUNTANTS

AUSTRALIAN ECONOMIC THIRD STIMULUS PACKAGE IN RESPONSE TO CORONAVIRUS

Please read this summary in conjunction with our Second Stimulus and Supplementary Stimulus Summaries previously released.

On 30 March 2020, the Australian Government issued its third economic response to the coronavirus (COVID-19). The State Government and the Banking Sector have also provided responses. These responses target the following key areas:

- JobKeeper – wage subsidy for employers, employees and self-employed
- JobSeeker partner threshold increased
- Hold on evictions for renters
- Job support loan applications – now open

These incentives are not available to all businesses or households, so please read the following information to see if they apply to you.

We will continue to monitor continuing Government responses and advise you of any updates as they come to hand.

JOBKEEPER PAYMENT

SUMMARY

Under the JobKeeper payment, businesses significantly impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. The assistance will help businesses keep people in their jobs and re-start when the crisis is over. For employees this means that they can keep their job and earn an income - even if their hours have been cut. It will also be available to the self-employed such as sole traders, partners in a partnership and beneficiaries of a trust.

Affected employers and self-employed will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.

Payment Process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the Payment from 30 March 2020 at <https://www.ato.gov.au/Job-keeper-payment/>.

We have summarized this subsidy and how it applies into the following headings:

- JobKeeper Payment – Employers
- JobKeeper payment – Employees

- JobKeeper Payment – Sole Traders, Partners in a Partnership and Beneficiaries of a Trust, Directors of a Company (i.e. Those individuals that receive income by means other than a salary/wage)

Please refer to Appendix 1 for a table summarizing this subsidy.

EMPLOYERS

To receive the JobKeeper payment employers must:

- Register an intention to apply on the ATO website
- Provide information to the ATO on eligible employees.
- Ensure that each employee receives at least \$1,500 per fortnight (before tax).
- Notify all eligible employees that they are receiving the JobKeeper payment.
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.

Eligible Employers

Employers will be eligible for the subsidy if:

- Their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30% relative to a comparable period a year ago (of at least a month) or March 2020 to April 2020 or;
- Their business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50% relative to a comparable period a year ago (of at least a month); and

(To establish that a business has faced either a 30 or 50% fall in their turnover, most businesses would be expected to establish that their turnover has fallen in the relevant months or 3 months relative to their turnover a year earlier. Where a business was not been in operation a year earlier, or where their turnover a year earlier was not representative of their usual turnover the Commissioner will have discretion to consider additional information that the business can provide to establish that they have been significantly affected by the impacts of COVID-19. Alternative tests may also be set out to establish eligibility in specific circumstances, e.g. eligibility may be established as soon as a business has ceased or significantly curtailed its operations).

- The business is not subject to the Major Bank Levy
- The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and;
- Confirm that each employee is currently engaged in order to receive JobKeeper Payments.
- Not-for-profits (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

Eligible Employees

Employees who are eligible are:

- Currently employed by the eligible employer (including those stood down or re-hired);
- Were employed by the employer at 1 March 2020;
- Are full-time, part-time, or long-term casuals (i.e. longer than 12 months as at 1 March 2020);
- Are at least 16 years of age;
- Are an Australian citizen, holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10+ years, or a Special Category (Subclass 444) Visa Holder; and
- Are not in receipt of the JobKeeper Payment from another employer.

If an employee is in receipt of the JobKeeper payment, this may affect their eligibility for payments from Services Australia as they must report their JobKeeper Payment as income. Please ensure that you notify all employees if you are entering into this scheme.

Application Process

Businesses with Employees:

- Employers are required to register their interest in applying for the JobKeeper Payment via <https://www.ato.gov.au/Job-keeper-payment/> from 30 March 2020.
- Subsequent to registering your interest, eligible employers will be able to apply for the scheme by means of an online application.
- The first payment will be received by employers from the ATO in the first week of May.
- Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO. (through your businesses single touch payroll software)
- Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax.
- It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.
- Employers must be using the Single Touch Payroll system to be eligible. If you are not yet using STP, get in touch with us to get registered.

Please refer to Appendix 2 for some examples of how the JobKeeper for Employers works.

EMPLOYEES

Summary

Employee obligations:

Employees will receive a notification from their employer that they are receiving the JobKeeper payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations.

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of an income support payment must notify Services Australia of their new income.

Employees will be able to receive this payment in a number of different ways:

- If you ordinarily receive \$1,500 or more income per fortnight before tax, you will continue to receive your regular income according to the prevailing workplace arrangements. The JobKeeper Payments will subsidise part or all of your income.
- If you ordinarily receive less than \$1,500 in income per fortnight before tax, your employer must pay you, at a minimum, \$1,500 per fortnight, before tax.
- If you have been stood down, your employer must pay you, at a minimum, \$1,500 per fortnight, before tax.
- If you were employed on 1 March 2020, subsequently ceased employment and then were re-engaged by the same eligible employer, you will receive, at a minimum, \$1,500 per fortnight before tax.

Your employer will notify you if they are claiming the JobKeeper payment on your behalf.

Please refer to Appendix 3 for some examples of how the JobKeeper for Employees works.

SELF EMPLOYED- SOLE TRADERS, PARTNERS IN PARTNERSHIPS, BENEFICIARIES IN TRUSTS, DIRECTORS OF A COMPANY - WHO DO NOT PAY THEMSELVES A SALARY

Businesses without employees (self-employed) such as the following:

- Sole traders – these are businesses which are run by a single individual and cannot pay themselves a salary. (i.e. be an employee)
- Partners in a partnership – such as a husband and wife who run a business as a partnership and cannot pay yourself a salary (i.e. be an employee);
- Beneficiaries of a trust – such as a family trust whereby the profits are distributed at the end of the year rather than the beneficiary being employed by the Trust and that distribution is your main source of income, or;
- Director of a company who is paid a dividend rather than remunerated by a salary and are not an employee of the company.

These types of businesses will also be eligible for the subsidy if their business turnover has reduced by more than 30%, as with employers and to apply you must do the following:

- These individuals can register their interest in applying for the JobKeeper Payment via <https://www.ato.gov.au/Job-keeper-payment/> from 30 March 2020.
- Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide their TFN and provide a declaration as to recent business activity.
- People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments. Payment will be made to the individual's bank account.

Please refer to Appendix 4 for some examples of how the JobKeeper Payment for self-employed applies.

JOBSEEKER PARTNER INCOME THRESHOLD INCREASED

Over the next 6 months the Government will also ease the restrictions that state anyone whose partner earns \$48,000 or more is ineligible for receive the JobSeeker payment, the Coronavirus Supplement and the one off \$750 payment.

Since the JobSeeker is subject to a partner income test, the Government is temporarily relaxing the partner income test to ensure that an eligible person can receive the JobSeeker Payment and associated Coronavirus supplement, provided their partner earns less than \$3,068 per fortnight, around \$79,762 per annum. This has been increased from \$48,000 per annum.

The personal income test for individuals on JobSeeker Payment will still apply.

A HOLD ON EVICTIONS FOR RENTERS

The Australian Government, together with the states and territories have agreed on a common set of principles:

- A short term, temporary freeze on eviction for non-payment of rent to be applied across commercial tenancies impacted by severe rental distress due to coronavirus.
- Tenants and landlords are encouraged to agree on rent relief or temporary amendments to the lease.
- The reduction or waiver of rental payment for a defined period for impacted tenants
- The ability for tenants to terminate leases and/or seek mediation or conciliation on the grounds of financial distress
- Commercial property owners should ensure that any benefits received in respect of their properties should also benefit their tenants in proportion to the economic impact caused by coronavirus.

- Landlords and tenants not significantly affected by coronavirus are expected to honour their lease and rental agreements.
- Cost-sharing or deferral of losses between landlords and tenants, with Commonwealth, State and territory governments, local governments and financial institutions to consider mechanisms to provide assistance.

JOBS SUPPORT LOANS – APPLICATIONS NOW OPEN

In our previous summaries we advised the Queensland Government had allocated \$500 million for small businesses to obtain interest free loans for up to 12 months to a maximum of \$250,000, for businesses to retain staff and maintain their business operations.

Applications for these loans are now open and can be applied for through Queensland Rural and Industry Development Authority (QRIDA). Only business owners can make direct application via the QRIDA online application portal. Applications can be made by third parties on behalf of their clients.

Please refer to this link for a checklist of what is required before you apply <http://www.qrida.qld.gov.au/current-programs/covid-19-business-support/queensland-covid19-jobs-support-scheme>.

You can apply at <https://applyonline.qrida.qld.gov.au/login> or contact QRIDA on contact_us@qrida.qld.gov.au or Free call 1800 623 946.

APPENDIX 1 – JOBKEEPER PAYMENT SUMMARY

Who is eligible?	How much is the JobKeeper Payment, and when can I receive it?	How does an employer make a claim?
<p>Employer Types Employers who have been adversely affected by COVID-19 are eligible to apply for the subsidy. This includes</p> <ul style="list-style-type: none"> • Businesses • Not for profits (including charities) • Self-employed individuals <p>Eligible employers Employers whose turnover is reduced relative to a comparable period (of at least one month) a year ago by:</p> <ul style="list-style-type: none"> • 30% if turnover under \$1b • 50% if turnover over \$1b <p>Provided that the employer is not subject to the Major Bank Levy</p> <p>Eligible individuals Those who are:</p> <ul style="list-style-type: none"> • Currently employed by their eligible employer, • Or, were employed as at 1 March 2020, but have since 	<p>Rate of JobKeeper Payment Flat rate subsidy of \$1,500 per eligible employee per fortnight.</p> <p>This amount applies both for employees who earn more than this amount, and for those who do not.</p> <p>How and when will employers receive the subsidy? The ATO will pay the JobKeeper amounts to the employer.</p> <p>Payments will commence in early May, backdated to March 30. The ATO will make the payments fortnightly.</p> <p>Tax status of JobKeeper payment The JobKeeper payment is taxable income for the employee.</p> <p>The employers are not required to make superannuation contributions in respect of the subsidy it receives. However, it</p>	<p>To receive the subsidy Employers are required to:</p> <ul style="list-style-type: none"> • Register their interest in the JobKeeper payment on the ATO website. The ATO website currently indicates that those who register will receive relevant updates. • Provide information on their eligible employees to the ATO (including the number of eligible employees engaged with the employer as at 1 March, and those currently employed – including those stood down and those rehired). The ATO will use Single Touch Payroll data to assist in this process for pre-population. • Ensure that eligible employees receive at least \$1,500 per fortnight before tax, even if their previous income was less than this amount.

<p>been retrenched and then are re-hired,</p> <ul style="list-style-type: none"> • At least 16 years old • Not receiving JobKeeper payments from another employer • An Australian citizen/permanent resident, or holder of certain visa types, • Employed full-time or part-time. Also casual employees with more than 12 months regular service • Self-employed 	<p>must continue to make superannuation contributions on any wages the employee is entitled to under the employment agreement or award for the work that he or she does.</p>	<ul style="list-style-type: none"> • Notify eligible employees that they are receiving the subsidy. • Continue to provide the ATO with relevant information monthly – including the number of eligible employees employed by their business.
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The above table was referenced from KPMG on 1/4/2020.

<https://assets.kpmg/content/dam/kpmg/au/pdf/2020/federal-government-fiscal-stimulus-wage-subsidy-2020.pdf>

APPENDIX 2 – JOBKEEPER EMPLOYER EXAMPLES

EXAMPLE 1 – EMPLOYER WITH EMPLOYEES ON DIFFERENT WAGES

Adam owns a real estate business with 2 employees. The business is still operating at this stage, but Adam expects that turnover will decline by more than 30% in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

Employee	Usual Wage/fortnight	Payment under Scheme	Compulsory Super	Payment from Government
Anne	\$3,000	\$3,000	\$285	\$1,500
Nick	\$1,000	\$1,500**	\$95***	\$1,500
Total	\$4,000	\$4,500	\$380	\$3,000

** Even though Nick's usual salary is \$1,000 the business is required to now pay \$1,500.

*** It is up to the employer if they wish to pay super on the amount above their original salary.

Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

EXAMPLE 2 – EMPLOYER WITH MULTIPLE EMPLOYEES WITH WAGES OVER \$1,500

Sara runs a landscaping company and employs five full-time gardeners. Sara is paying her employees \$1,700 per fortnight before tax. She expects that her turnover will decline by more than 30% over the coming months and that she will either need to lay staff off or reduce their wages significantly.

As a result of the JobKeeper payment, Sara will be able to keep employing every gardener, and only needs to pay the \$200 wage cost per fortnight before tax per employee above the \$1,500 per fortnight (before tax) JobKeeper Payment.

Employee	Usual Wage/ fortnight	Payment under Scheme	Compulsory Super	Payment from Government
Each Gardener	\$1,700	\$1,700	\$161.50	\$1,500

EXAMPLE 3 – EMPLOYER WITH EMPLOYEES WHO HAVE BEEN STOOD DOWN

Zahrah runs a beauty salon in Melbourne. Ordinarily, she employs three permanent part-time beauticians, but the Government directive that beauty salons can no longer operate has required her to shut the business. As such she has been forced to stand down her three beauticians without pay.

Zahrah's turnover will decline by more than 30%, so she is eligible to apply for the JobKeeper Payment for each employee, and pass on \$1,500 per fortnight before tax to each of her three beauticians for up to 6 months. Zahrah will maintain the connection to her employees and be in a position to quickly resume her operations.

Employee	Usual Wage/ fortnight	Payment under Scheme	Compulsory Super	Payment from Government
Each beautician	N/A	\$1,500	\$0	\$1,500

Zahrah is required to advise her employees that she has nominated them as eligible employees to receive the payment. It is up to Zahrah whether she wants to pay superannuation on the additional income paid because of the JobKeeper payment.

If Zahrah's employees have already started receiving income support payments like the JobSeeker Payment when they receive the JobKeeper payment, they should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

APPENDIX 3 – JOBKEEPER EMPLOYEE EXAMPLES

EXAMPLE 1 – EMPLOYEE WHO HAS BEEN STOOD DOWN AND APPLIED FOR INCOME SUPPORT

Phoebe works at a cinema as a permanent part-time employee, but she has been stood down under the Fair Work Act without pay. Phoebe had registered an intent to claim with Services Australia for access to the JobSeeker Payment and the Coronavirus Supplement. Phoebe is single, with no children and in total she would be eligible to receive \$1,124.50 before tax per fortnight from Services Australia.

Phoebes' employer has decided to apply for the JobKeeper Payment for all its eligible employees for up to 6 months. This would entitle Phoebe to \$1,500 per fortnight before tax. Phoebes' employer is required to advise her that she been nominated as an eligible employee to receive the payment.

If Phoebe elects to receive income support through Services Australia, she should advise Services Australia of the change in her circumstances. Phoebe may no longer be eligible for income support from Services Australia as a result of receiving the JobKeeper Payment.

EXAMPLE 2 – WORKER WITH MULTIPLE JOBS

Michelle currently works 2 permanent part-time jobs, at an art gallery during weekdays, and at the local café on the weekend. Due to the impact of the Coronavirus, the gallery has closed and Michelle has been stood down without pay under the Fair Work Act. Michelle continues to work at the café delivering take-away orders.

Michelle can only receive the JobKeeper Payment once, from the employer whom she nominates as her primary employer. As Michelle only claims the tax free threshold from her job at the art gallery, this will be treated as her nomination of the art gallery as her primary employer.

The art gallery is eligible for the JobKeeper payment. The art gallery will pass the JobKeeper Payment on to Michelle, so she will receive \$1,500 per fortnight before tax. During the application process, the art gallery will notify the ATO that Michelle receives the payment from them. The art gallery is also required to advise Michelle that she has been nominated to the ATO as an eligible employee to receive the payment.

The café is not eligible to receive the JobKeeper payment for Michelle. The income that Michelle receives from her job at the cafe does not change her entitlement to the JobKeeper payment she receives from the art gallery.

EXAMPLE 3 - EMPLOYEE MADE REDUNDANT AFTER 1 MARCH

Miles worked as a permanent part-time personal trainer at a gym for months and was made redundant on 20 March 2020 in response to the Government directive that gyms close. Miles was not entitled to redundancy pay due to his length of service.

In response to the announcement of the JobKeeper Payment, the gym decides they want to re-engage Miles, so they are all well placed to resume their obligations once the Coronavirus restrictions are lifted.

After being made redundant, Miles had registered an intent to claim with Services Australia for access to the JobSeeker Payment and the Coronavirus Supplement. Miles is single, with no children and in total he would be eligible to receive \$1,124.50 before tax per fortnight.

If Miles chooses to be re-hired by the gym, under the JobKeeper Payment he will receive \$1,500 a fortnight before tax while he is stood down. Miles will need to advise Services Australia of his income. He is no longer eligible for the JobSeeker payment and the Coronavirus Supplement from Services Australia as result of receiving the JobKeeper Payment.

APPENDIX 4 – JOBKEEPER SELF-EMPLOYED EXAMPLES

EXAMPLE 1 -SELF-EMPLOYED WITH NO EMPLOYEES

Melissa is a sole trader running a florist. She does not have employees. Melissa's business has been in operation for several years. The economic downturn due to the Coronavirus has adversely affected Melissa's business, and she expects that her business turnover will fall by more than 30% compared to a typical month in 2019.

Melissa will be able to apply for the JobKeeper Payment and would receive \$1,500 per fortnight before tax, paid on a monthly basis.

EXAMPLE 2 – SELF-EMPLOYED WITH EMPLOYEES

Heidi is a sole trader and has one permanent part-time employee, Megan, who earns \$1,000 a fortnight before tax. Heidi has a beekeeping business, selling honey and products at the markets and running beekeeping courses.

Heidi's business has been adversely affected by the Coronavirus, and her turnover has dropped by more than 30%. Megan is still working at Heidi's business, including taking care of the bees. Under the JobKeeper payment, Heidi is eligible to make a claim for the JobKeeper payment for Megan for a maximum of 6 months. Heidi can also claim for herself. This will support Heidi to continue her business operations.

Heidi is required to advise Megan that she has been nominated to the ATO as an eligible employee to receive the payment.

Heidi receives \$1,500 per fortnight before tax from the JobKeeper payment which will subsidise the cost of Megan's salary. Megan will continue to receive her \$1,000 per fortnight before tax and an additional \$500 per fortnight before tax, totaling \$1,500 per fortnight before tax. Heidi must continue to pay superannuation guarantee on the \$1,000 per fortnight of wages that Megan is earning.

Employee	Usual Wage/ fortnight	Payment under Scheme	Compulsory Super	Payment from Government
Heidi – not an employee	N/A	N/A	N/A	\$1,500
Megan	\$1,000	\$1,500**	\$95***	\$1,500
Total	\$1,000	\$1,500	\$95	\$3,000

** Even though Megan's usual salary is \$1,000 the business is required to now pay \$1,500.

*** It is up to the employer if they wish to pay super on the amount above their original salary.

CONTACT US

Our Office remains open for business however, we have closed the doors to the public and our Accountants are now working remotely from home until the Government allows us to return to work in the Office. Please phone the office on 07 4038 8888 and Angela will arrange for the Accountant to call you back, or alternatively email us at: -

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Return phone calls from the Accountant will display as unknown number.

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