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Newton & Henry

Makes the difference

JobKeeper 2.0

Fact Sheet

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JobKeeper extended – to a point

The Government has announced that JobKeeper will be extended beyond September – but with some significant (post September) modifications.

In particular these modifications are:

- After 27 September 2020, the JobKeeper flat rate payment will be reduced from $1500 per fortnight to $1200.
- There will also be a lower payment of $750 a fortnight for those working less than 20 hours a week. The 20 hours per week is tested based on the actual hours worked during February 2020 – with the Commissioner for Taxation likely to develop alternative tests where those hours are not representative of normal working hours (eg the employee was ill or on leave).
- After 4 January 2021 – the rate will fall to $1,000 per fortnight for the flat rate or $650 per fortnight for those doing less than 20 hours per week.
- From 28 September 2020, employers seeking to claim JobKeeper Payments will be required to reassess their eligibility for the JobKeeper extension with reference to their actual turnover for the June 2020 and September 2020 quarters. Employers must have suffered a 30% (or 15% or 50% where applicable) decline in turnover for BOTH of these quarters to be eligible to stay in the program after 27 September 2020. This will render employees eligible until 4 January 2021.
- Eligibility beyond 4 January 2021 will require employers to demonstrate the requisite turnover decline for each of the June, September, and December quarters.
- The program will now end on 28 March 2021.

Our comment:

JobKeeper in its current form was introduced by the Government under the auspices of speed and simplicity in order to provide support to the economy during the initial stages of Covid. Clearly, the extension is intended to be more targeted and to overcome any disincentives for employers and employees to reengage in a productive manner.

It is important to note that if a business does not meet the re-testing criteria – this does NOT impact on their entitlement to JobKeeper up until 27 September 2020 under the existing program.

At first glance, a number of practical implications arise from the revised proposal, in particular:

- Clearly the extended JobKeeper rules will result in increased complexity in terms of employers needing to validate their eligibility to the scheme and the varying rates of JobKeeper payments that will be required to be made.
- The various test and nomination dates in so far as they require employers to satisfy the decline in turnover test for the September and December quarters fall well before the ordinary time for lodging the BAS for those quarters. It will not be possible for employers to understand their entitlements without completing the relevant BAS, at least to the point where the turnover decline can be reliably calculated. This will be particularly problematical over the Christmas period.
- The lower rates being received by JobKeeper participants may cause them to formally resign and move either to other employment or, after appropriate wait times, to the Social Security network – noting that contemporaneous with the JobKeeper changes, the Jobseeker supplements will be wound back. We recommend that employers will need to be prepared for the funding requirements of leave payouts etc as well as business disruption should they experience significant staff turnover.
- Unfortunately, there will be some businesses that will not survive with the reduced support of Jobkeeper 2.0 compared to the current program. The ongoing need to assess business viability, and the need to ensure adequate management of cash flow and credit exposures, will now be all the more critical.

Key contacts

Michael Hine
Mobile: +61 419 568 773
mhine@newtonhenry.com.au

Nigel Briggs
Mobile: +61 409 176 582
nbriggs@newtonhenry.com.au

Andrew Gray
Mobile: +61 409 336 843
andrewgray@newtonhenry.com.au

Jim Dennis
Mobile: +61 428 936 875
jimdennis@newtonhenry.com.au

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Newton & Henry Pty Ltd

Phone: +61 3 6337 3737
Fax: +61 3 6337 3700
office@newtonhenry.com.au

ABN: 89 638 304 471

Level 2, 33 George St, Launceston TAS 7250
PO Box 199, Launceston TAS 7250

www.newtonhenry.com.au