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COVID-19 Summary – AUGUST 2020

JOBKEEPER 2.0 and 3.0

Source: National Tax & Accountants' Association Ltd: August 2020

JobKeeper 2.0

On 21 July 2020, the Government announced that the JobKeeper Payment (JKP) scheme would be extended until **28 March 2021** (i.e., for a further six months beyond its original finish date of 27 September 2020).

From 28 September 2020, the JKP will be less generous and access to it will be more limited as businesses will be required to reapply the **Decline in Turnover Test**.

JobKeeper 2.0 will not apply until the fortnight commencing 28 September 2020 and has no impact on the current JKP regime. Along with the changes to the JKP, the Government also announced that there would be changes to the JobSeeker Payment and that the Coronavirus Supplement would be extended until 31 December 2020, albeit at a reduced rate.

As a result, JKPs would now be made over two separate extension periods, being:

- **Extension period 1** – which covers the seven JobKeeper fortnights that commence on 28 September 2020 and end on 3 January 2021; and
 - **Extension period 2** – which covers the JobKeeper fortnights that commence on 4 January 2021 and end on 28 March 2021.
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JobKeeper 3.0

On 7 August 2020, the Government announced adjustments to JobKeeper 2.0 to expand the eligibility criteria for JKP (now referred to as 'JobKeeper 3.0'), primarily in the wake of the tougher COVID-19 restrictions recently imposed in Victoria.

The adjustments contained within JobKeeper 3.0 will apply nationwide, and the crucial amendments include the following:

Adjustments to employee eligibility –

From 3 August 2020, the relevant date of employment (which is used to determine an employee's eligibility to JKPs) will move from **1 March 2020 to 1 July 2020**. This is designed to increase employee eligibility for both the existing JKP scheme, as well as for the new extension periods from 28 September 2020.

Casual employees will still be required to have been employed on a regular and systematic basis for a minimum of 12 months (as is required under the existing JKP scheme).

Adjustments to the 'Decline in Turnover Test' –

To qualify for the JKP in the extension periods, **businesses will now only have to demonstrate that their actual GST turnovers have significantly decreased in the previous quarter under JobKeeper 3.0.**

For these purposes, the applicable rate of decline in turnover required to qualify for JobKeeper 3.0 is determined in accordance with the existing rules (i.e., 50% for entities with an aggregated turnover of more than \$1 billion, 30% for entities with an aggregated turnover of \$1 billion or less and 15% for ACNC-registered charities).

Specifically, to be eligible for the **JKP Extension Period 1** (i.e., from 28 September 2020 to 3 January 2021), businesses only need to demonstrate a significant decline in turnover in the September 2020 quarter (whereas under the previously announced JobKeeper 2.0, they would have been required to show that they had suffered a significant decline in turnover in both the June and September 2020 quarters).

To be eligible for the **JKP Extension Period 2** (i.e., from 4 January 2021 to 28 March 2021) businesses only need to demonstrate a significant decline in turnover in the December 2020 quarter (whereas under the previously announced JobKeeper 2.0, they would have been required to show that they had suffered a significant decline in turnover in each of the June, September and December 2020 quarters).

What are the two JobKeeper 2.0 rates?

Importantly, the dual payment rate system originally proposed in JobKeeper 2.0 will remain and is outlined in the tables below, with the full rate of payment decreasing from \$1,500 to \$1,200 per fortnight from 28 September 2020 and then to \$1,000 per fortnight from 4 January 2021.

The proposed reduced rates (being \$750 from 28 September 2020 and \$650 from 4 January 2021) will also remain for employees and business participants who worked fewer than 20 hours per week in the relevant period.

These rates will be fixed for all of **Extension Period 1** but will be adjusted downward for **Extension Period 2**. Refer to the table below.

| Period | Full Rate | Reduced Rate |
|---------------------------|-----------|--------------|
| Extension Period 1 | \$1,200 | \$750 |
| Extension Period 2 | \$1,000 | \$650 |



What will JobKeeper 2.0 and 3.0 look like?

The following table sets out the full and reduced JKP rates for Extension Periods 1 and 2.

| JobKeeper 2.0 and 3.0 Payment Schedule | | |
|---|------------------|---------------------|
| JobKeeper Extension Period 1 | | |
| JobKeeper Fortnight | Full Rate | Reduced Rate |
| 28 September 2020 – 11 October 2020 | \$1,200 | \$750 |
| 12 October 2020 – 25 October 2020 | \$1,200 | \$750 |
| 26 October 2020 – 8 November 2020 | \$1,200 | \$750 |
| 9 November 2020 – 22 November 2020 | \$1,200 | \$750 |
| 23 November 2020 – 6 December 2020 | \$1,200 | \$750 |
| 7 December 2020 – 20 December 2020 | \$1,200 | \$750 |
| 21 December 2020 – 3 January 2021 | \$1,200 | \$750 |
| JobKeeper Extension Period 2 | | |
| 4 January 2021 – 17 January 2021 | \$1,000 | \$650 |
| 18 January 2021 – 31 January 2021 | \$1,000 | \$650 |
| 1 February 2021 – 14 February 2021 | \$1,000 | \$650 |
| 15 February 2021 – 28 February 2021 | \$1,000 | \$650 |
| 1 March 2021 – 14 March 2021 | \$1,000 | \$650 |
| 15 March 2021 – 28 March 2021 | \$1,000 | \$650 |

We're here to help

As we respond to the challenges of COVID-19, staying connected has never been more important.

The JobKeeper program has played a critical role for businesses as the economy continues to struggle with the restrictions and effects of COVID-19 – particularly in Victoria with the implementation of Stage 4 restrictions.

Arthur Kyriacou & Co is here to support you during these unprecedented times.

Please contact us on 03 9808 7377 or via email to discuss your business' eligibility for JobKeeper 3.0 or on any other matters.

Disclaimer

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