WEBINAR Q&A

Question 1
How do we check that we are actually registered for JK 2.0?

Answer
An entity can check whether it is registered for JobKeeper by looking on the Business Portal. Alternatively, your tax advisor can check through Registered Agent Online Services.

Question 2
If you have used basic test for JobKeeper 1, can you use alternative test for JobKeeper 2.0?

Answer
Yes, an entity can assess its eligibility for JobKeeper 2.0 under an alternative test even if using the basic test for JobKeeper 1.0.

Question 3
Is the Single Touch Payroll BAS lodgement enough to prove JobKeeper 2.0 eligibility?

Answer
BAS lodgements will provide a good start to determining eligibility, although there are some differences between the way BAS are prepared and current GST turnover for JobKeeper eligibility (e.g. GST grouping).

Question 4
If you had sales in August that had to be refunded in September, can adjustments be included as they are in the same test period for JobKeeper 2.0?

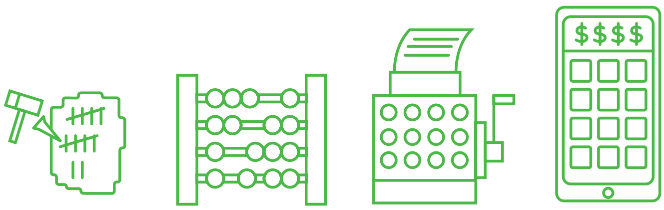
Answer
According to Law Companion Ruling LCR 2020/1, adjustment events relating to prior tax periods must not be taken into account when determining current turnover. However, where the adjustment event occurs in the same tax period as the original supply, the effect of the adjustment event can be taken into account.

Therefore, since the two events occur in the same September 2020 quarter, the effect of the adjustment event can be taken into account.

Question 5
If June 2020 GST Turnover increased by 50% compared to June 2019, can the alternative test to be used?

Answer
With the substantial increase in turnover alternative test, there are two steps to its application. Step 1 requires the satisfaction of the pre-condition that there must have been substantial increase in turnover. There are two options to use as the testing month – either the month immediately before the current quarter (i.e., June 2020) or the month of February 2020.

To illustrate Step 1 using June 2020, the business needs to have a 50% increase in turnover between the turnover of the month of June 2019 and the month of June 2020. It could also satisfy Step 1 by having a 25% increase between the turnover of the month of December 2019 and the month of June 2020 or a 12.5% increase between the month of March 2020 and the month of June 2020.



If Step 1 is satisfied, then Step 2 requires that the turnover from the testing period of the September 2020 quarter must have declined by at least 30% (50% if aggregate turnover is greater than $1 billion or 15% if an ACNC-registered charity) when compared to the three months ending 30 June 2020 (i.e., the June 2020 quarter). If a business used February 2020 as its Step 1 testing month, then in Step 2, it would be needing to show a decline of at least 30% between the September 2020 quarter and the three months ending 29 February 2020.

Question 6

If payroll is paid monthly (eg. $3,250 per month), how would you allocate the fortnightly Jobkeeper 2.0 payments?

Answer

For JobKeeper 2.0, monthly averages still apply. For an employer eligible for JobKeeper for the duration of JobKeeper 2, the monthly average wages are $2,400 per month (for the higher rate) and $1,525 per month (for the lower rate). Where however an employer is eligible for only one three-month period, these monthly averages may be different.

Question 7

For a Sole Trader with no employees do we calculate or add up sales/GST turnover from period October – December 2020 and compare that to same period 2019 to show a 30% decline? If so, will this be paid in a lump-sum in January 2021?

Answer

The process for a sole trader is the same as for an entity with employees. The Sole Trader will test their eligibility for JobKeeper by comparing their current GST Turnover for the September 2020 quarter with that of the September 2019 quarter. If the required 30% decline in turnover has been achieved, the ATO will pay the sole trader $1,200 per fortnight or $750 per fortnight (depending on whether the higher or lower rate applies) until the fortnight ended 3 January 2021.

The sole trader will need to re-test their eligibility (decline in turnover of at least 30% for the December 2020 quarter compared with the December 2019 quarter). If this is achieved, the sole trader will receive $1,000 per fortnight or $650 per fortnight (depending on whether the higher or lower rate applies) until the end of March 2021.

Payments will be made monthly, after the Sole Trader submits their monthly declaration to the ATO. However, Sole Traders must notify the ATO whether the higher or lower rate applies. This is done through the Business Portal or Registered Agent Online Services.

Question 8

What is needed for a declaration for a business partner?

Answer

The ATO has standard form declarations for eligible business participants available on its website, found here.

Question 9

Do we need to make top-up payments for an apprentice that has been employed full-time since January 2020 without any wage subsidises?

Answer

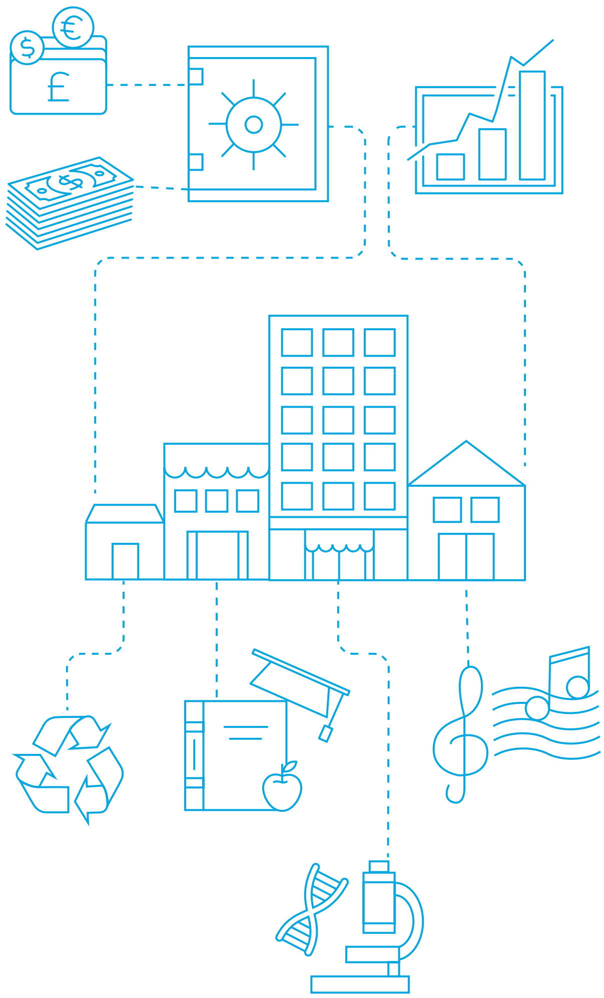
Yes, the full amount of the JobKeeper subsidy must be passed on to the employee through meeting the relevant wage condition for each fortnight. Therefore, the apprentice will need to be paid either $1,200 or $1,000 per fortnight, depending on whether it is period 1 or period 2.

Question 10

Can an employee withdraw their existing JobKeeper nomination from their employer?

Answer

Yes, an existing nominated employee can withdraw their nomination – this may be because they will now be paid through an alternative employer. Please note that the employee must withdraw voluntarily and the requirement to pay all eligible employees whose nomination remains valid remains.



Question 11

If funding/sponsorship is received in the July - September quarter but relates to services to be delivered in October - December, can this be excluded from assessment in the turnover?

Answer

In JobKeeper 2.0, the timing of when to include amounts in GST turnover is now entirely dependent on how those amounts are attributed for GST / BAS purposes.

For instance, if the entity receiving the sponsorship accounts for GST on an accruals basis, the funding would be counted in the September 2020 quarter, unless it issued an invoice for the sponsorship funding in a prior quarter (in which case, the GST turnover is counted in the earlier quarter).

If the entity accounts for GST on a cash basis, then the GST turnover is recognised in the September 2020 quarter since that is the quarter in which the cash is received.

In no scenario under JobKeeper 2.0 could the GST turnover of the funding be recognised in the December 2020 quarter.

Question 12

Can a non-for-profit strip out resilient grant funding from the assessment or is this only allowed if you are ACNC registered entity?

Answer

Without knowing the terms and conditions of how the grant funding is provided, we cannot provide a conclusive view. However, conceptually the starting point is that government grants are only included in turnover if the grantee is providing a supply in return for the grant (e.g., it is obliged to expend the funds in an agreed manner). For this reason, JobKeeper payments themselves are excluded from GST turnover since the employer is not providing anything to the Government in return for the JobKeeper payments.

If the government grant is, prima facie, to be included in GST turnover since it is consideration for a supply, it can only be excluded from GST turnover if the entity is both an ACNC-registered charity and not a university or school. That is, just being a not-for-profit is not sufficient..