

INSIDE

MAY 2020

FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE



- **ATO JobKeeper Fact Sheet**
- **Employers Get Amnesty for Missed Super Payments**
- **Road to Recovery**

ATO FACT SHEET – JobKeeper Payment

WHAT IS THE JOBKEEPER PAYMENT?

The JobKeeper Payment is a payment made to eligible businesses and not-for-profits affected by the Coronavirus to support them in retaining employees.

Eligible businesses that elect to participate will receive a payment of \$1,500 per fortnight per eligible employee to support the people they employed as at 1 March 2020 who are retained in employment.

Businesses must have paid their employees before they are entitled to receive the JobKeeper payment. Where an employee's total remuneration is less than \$1,500 per fortnight (before tax), or has been stood down, the employee earns more than \$5,500 per fortnight, employers can use the payment to subsidise the employee's wages.

Self-employed individuals will also be eligible to receive the Jobkeeper payment.

WHEN WILL THE JOBKEEPER PAYMENT COMMENCE?

The JobKeeper Payment will be available from 30 March 2020.

HOW LONG WILL THE JOBKEEPER PAYMENT LAST FOR?

The JobKeeper Payment will be available for the period until 27 September 2020.

Employers

IS MY BUSINESS ELIGIBLE?

Employers (including not-for-profits) will be eligible for the subsidy if:

- Their business has an aggregated turnover of less than \$1 billion (for income tax purposes) and estimate their GST turnover has fallen or will likely fall by 30 per cent or more; or
- Their business has an aggregated turnover of \$1 billion or more (for income tax purposes) and estimate their GST turnover has fallen or likely fall by 50 per cent or more; or
- Their business is not subject to the Major Bank Levy.

For charities registered with the Australian Charities and Not-for-profits Commission (ACNC), they will be eligible for the subsidy if they estimate their GST turnover has fallen or will likely fall by 15 per cent or more relative to a comparable period. This lower turnover decline test does not apply to universities and non-government schools that are registered charities, who will remain subject to the turnover decline testes set out above for other not-for-profits and businesses.

JobKeeper Payments are paid in respect of each eligible employee who was employed at 1 March 2020 and is currently employed by the business (including those who are stood down or re-hired)

WHAT TYPE OF ENTITIES ARE ELIGIBLE?

All business types, including not-for-profits, will be eligible with the exception of those listed below.

The following entities will not be eligible:

- Australian Government and its Agencies
- State and Territory governments and agencies
- Foreign governments and their agencies
- Local council governments
- Wholly-owned corporations of any of the above and
- A business subject to the Major Bank Levy.

Additionally, a company that is in liquidation, or a partnership, trust or sole trader in bankruptcy, will not be eligible.

Some businesses may not be eligible if they are separately provided with support from the Government that explicitly requires them to forgo access to the JobKeeper Payment.

WHAT DO I NEED TO DO IF I WANT TO PARTICIPATE?

The JobKeeper Payment will be administered by the ATO.

Eligible employers need to elect into the scheme. If you want to participate, you can register your interest on the ATO website to keep updated on information about the JobKeeper Payment.

If you register you will receive updates and information from the SATO about how and when to claim the JobKeeper Payment.

If you are a BAS or Tax Agent you do not need to register each client separately, unless you are registering each client to receive the information directly.

HOW DO I WORK OUT WHICH OF MY EMPLOYEES ARE ELIGIBLE EMPLOYEES?

You will only be able to claim the JobKeeper payment for eligible employees that were in your employment on 1 March 2020, and continue to be employed while you are claiming the JobKeeper payment.

An eligible employee is an employee who:

- Is currently employed by the eligible employer (including those stood down or re-hired);
- Is a full-time or part-time employee or if a casual employed on a regular and systematic basis for longer than 12 months as at 1 March 2020;
- Is a permanent employee of the employer, or if a casual employee, not a permanent employee of any other employer;
- Was aged 16 years or older at 1 March 2020;

- Was an Australian citizen, the holder of a permanent visa, or a special category (Subclass 444) Visa Holder at 1 March 2020;
- Was a resident for Australian tax purposes on 1 March 2020, and
- Is not a receipt of a JobKeeper Payment from another employer.

You can only claim JobKeeper payment for eligible employees if you pay the \$1,500 per fortnight (before tax) to each eligible employee.

These payments should be made using your payroll system and reported to the ATO via Single Touch Payroll. This will support the online claim process when it is available.

If you do not report through Single Touch Payroll, you can still claim the JobKeeper payment, however there will be a manual claim process.

You will be required to advise your employees whether you have nominated them as an eligible employee for the purpose of the payment.

HOW OFTEN WILL THESE PAYMENTS BE MADE?

The payments will be made by the ATO monthly in arrears.

MY TURNOVER HAS NOT DECREASED BY 30 PER CENT THIS MONTH, BUT I BELIEVE IT WILL IN THE COMING MONTH. AM I ELIGIBLE?

You can apply for the payment if you reasonably expect your GST turnover will fall by 30 per cent or more (or 50 per cent or more for businesses with an aggregated turnover of \$1 billion or more) relative to your GST turnover in a corresponding period a year earlier. The ATO will provide guidance about self-assessment of actual and anticipated falls in turnover.

IF I LET MY EMPLOYEES GO AFTER 1 MARCH 2020. IF I RE-HIRE THEM, AM I ELIGIBLE TO RECEIVE THE PAYMENT?

Yes. You can receive the JobKeeper Payment if you re-hire any eligible employee you had at 1 March 2020. You can receive the payment even if you then need to immediately stand them down, so long as they remain employed.

WILL THE ATO USE THE JOBKEEPER PAYMENTS TO OFFSET A BAS DEBT?

The payment will generally be paid directly to the employer and not used to offset tax liabilities, such as the intent is that it's a payment that facilitates employers to pay their employees.

Source: Australian Government



Employers get an amnesty for missed super payments

It has been a long time coming, but a planned government amnesty for employers who have missed paying the superannuation guarantee (SG) to their employees has now become law. The amnesty was passed on 6 March 2020, and lasts until 7 September 2020.

The amnesty allows employers to make deductible payments, without penalties, of outstanding superannuation guarantee charge (SGC) amounts if:

- They relate to the period 1 July 1992 until 31 March 2018; and
- They are paid during the amnesty period (24 May 2018 until 11:59pm, 7 September 2020)

However, interest calculated at a rate of 10% a year on the SG shortfall will still apply to compensate employees for these late payments.

The amnesty comes at a time when the ATO's ability to identify unpaid or underpaid SG has greatly increased. This has come about through a number of developments, including better technology and information systems, more frequent reporting requirements for super funds and employers, and a greater supply and cross-referencing of data from institutions and agencies that feeds into the tax system's increasingly utilised pre-fill capabilities.

The number super rules (that is, before the amnesty) impose a penalty on employers who do not pay the minimum amount of compulsory contributions in respect of their employee's ordinary times earnings (OTE) for each quarter.

If the required minimum payments are not made by 28 days after the quarter to which they relate, SGC comprised of the following amounts is payable:

1. SG shortfall – the total of these amounts in respect of each affected employee;
2. Interest on those SG shortfalls – currently 10% a year on each individual shortfall from the beginning of the relevant quarter until the date the SG charge is payable; and
3. An administration fee – calculated at a rate of \$20 per employee, per quarter

4. A penalty – up to 200% of the SGC.

In addition, payments of the SGC will not be deductible.

Importantly, employers should note that the ATO has stated that it will continue to apply the above rules should employers that have unpaid SG obligations not come forward and take advantage of the amnesty.

SUPERANNUATION GUARANTEE AMNESTY BENEFITS:

The amnesty provides employers with a number of concessions if they pay qualifying outstanding SGC. If an employer qualifies for the amnesty, they:

- They will be able to claim a tax deduction for the SGC amounts paid to the ATO by 7 September 2020
- Won't be required to pay the administration component (\$20 per employee per quarter)
- Won't have the penalty applied.

If an employer has already been assessed for a quarter, they can amend a previously disclosed SG shortfall. However, only newly-disclosed additional amounts will be considered for the benefits of the amnesty.

If an employer has previously disclosed unpaid SG to the ATO in anticipation of the SG amnesty, they don't need to lodge again or apply on the SG amnesty form.

The ATO will review all disclosures received between 24 May 2018 and 6 March 2020.

Employers get an amnesty for missed super payments:

ELIGIBILITY

To be eligible for the amnesty, and for qualifying SGC, an employer must meet and fulfil all the following criteria. They must:

- Have not been informed the ATO is examining or intends to examine the SG obligation for the quarter's the disclosure relates to;
- Disclose an SG shortfall for an employee that hasn't already been disclosed to the ATO (or disclose additional amounts of SG shortfall for a quarter previously disclosed);
- Disclose for quarter's starting from 1 July 1992 to 31 March 2018;
- Lodge the completed SG amnesty form with the ATO so it is received no later than 7 September 2020.

Note that you will need to pay the amount owing to the ATO or set up a payment plan after you lodge the SG amnesty form. You will need to do this to avoid being disqualified and losing the benefits of the amnesty.

Should an employee ask, the ATO has further stated that should an individual's contribution caps be exceeded due to these catch-up SG payments, discretion will be exercised to disregard the contributions made under the amnesty.



ROAD TO RECOVERY

Markets remained resilient last week despite poor economic news and ongoing concerns as to the complications associated with restarting global activity. World economies continued to weigh up the trade-offs between economic growth, the threat of new infections, and continued consumer avoidance behaviour in the absence of a vaccine.

Australia continued to flatten the Coronavirus curve – reporting fewer new cases over the week. But according to data from the Australian Bureau of Statistics, doing so has come at a significant cost to the workforce which could have flow-on effects to consumer spending. By week's end, the ASX 200 was up marginally by 0.06%, while the Australian Dollar (AUD) traded at 64.1 US cents.

CONSIDERATIONS FOR DEFENSIVE INVESTMENTS

on even defensive investments. This may have led some to wonder whether there are any positive Over the past six weeks, the world has experienced the greatest disruption to economic activity since the end of World War II – one that has had an impact - yielding “safe-haven” assets that they can turn to when markets become volatile.

For example, in March 2009 during the Global Financial Crisis (GFC), Australians could invest in defensive options like cash at a rate of 3.25%, or 10-year Australian government bonds with a yield of 4.24%. However, the world entered the Coronavirus crisis in 2020 with already-low interest rates that only became lower. Now, returns for those same asset classes are 0.25% and less than 1% respectively.

In the current environment, members considering more defensive investments may need to weigh their need for safety against their desire for higher returns. This means that unless they're willing to accept the lower returns often associated with defensive assets in future, they may need to consider taking more risks (that is, considering growth investments with more risk, like shares) for higher returns – depending, of course, on their unique risk tolerance, personal circumstances and long-term wealth objectives. However, as markets continue to fluctuate over time, our team maintains that the diversification of investments in a superannuation portfolio can be a helpful way of balancing risk and return while building retirement wealth for the long term.

Source: Colonial First State

Should you wish to discuss any aspect of the information contained in this document, please contact Core Financial Services Pty Ltd.

Phone: 1300 375 357

Email: admin@corefinancialservices.com.au

Perth: 45 Ventnor Avenue,
West Perth WA 6005

Melbourne: Level 23, Collins Street
Melbourne, VIC 3008

Sydney Level 24, Three International Towers
300 Barangaroo Avenue
Sydney NSW 2000



IMPORTANT INFORMATION

This document has been prepared by Core Financial Services Pty Ltd. (ABN 91 607 163 646, AFSL 480009). Information in this document is based on regulatory requirements and laws, which may be subject to change. While care has been taken in the preparation of this document, no liability is accepted by Core Financial Services, its related entities, agents and employees for any loss arising from reliance on this document. This document contains general advice. It does not take account of your individual objectives, financial situation or needs. You should consider talking to a financial adviser before making a financial decision. Taxation considerations are general and based on present taxation laws, rulings and their interpretation and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information. Should you wish to 'opt out' of receiving direct marketing material from your adviser, please notify your adviser by email, phone or by writing to us.