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AUGUST 2020
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JobKeeper 2.0 Extension of The JobKeeper Payment

The Government is extending the JobKeeper Payment by a further six months to March 2021. Support will be targeted to businesses and not-for-profits that continue to be significantly impacted by the Coronavirus. The payment rate will be reduced and a lower payment rate will be introduced for those who work fewer hours. Other eligibility rules remain unchanged.

Summary

The JobKeeper Payment, which was originally due to run until 27 September 2020, will now continue to be available to eligible businesses (including the self-employed) and not-for-profits until 28 March 2021.

The payment rate of $1,500 per fortnight for eligible employees and business participants will be reduced to $1,200 per fortnight from 28 September 2020 and to $1,000 per fortnight from 4 January 2021. From 28 September 2020, lower payment rates will apply for employees and business participants that worked fewer than 20 hours per week.

From 28 September 2020, businesses and not-for-profits seeking to claim the JobKeeper Payment will be required to demonstrate that they have suffered an ongoing significant decline in turnover using the actual GST turnover (rather than projected GST turnover).

From 28 September 2020, businesses and not-for-profits will be required to reassess their eligibility with reference to their actual GST turnover, in the June and September quarters 2020. They will need to demonstrate that they have met the relevant decline in turnover test in both of those quarters to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021.

From the 4 January 2021, businesses and not-for-profits will need to further reassess their turnover to be eligible for the JobKeeper Payment. They will need to demonstrate that they have met the relevant decline in turnover test with reference to their actual GST turnover in each of the June, September and December quarters in 2020 to remain eligible for the JobKeeper Payments from 4 January 2021 to 28 March 2021.

To be eligible for Jobkeeper Payments under the extension, businesses and not-for-profits will still need to demonstrate that they have experienced a decline in turnover of:

- 50 per cent for those with an aggregated turnover of more than $1 billion;
- 30 per cent for those with an aggregated turnover of $1 billion or less; or
- 15 per cent for Australian Charities and Not for profits Commission – registered charities (excluding schools and universities.)

If a business or not-for-profit does not meet the additional turnover tests for the extension period, this does not affect their eligibility prior to 28 September 2020.

The JobKeeper Payment will continue to remain open to new recipients, provided they meet the existing eligibility requirements and the additional turnover tests during the extension period.

Other eligibility rules for businesses and not-for-profits and their employees remain unchanged. Further information on those rules is at: **www.ato.gov.au/General/JobKeeper-Payment/**

The JobKeeper Payment Rate

From 28 September 2020 to 3 January 2021, the JobKeeper Payment rates will be:

- $1,200 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business or not-for-profit for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- $750 per fortnight for other eligible employees and business participants.

From 4 January 2021 to 28 March 2021, the Jobkeeper Payment rates will be:

- $1,000 per fortnight for all eligible employees who, in the four weeks of pay periods before 1 March 2020, were working in the business or not-for-profit for 20 hours or more a week on average, and for eligible business participants who were actively engaged in the business for 20 hours or more per week on average in the month of February 2020; and
- $650 per fortnight for other eligible employees and business participants.

Businesses and not-for-profits will be required to nominate which payment rate they are claiming for each of their eligible employees (or business participants).

The Commissioner of Taxation will have discretion to set out alternative tests where an employee or business participant's hours were not usual during the February 2020 reference period. For example, this will include where the employee was on leave, volunteering during the bushfires, or not employed for all or part of February 2020.

Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

The JobKeeper Payment will continue to be made by the ATO to employers in arrears. Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the JobKeeper Payment (before tax), based on the payment rate that applies to each employee. This is called the wage condition.

Additional Turnover Tests

In order to be eligible for the JobKeeper Payment after 27 September 2020, businesses and not-for-profits will have to meet a further decline in turnover tests for each of the two periods of extension, as well as meeting the other existing eligibility requirements for the JobKeeper Payment.

In order to be eligible for the first JobKeeper Payment extension period of 28 September 2020 to 3 January 2021, businesses and not-for-profits will need to demonstrate that their actual GST turnover has significantly fallen in both the June quarter 2020 (April, May and June) and the September quarter 2020 (July, August, September) relative to comparable periods (generally the corresponding quarters in 2019).

In order to be eligible for the second JobKeeper Payment extension period of 4 January 2021 to 28 March 2021, businesses and not-for-profits will again need to demonstrate that their actual GST turnover has significantly fallen in each of the June, September and December 2020 quarters relative to comparable periods (generally the corresponding quarters in 2019).

The Commissioner of Taxation will have discretion to set out alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019, in line with the Commissioner's existing discretion. Information about the existing discretion is at:

https//www.ato.gov/General/JobKeeper-Payment/in-detail/JobKeeper-tests/Applying-the-turnover-test/?anchor=Alternativetest#Alternativetest

Businesses and not-for-profits will generally be able to assess eligibility based on details reported in the Business Activity Statement (BAS). Alternative arrangements will be put in place for businesses and not-for-profits that are not required to lodge a BAS (for example, if the entity is a member of a GST group).

As the deadline to lodge a BAS for the September quarter or month is in late October, and the December quarter (or month) BAS deadline is in late January for monthly lodgers or late February for quarterly lodgers, businesses and not-for-profits will need to assess their eligibility for JobKeeper in advance of the BAS deadline in order to meet the wage condition (which requires them to pay their eligible employees in advance of receiving the JobKeeper payment in arrears from the ATO). The Commissioner of Taxation will have discretion to extend the time an entity has to pay employees in order to meet the wage condition, so that entities have time to first confirm their eligibility for the JobKeeper Payment.

Registered religious institutions responsible for religious practitioners will be eligible to receive the JobKeeper Payment provided they meet existing eligibility requirements and the additional turnover tests during the extension period.

Further information for employees is at: **www.ato.gov.au/General/JobKeeper-Payment/Employees/**

Source: Australian Government

Instant asset write off extended to 31 December

Note that the boost to the instant asset write off rules that the government put in place to help stimulate the Australian economy in the face of the COVID-19 crisis has been extended to the end of this calendar year. Businesses with a turnover of up to $500 million a year will be allowed to continue writing off newly purchased assets worth up to $150,000.

To get your claim right, remember:

- Check if you're an eligible business
- Both new and second-hand assets can be claimed, provided each asset costs less than $150,000
- Assets must be first used or installed ready for use between 12 March and 30 June for a claim for the 2019-20 year, or between 1 July and 31 December for a claim for the 2020-21 year
- A car limit applies to "luxury" passenger vehicles. The limit is $57,581 for the 2019-20 income tax year
- If your asset is for business and private use, you can only claim the business portion
- You can claim a deduction for the balance of your small business pool if it is less than $150,000 at 30 June 2020 (before applying depreciation deductions)
- Different eligibility criteria and thresholds apply to assets first used, or installed ready for use, prior to 12 March 2020.

The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets provided each cost less than $150,000. The extension will also give businesses additional time to acquire and install assets (which can be new or second-hand), as they will now have until the end of the calendar year.

Source: Butler Settineri

Tax Return Tips

Despite the current COVID-19 world in which we live, the procedures for completing and lodging tax returns remains pretty much the same.

Before seeing your tax agent regarding your tax return, certain information will be required. Of course, these days pre-filling takes care of a lot of the "paperwork" and if you wait until late July or mid August the ATO's systems will most likely be able to provide most of the information from employers, banks, government agencies and other third parties.

Your tax agent will then be able to double-check the information is correct and enter any deductions you want to claim. However, before contacting your tax agent to go over your tax return, here are examples of information required to enable lodgement of your return.

Points to Remember

- *Payment summaries:* now called income statements, outline the income you have received from your employer, super fund or government payments such as from Centrelink or the Department of Veterans Affairs
- *Bank statements:* provide details of any interest you have earned during the period and the fees you have paid
- *Shares, unit trusts or managed fund statements:* provide information on dividends or distributions you've received (dividends that you've elected to reinvest must be declared as income).

- *Buy and sell investment statements:* Needed to calculate capital gains and losses. If you have bought or sold any shares you can access the details on your online broking account, or you can get them from your investment adviser or stockbroker.
- *Records of your rental property:* if you use a property manager you should receive an annual tax statement that details income and expenses, otherwise you will need to gather details of income received and expenses paid, including any capital gains or capital losses from the sale of your property.
- *Foreign income:* Details of foreign pensions or other foreign income.
- *Income:* must be declared.

The taxability of some forms of income may seem obvious, but in keeping with our objective of being thorough, here is a list of common types of income that must be declared on your tax return. (This remains the case even if the amount of income has been affected by the COVID-19 crisis).

- Employment income (including JobKeeper payments)
- Super pensions, annuities and government payments
- Investment income (including interest, dividends, rent and capital gains)
- Business, partnership, and trust income
- Foreign income
- Income from the sharing economy (example Airtasker, Uber or Airbnb)
- Jobseeker or other relevant welfare payments.

Deductions

When completing your tax return, you are entitled to claim deductions for some expenses, most of which should be directly related to earning your income (called "work-related expenses"). Naturally, a deduction reduces your taxable income, and means you pay less tax.

To claim a deduction for work-related expenses:

- You must have spent the money yourself and not been reimbursed.
- It must be directly related to earning your assessable income.
- You should have a record to substantiate your claim.

When your expenses meet these criteria, here's a few of the things you may be able to claim:

- *Vehicle and travel expenses:* this does not normally include the cost of travel between work and home, but if you use the car for work or work in different locations then you may be able to claim a deduction.
- *Clothing, laundry and dry-cleaning expenses:* To legitimately claim the cost of a uniform, it needs be unique and distinctive. This year, face masks and gloves for COVID-19 protection may be deductible, but only if related to earning income.
- *Home office expenses:* Costs could include your computer, phone or other electronic device and running costs such as an internet service. There may be scope for depreciation and you can only claim the proportion of expenses that relate to work, not private use. There is also an alternative "80 cents per hour" method that can be used for claiming expenses if you worked form home during the COVID-19 lockdown (only from 1 March)

Source: Butler Settineri

Should you wish to discuss any aspect of the information contained in this document, please contact your Financial Planner

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