



JobKeeper Payment: Supporting businesses to retain jobs

The Government is introducing a wage subsidy program to support employees and businesses. The JobKeeper Payment is designed to help businesses affected by the Coronavirus to cover the costs of their employees' wages, so that more employees can retain their job and continue to earn an income.

Keeping Australians in work and businesses in business will lay the foundations for a stronger economic recovery once the Coronavirus crisis passes.

JOBKEEPER PAYMENT

Summary

The economic impacts of the Coronavirus pose significant challenges for many businesses — many of which are struggling to retain their employees.

Under the JobKeeper Payment, businesses and not-for-profits significantly impacted by the Coronavirus outbreak will be able to access a wage subsidy from the Government to continue paying their employees. This assistance will help businesses to keep people in their jobs and re-start when the crisis is over. For employees, this means they can keep their job and earn an income.

The JobKeeper Payment is a temporary scheme open to businesses impacted by the Coronavirus. The JobKeeper Payment will also be available to the self-employed.

The Government will provide \$1,500 per fortnight per employee until 27 September 2020.

The JobKeeper Payment will support employers to maintain their connection to their employees. These connections will enable business to reactivate their operations quickly — without having to rehire staff — when the crisis is over.

Eligibility

Employers (including not-for-profits) will be eligible for the subsidy if, at the time of applying:

- their business has an aggregated turnover of less than \$1 billion (for income tax purposes¹) and they estimate their turnover has fallen or will likely fall by 30 per cent or more; or
- their business has an annual turnover of \$1 billion or more (for income tax purposes) and they estimate their turnover has fallen or will likely fall by 50 per cent or more; and
- their business is not subject to the Major Bank Levy.

Self-employed individuals will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test outlined above, and are not a permanent employee of another employer.

For charities registered with the Australian Charities and Not-for-profits Commission (ACNC), they will be eligible for the subsidy if they estimate their turnover has 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 tests set out above for other not-for-profits and businesses.

¹ Aggregated turnover is an entity's annual turnover from carrying on a business plus the annual turnover from carrying on a business of any business or individual connected with or affiliated with the entity.

The Australian Government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper payment.

To establish that a business or not-for-profit has faced or is likely to face the relevant fall in turnover, most would be expected to establish that their turnover has or will likely fall in the relevant month or quarter (depending on their Business Activity Statement reporting period) relative to their turnover in a corresponding period a year earlier. Turnover is calculated as it is for GST purposes, and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected.

Where a business or not-for-profit was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover (for example, because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business or not-for-profit can provide to establish that they have been adversely affected by the impacts of the Coronavirus. Businesses that are in liquidation are not eligible for this payment.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (for example, eligibility may be established as soon as a business ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a 30 per cent or more or 50 per cent or more fall in turnover but actually experience a slightly smaller fall.

If a business has an aggregated turnover of \$1 billion or more (for income tax purposes), the 50 per cent or more GST turnover test will apply to each business connected with or affiliated with that business. If the business has an aggregated turnover of less than \$1 billion, the 30 per cent or more GST turnover test is applied to each business connected with or affiliated with that business. Individual businesses within corporate group may be eligible for the JobKeeper payment while other businesses in the group may not be eligible.

Employers must elect to participate in the scheme. They will need to make an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business.

Eligible employers will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that employer — including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those employees who have been with their employer on a regular and systematic basis for at least the previous 12 months as at 1 March 2020. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder as at 1 March 2020. The employee must also be a resident for Australian tax purposes on 1 March 2020. Employees must be a permanent employee of the employer or, if a long-term casual employee, not a permanent employee of any other employer.

Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment. However, employees on parental leave from their employer will be eligible. Employees receiving workers compensation will be eligible for the JobKeeper Payment if they are working, for example on reduced hours, but will generally not be eligible if they are not working.

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will be eligible.

Where an employee is accessing support through Services Australia and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

Payment process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee.
- If an employee would otherwise receive less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight before tax.

No superannuation guarantee payments are required to be paid on any additional payment made because of the JobKeeper Payment.

Payments will be made to the employer monthly in arrears by the ATO. However, for the month of April, the Commissioner can make an advance payment.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the Payment from 30 March 2020 at ato.gov.au.

Budget impact

This measure is expected to cost \$130 billion across 2019-20 and 2020-21.

Self--employed

Melissa is a sole trader running a florist. She does not have employees. Melissa's business has been in operation for several years. The Coronavirus has adversely affected Melissa's business, and she expects that her business turnover will fall by more than 30 per cent compared to a typical month in 2019.

Melissa will be able to apply for the JobKeeper Payment and is able to receive \$1,500 per fortnight before tax, paid on a monthly basis.

Worker with multiple jobs

Michelle currently works two permanent part--time jobs, earning \$1,000 a fortnight at an art gallery during weekdays, and \$1,000 a fortnight at the local café on the weekend. The gallery has recently closed and Michelle has been stood down without pay under the Fair Work Act. Michelle continues to work at the café delivering take-away orders.

Michelle can only receive the JobKeeper Payment from the employer she nominates as her primary employer. As Michelle only claims the tax free threshold from her job at the art gallery, this will be treated as her nomination of the art gallery as her primary employer.

The art gallery is eligible for the JobKeeper Payment. The art gallery will pass the JobKeeper Payment on to Michelle, so she will receive \$1,500 per fortnight before tax. During the application process, the art gallery will notify the ATO that Michelle receives the payment from them. The art gallery is also required to advise Michelle that she has been nominated to the ATO as an eligible employee to receive the payment.

The café is not eligible to receive the JobKeeper Payment for Michelle. The \$1,000 a fortnight that Michelle receives from her job at the café does not change her entitlement to the JobKeeper Payment she receives from the art gallery.

Employee made redundant after 1 March and later rehired by same business

Miles worked as a permanent part--time personal trainer at a gym for six months earning \$1,200 a fortnight and was made redundant on 20 March 2020.

In response to the announcement of the JobKeeper Payment, the gym re-engages Miles so they are well placed to resume their operations once the Coronavirus restrictions are lifted.

Under the JobKeeper Payment he will receive \$1,500 a fortnight before tax. Miles will need to advise Services Australia of his income. He is no longer eligible for the JobSeeker Payment and the Coronavirus Supplement from Services Australia as a result of receiving the JobKeeper Payment.

Employer with 5 employees who all currently get paid more than \$1,500 per fortnight

Sara runs a landscaping company, and employs five full--time gardeners. Sara is paying her employees \$1,700 per fortnight before tax. She expects that her turnover will decline by more than 30 per cent over the coming months and that she will either need to lay staff off, or reduce their hours significantly.

As a result of the JobKeeper Payment, Sara is able to keep employing every gardener at \$1,700 per fortnight, with the JobKeeper Payment subsidising these wage costs by \$1,500 per fortnight.



JobKeeper Payment — Frequently Asked Questions

General

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 employer must provide the employee at least \$1,500 per fortnight (before tax). Where an employee earns more than \$1,500 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 purposes¹) 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 will 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 tests 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).

¹ Aggregated turnover is an entity's annual turnover from carrying on a business plus the annual turnover from carrying on a business of any business or individual connected with or affiliated with the entity.

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 their 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 ATO 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 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 in 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 purposes of the payment.

WHEN WILL I RECEIVE THE FIRST PAYMENT?

The first payments by the ATO will be received by employers from the first week of May.

HOW OFTEN WILL THESE PAYMENTS BE MADE?

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

WHAT ARE THE ELIGIBLE PAYMENT PERIODS FOR REIMBURSEMENT?

Employers will need to satisfy payment requirements for their eligible employees in respect of each 14 day period covered by the scheme. The first period starts on Monday 30 March 2020 and ends on Sunday 12 April 2020.

The payment requirement is that employers pay their eligible employees a minimum of \$1,500 per fortnight in the scheme payment periods. Where an employer pays their staff monthly, the ATO will be able to reallocate payments between periods. However, overall an employee must have received the equivalent of \$1,500 per fortnight.

The final period will start on Monday 14 September 2020 and end on Sunday 27 September 2020.

IF I HAVE STOOD DOWN MY EMPLOYEES AFTER 1 MARCH 2020, AND ARE NO LONGER PAYING THEM, DO I NEED TO PAY THEM, FOR WHAT PERIOD AND BY WHEN?

Yes. You can claim the JobKeeper Payment for employees that were stood down after 1 March 2020. To be eligible in relation to these employees, you will need to pay them a minimum of \$1,500 per fortnight (before tax) for the payment periods of the JobKeeper Payment.

The first payment period is from 30 March 2020 to 12 April 2020. Where an employer pays their staff monthly the monthly payment must be equivalent to the required fortnightly payment.

For all following payment periods you will need to continue to pay your employees a minimum of \$1,500 per fortnight (before tax), before the end of the payment period.

WHAT IS THE DEFINITION OF TURNOVER?

Turnover (for purpose of determining how much turnover has declined by) will be defined according to the current calculation for GST purposes and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected.

There are some modifications for businesses that are part of a GST group.

Further information on GST turnover, and how to calculate it, is available at ato.gov.au.

IS THIS TURNOVER TEST RELATED TO ONLY TURNOVER IN AUSTRALIA, OR DOES IT INCLUDE OVERSEAS OPERATIONS AS WELL?

Under the GST law, only Australian based sales are included and therefore, only Australian based turnover is relevant. A decline in overseas operations will not be counted in the turnover test.

MY BUSINESS HAS ONLY JUST STARTED OR MY BUSINESS HAS 'LUMPY' INCOME. HOW CAN I SELF-ASSESS THAT MY TURNOVER HAS FALLEN?

To establish that a business has faced or is likely to face a 30 per cent or more or 50 per cent or more fall in turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or quarter (depending on the Business Activity Statement reporting period of that business) relative to their turnover in a corresponding period a year earlier.

Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (for example, because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely affected by the impacts of the Coronavirus.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (for example, eligibility may be established as soon as a business ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a 30 per cent or more or 50 per cent or more fall in turnover but actually experience a slightly smaller fall.

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 that 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.

IT IS UNLIKELY THAT MY TURNOVER WILL DECREASE BY 30 PER CENT IN THE COMING MONTH, BUT CAN I APPLY LATER IF MY TURNOVER DECREASES IN ONE OF THE SUBSEQUENT MONTHS?

If a business does not meet the turnover test as at 30 March 2020, the business can start receiving the JobKeeper Payment at a later time once the turnover test has been met. In this case, the JobKeeper Payment is not backdated to the commencement of the scheme. Businesses can receive the JobKeeper Payments up to 27 September 2020.

MY BUSINESS IS STILL OPERATING AND MY EMPLOYEES ARE STILL WORKING. HOW WILL MY PAYMENTS TO THEM BE AFFECTED?

In many cases, your payments and obligations to eligible employees will not change. Your business, if eligible, will receive a \$1,500 per fortnight subsidy to support their continued employment. However, if any eligible employee currently earns less than \$1,500 before tax per fortnight, you will need to pay them \$1,500 per fortnight before tax to receive the JobKeeper Payment.

WHAT IF I PAY MY EMPLOYEES LESS THAN \$1,500 PER FORTNIGHT BEFORE TAX?

To be able to claim the JobKeeper payment for an eligible employee, that employee must be paid a minimum of \$1,500 income per fortnight, before tax is withheld.

If you want to claim the subsidy for an eligible employee and they have not been paid \$1,500 per fortnight since 30 March 2020, employers must pay a 'top-up' payment to employees so that they are eligible. The ATO will provide further guidance on how this will work.

The employer will be reimbursed \$1,500 per fortnight for each eligible employee.

Employers cannot pay their employees less than \$1,500 per fortnight and be entitled to a payment for that employee.

WHAT IF I PAY MY EMPLOYEES MORE THAN \$1,500 PER FORTNIGHT BEFORE TAX?

If the eligible employee is paid more than \$1,500 a fortnight before tax, the employer will only be reimbursed \$1,500 per fortnight.

IF I HAVE STOOD DOWN MY EMPLOYEES WITHOUT PAY AFTER 1 MARCH 2020 CAN I 'BACK PAY' THEM TO 30 MARCH 2020?

Yes. If you want to claim the JobKeeper Payment for your employees you will need to confirm your eligible employees want to be part of the scheme and arrange for them to be paid a minimum of \$1,500 per fortnight before tax from 30 March 2020.

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 employees 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.

WHAT HAPPENS IF I DON'T HAVE THE MONEY TO CONTINUE PAYING MY ELIGIBLE EMPLOYEES UNTIL THE PAYMENTS ARE MADE?

The JobKeeper Payment is a reimbursement scheme that will be paid by the ATO monthly in arrears.

In cases where this presents cash flow difficulties, businesses may want to speak to their bank to discuss their options. The banks have said businesses may be able to use the upcoming JobKeeper payment as a basis to seek credit in order to pay their employees until the scheme is making its first payments.

AM I REQUIRED TO PAY PAYGW AND SUPERANNUATION ON THE JOBKEEPER PAYMENT?

You must pay a minimum of \$1,500 per fortnight to your eligible employees, withholding income tax as appropriate. The \$1,500 per fortnight per employee is a before tax amount. Where an employee is paid more than \$1,500 per fortnight, the employer's superannuation obligations will not change. Where an employee is having their wages topped up to \$1,500 per fortnight by the JobKeeper Payment, it will be up to the employer if they want to pay superannuation on any additional wages paid by the JobKeeper Payment.

WHAT HAPPENS IF MY EMPLOYEE RESIGNS?

If an employee for whom you are receiving the JobKeeper Payment resigns, you must notify the ATO. You may need to refund some money to the ATO.

I HIRED AN EMPLOYEE AFTER 1 MARCH 2020. CAN I RECEIVE THE JOBKEEPER PAYMENT FOR THEM?

No. The employee must have been engaged as of 1 March 2020.

I PURCHASED A BUSINESS IN THE LAST 12 MONTHS AND RETAINED SOME CASUAL EMPLOYEES WHO WORKED FOR THE PREVIOUS BUSINESS OWNER. ARE THE CASUAL EMPLOYEES ELIGIBLE?

Employers must assess whether their casual employees satisfy the test of working for 12 months on a regular and systemic basis. A casual may still meet this condition even if the entity operating the business has changed recently.

I ACCEPTED SOME CASUAL EMPLOYEES FROM ANOTHER MEMBER OF MY CORPORATE GROUP. ARE THE CASUAL EMPLOYEES ELIGIBLE?

Employers must assess whether their casual employees satisfy the test of working for 12 months on a regular and systematic basis. A casual may still meet this condition even if they were they were transferred from another member of a corporate group within the last 12 months.

WHAT SHOULD I DO IF I WANT TO RE-HIRE AN ELIGIBLE EMPLOYEE WHO RECEIVED A REDUNDANCY PACKAGE?

If an eligible employee has received a redundancy package and you wish to re-hire them, you will need to consult with the employee and consider prevailing workplace arrangements to settle redundancy terms.

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, as the intent is that it is a payment that facilitates employers to pay their employees.

I RUN A LABOUR HIRE COMPANY. WILL EMPLOYEES BE ELIGIBLE IF THEIR 'HOST EMPLOYER' CLAIMS THE JOBKEEPER PAYMENT?

Employees are only eligible in respect of their direct employer.

CAN I RECEIVE THE JOBKEEPER PAYMENT FOR EMPLOYEES IN RECEIPT OF WORKCOVER?

Employees will not be eligible for the JobKeeper Payment if they are fully incapacitated, unable to work and being supported by a workers compensation scheme. In other cases, employees would be eligible as they are in an employment relationship with their employer, provided their employer has an obligation to pay some component of their salary or wages. If your employee is fully compensated under your workcover insurance, they will be ineligible for the JobKeeper Payment.

SOME OF MY EMPLOYEES ARE NOT ELIGIBLE EMPLOYEES FOR THE JOBKEEPER SCHEME. WHAT SUPPORT IS AVAILABLE FOR MY BUSINESS SO I CAN TRY AND RETAIN ALL OF MY EMPLOYEES?

The Government is providing a range of support to businesses to address the significant economic consequences of the Coronavirus. The Government is boosting cash flow for employers by providing up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits, that employ people, with a minimum payment of \$20,000. These payments will help businesses with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Other measures to support businesses include temporary relief for financially distressed businesses, increasing the instant asset write-off and backing business investment.

Further information on the economic response to the Coronavirus is available on the Treasury website at treasury.gov.au/coronavirus.

Employees

HOW DO I KNOW IF I AM AN ELIGIBLE EMPLOYEE FOR THE JOBKEEPER PAYMENT?

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired);
- are a full-time or part-time employee, or a casual employed on a regular and systematic basis for longer than 12 months as at 1 March 2020;
- are a permanent employee of the employer, or if a long-term casual employee, not a permanent employee of any other employer;
- were aged 16 years or older at 1 March 2020;
- were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020;
- were a resident for Australian tax purposes on 1 March 2020; and
- are not in receipt of a JobKeeper Payment from another employer.

I AM AN ELIGIBLE EMPLOYEE IN AN ELIGIBLE BUSINESS. HOW MUCH WILL I RECEIVE?

Eligible employees will receive, at a minimum, \$1,500 per fortnight before tax. You will receive a payment from your employer.

I AM STILL WORKING OR ON PAID LEAVE AND EARN MORE THAN \$1,500 PER FORTNIGHT BEFORE TAX. WILL MY PAY CHANGE?

No. If you receive \$1,500 or more in income per fortnight before tax, you will continue to receive your regular income according to your prevailing workplace arrangements. The JobKeeper Payment will assist your employer to continue operating by subsidising part of your income.

I AM STILL WORKING OR ON PAID LEAVE AND I EARN LESS THAN \$1,500 PER FORTNIGHT BEFORE TAX. HOW MUCH WILL I RECEIVE?

For eligible employees, if you receive less than \$1,500 in income per fortnight before tax, your employer must pay you, at a minimum, \$1,500 per fortnight, before tax. Your employer will continue to pay you your ordinary income according to your prevailing workplace arrangements and provide a 'top-up' so you receive \$1,500 per fortnight, before tax.

I HAVE BEEN STOOD DOWN. HOW MUCH WILL I RECEIVE?

If your employer is eligible for the JobKeeper Payment, and they elect to participate, your employer will receive \$1,500 per fortnight for each eligible employee. They will be required to pay you \$1,500 (before tax) per fortnight. The payment will be treated as income, and so will have tax withheld by your employer on your behalf.

I HAVE TAKEN UP OTHER WORK AFTER BEING STOOD DOWN. WILL I STILL RECEIVE A PAYMENT?

Yes. The JobKeeper Payment is not income-tested, so you may earn additional income without your payment being affected as long as you are eligible and maintain your employment (including being stood down) with your JobKeeper-eligible employer. However, you can only receive the JobKeeper Payment from one employer, your primary employer, and you will only receive the JobKeeper Payment if you are a permanent employee of your primary employer, or if a casual employee, not a permanent employee of any other employer.

I WAS EMPLOYED ON 1 MARCH 2020, BUT I WAS STOOD DOWN OR LET GO AND I HAVE APPLIED FOR OR AM CURRENTLY RECEIVING INCOME SUPPORT (SUCH AS THE JOBSEEKER PAYMENT) FROM SERVICES AUSTRALIA. WILL I RECEIVE THE JOBKEEPER PAYMENT?

You will be eligible for the JobKeeper Payment if you have been stood down from work, or if your former employer re-hires you. However, the JobKeeper Payment is treated as ordinary income for the purposes of social security payments. You must therefore report your change in circumstances to Services Australia if you are receiving income support, and this is likely to make you ineligible for the JobKeeper Payment or other income support payments or eligible at a reduced rate.

WILL MY EMPLOYER PAY SUPERANNUATION ON THE JOBKEEPER PAYMENT?

No superannuation guarantee payments are required to be paid on any additional payment made because of the JobKeeper Payment.

I STARTED WORK WITH MY CURRENT EMPLOYER AFTER 1 MARCH 2020. WILL I RECEIVE THIS PAYMENT FROM THAT EMPLOYER?

No. The JobKeeper Payment supports businesses to maintain eligible employees who were in their employ on 1 March 2020. You may be eligible for the JobKeeper Payment if you are currently stood down by your 1 March 2020 employer or if you are re-hired by that employer.

I AM A CASUAL WORKER. AM I ELIGIBLE TO RECEIVE THE PAYMENT?

You are eligible for the payment if you have been with your employer for 12 months at 1 March 2020 on a regular and systematic basis. Apart from this, casual employees are not eligible for the JobKeeper Payment. You are only eligible for the JobKeeper Payment as a casual employee if you are not a permanent employee of any other employer.

If you are ineligible for the JobKeeper Payment, you may be able to apply for support through Services Australia depending on your personal circumstances.

I AM ON A FIXED TERM CONTRACT WITH MY EMPLOYER. AM I ELIGIBLE TO RECEIVE THE PAYMENT?

Fixed term contractors are eligible for the payment if you were employed at 1 March 2020 and meet the other eligibility criteria for the JobKeeper Payment.

I HAVE MULTIPLE EMPLOYERS. WILL I RECEIVE MULTIPLE PAYMENTS?

No. Every employee is only able to receive one payment from one employer, their primary employer. Your employers who have elected to participate in the JobKeeper Payment scheme may ask you to indicate whether they are your primary employer. If you are employed by more than one employer, you should contact your employers and indicate to them which is your primary employer. To be eligible to receive the JobKeeper Payment from your primary employer, you must be a permanent employee of that employer and if you are a long-term casual, not a permanent employee of any other employer.

The ATO will provide guidance on how to determine your primary employer.

You can continue to receive non-JobKeeper supported income from your non-primary employer.

I AM A CASUAL EMPLOYEE AND THE BUSINESS OWNER CHANGED WITHIN THE LAST 12 MONTHS. AM I ELIGIBLE?

You may still be eligible if you have been working for the business for at least 12 months as at 1 March 2020 on a regular and systematic basis, even if the entity operating the business has changed recently. Your current employer will need to assess whether you meet this test.

I AM WORKING IN AUSTRALIA ON A TEMPORARY VISA. AM I ELIGIBLE?

To be eligible for the JobKeeper Payment, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020.

I WAS WORKING IN AUSTRALIA ON 1 MARCH. I HAVE BEEN STOOD DOWN, AND RETURNED TO MY HOME COUNTRY. AM I ELIGIBLE?

You may be eligible to receive the payment if you are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder who has temporarily left the country. You will be eligible for the payment if you are a resident of Australia for tax purposes and if you have been stood down from work, or if your former employer re-employs you. If you have ceased employment, and are not rehired, you will not be eligible for the payment.

I AM 15 YEARS OLD AND, APART FROM AGE, I MEET THE ELIGIBILITY CRITERIA. AM I ELIGIBLE FOR THE JOBKEEPER PAYMENT WHEN I TURN 16 LATER IN THE YEAR?

No. Employees must be at least 16 years of age on 1 March 2020 to be eligible.

I AM ON UNPAID OR PAID LEAVE. WILL I RECEIVE THE PAYMENT?

Yes, unless you are in receipt of Government Parental Leave Pay or Dad and Partner Pay. If you are an eligible employee and your employer is an eligible employer, they will receive the payment whether you are working, on leave, or have been stood down.

I AM NOT ELIGIBLE FOR THE JOBKEEPER PAYMENT. WHAT SUPPORT CAN I GET FROM THE GOVERNMENT?

If you are not an eligible employee, you may be able to access income support through Services Australia. More information is available on the Services Australia website at servicessaustralia.gov.au/individuals.

I AM RECEIVING WORKERS COMPENSATION. AM I ELIGIBLE?

If you are still working — such as reduced hours — then you will be eligible to receive the JobKeeper Payment. However, if you are not currently working due to incapacity and you are being supported through workers' compensation arrangements then you will not be eligible for the JobKeeper Payment.

I AM RECEIVING PARENTAL LEAVE PAY OR DAD AND PARTNER PAY THROUGH SERVICES AUSTRALIA. AM I ELIGIBLE?

For the period that you are receiving Parental Leave Pay or Dad and Partner Pay then you will not be eligible for the JobKeeper Payment.

I CURRENTLY HAVE A SALARY SACRIFICE ARRANGEMENT WITH MY EMPLOYER. CAN IT CONTINUE?

Yes. The JobKeeper Payment may be paid to an employee in cash or as a fringe benefit or an extra superannuation contribution where the employee and employer agree.

Self-employed and other eligible businesses

I AM SELF-EMPLOYED. AM I ELIGIBLE FOR THE PAYMENT?

Yes. People who are self-employed will be eligible for the payment provided, at the time of applying, they:

- estimate their GST turnover has or will fall by 30 per cent or more;
- had an ABN on or before 12 March 2020, and
 - either had an amount included in its assessable income for the 2018-19 year and it was included in their income tax return lodged on or before 12 March 2020 (or such later time as allowed by the Commissioner), or
 - made a supply during the period 1 July 2018 to 12 March 2020 and provided this information to the Commissioner on or before 12 March 2020 (or such later time as allowed by the Commissioner);
- were actively engaged in the business;
- are not entitled to another JobKeeper Payment (either a nominated business participant of another business or as an eligible employee);
- are not a permanent employee of any other employer;
- were aged at least 16 years of age as at 1 March 2020; and
- were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020.

MY BUSINESS IS A PARTNERSHIP. CAN EACH PARTNER RECEIVE A JOBKEEPER PAYMENT?

No. Only one partner can be nominated to receive a JobKeeper Payment along with any eligible employees, noting a partner cannot be an employee.

CAN TRUSTS RECEIVE THE JOBKEEPER PAYMENT?

Trusts can receive the JobKeeper Payments for any eligible employees. Where beneficiaries of a trust only receive distributions, rather than being paid salary and wages for work done, one individual beneficiary (that is, not a corporate beneficiary) can be nominated to receive the JobKeeper Payment.

I AM A COMPANY DIRECTOR THAT RECEIVES DIRECTOR FEES. AM I ELIGIBLE?

An eligible business can nominate only one director to receive the payment, as well as any eligible employees. Only one person in a director capacity may receive the payment and that individual may not receive the payment as an employee.

I AM PAID AS A SHAREHOLDER. AM I ELIGIBLE?

An eligible business that pays shareholders that provide labour in the form of dividends will only be able to nominate one shareholder to receive the JobKeeper Payment.

I RECEIVE RENTAL INCOME AS A LANDLORD BUT AM NOT REGISTERED AS A BUSINESS. AM I ELIGIBLE?

No. Only businesses with employees or self-employed people are eligible for the JobKeeper Payment.

I AM SELF-EMPLOYED. HOW CAN I APPLY FOR THE JOBKEEPER PAYMENT?

The ATO will administer the program with an online application process. You may be asked to provide your ABN and a single Tax File Number for the eligible recipient of the JobKeeper Payment, and a declaration of business activity.

I AM SELF-EMPLOYED AND ALSO HAVE A JOB. AM I ELIGIBLE FOR THE JOBKEEPER PAYMENT?

An individual can only receive the JobKeeper Payments from one source. However, if you are eligible for a JobKeeper Payment, you can also receive income from other sources including another job. To be eligible as a self-employed individual, you must not be a permanent employee of any other employer.

Other programs

WILL THE JOBKEEPER PAYMENT BE INCLUDED IN MY CHILD SUPPORT ASSESSMENT?

The JobKeeper Payment is included in adjusted taxable income. Parents should continue to report any change to their income or wages as they normally would. A key principle of the child support scheme is that children are supported by their parents in accordance with their financial capacity to do so.

CAN EMPLOYERS RECEIVE BOTH THE JOBKEEPER PAYMENT AND THE SUPPORTING APPRENTICES AND TRAINEES WAGE SUBSIDY?

Eligible small businesses can receive the 50 per cent wage subsidy for apprentices and trainees in the Supporting Apprentices and Trainees measure from 1 January to 31 March 2020, and the JobKeeper Payment. Where small businesses receive the JobKeeper Payment, they are not eligible to receive the apprentice and trainee wage subsidy from 1 April 2020 onwards.

Further information on the Supporting Apprentices and Trainees measure is available on the Treasury website at treasury.gov.au/coronavirus/businesses.

Compliance

WHAT WILL BE DONE TO ENSURE COMPLIANCE?

This program will be subject to ATO compliance and audit activities. There will be a positive obligation on employers to establish their eligibility and that of their employees. In addition, the ATO will cross-check payments with Services Australia data, and data from other government agencies, and undertake activities designed to identify multiple or ineligible payments to individuals.

WHAT IS THE GOVERNMENT GOING TO DO TO ENSURE COMPANIES DON'T MANIPULATE THEIR TURNOVER TO ENSURE THEY QUALIFY?

The ATO will provide guidance to help businesses self-assess their eligibility. This will include for circumstances that do not fit neatly into more general circumstances that the majority of businesses are in.

The Government will include appropriate integrity rules to prevent employers from entering into artificial schemes in order to get inappropriate access to payments.

There are serious consequences, including large penalties and possible imprisonment, for those trying to illegally get benefits under the scheme.

WHAT IMPACT DOES THE JOBKEEPER PAYMENT HAVE ON WORKPLACE ENTITLEMENTS AND OBLIGATIONS?

Employers must continue to comply with their obligations in the Fair Work Act. The JobKeeper Payment does not remove any workplace protections for employees. Enforcement in relation to Fair Work entitlements will continue to sit with the Fair Work Ombudsman.

Enforcement and compliance to ensure the JobKeeper Payment is passed on to employees will be done by the ATO.



JobKeeper Payment — Information for employers

EMPLOYER OBLIGATIONS

To receive the JobKeeper Payment, employers must:

- Apply at ato.gov.au and assess that they have or will likely **experience the required turnover decline**.
- **Provide information to the ATO on all eligible employees.** This includes information on the eligible employees engaged as at 1 March 2020 and those currently employed by the business or not-for-profit (including those stood down or re-hired). For most businesses or not-for-profits, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business or not-for-profit.
- **Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax).** Employees who receive \$1,500 per fortnight or more from their employer will continue to receive their regular income according to their prevailing workplace arrangements. For employees that have been receiving less than this amount, the employer will now need to pay them, at a minimum, \$1,500 per fortnight before tax.
- Notify all **eligible employees that they are receiving the JobKeeper Payment.**
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.

BACKGROUND ON JOBKEEPER PAYMENT FOR EMPLOYERS

Under the JobKeeper Payment, businesses or not-for-profits impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a payment of \$1,500 per fortnight per eligible employee from 30 March 2020 until 27 September 2020.

Eligible employers

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 purposes¹) and they 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 they estimate their GST turnover has fallen or will likely fall by 50 per cent or more; and
- their business is not subject to the Major Bank Levy.

Self-employed individuals (businesses without employees) will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test outlined above.

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 tests set out above for other not-for-profits and businesses.

¹ Aggregated turnover is an entity's annual turnover from carrying on a business plus the annual turnover from carrying on a business of any business or individual connected with or affiliated with the entity.

The Australian government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper payment.

To establish that a business or not-for-profit has, or is likely to, face the relevant fall in their turnover, most would be expected to establish that their turnover has or will likely fall in the relevant month or quarter (depending on their Business Activity Statement reporting period) relative to their turnover in a corresponding period a year earlier. Turnover is calculated as it is for GST purposes, and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected.

Where a business or not-for-profit was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable) the Tax Commissioner will have discretion to consider additional information that the business or not-for-profit can provide to establish that they have been significantly affected by the impacts of the Coronavirus. The payment cannot be paid to businesses that are in liquidation.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business has ceased or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a 30 per cent or more or 50 per cent or more fall in turnover but actually experience a slightly smaller fall.

If a business has an aggregated turnover of \$1 billion or more (for income tax purposes), the 50 per cent or more GST turnover test will apply to each business connected with or affiliated with that business. If the business has an aggregated turnover of less than \$1 billion, the 30 per cent or more GST turnover test is applied to each business connected with or affiliated with that business. Individual businesses within corporate group may be eligible for the JobKeeper payment while other businesses in the group may not be eligible.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive the JobKeeper Payments.

Eligible employees

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular and systemic basis for longer than 12 months as at 1 March 2020);
- are a permanent employee of the employer, or if a long-term casual employee, not a permanent employee of any other employer;
- are at least 16 years of age at 1 March 2020;
- are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020;
- were a resident for Australian tax purposes on 1 March 2020; and
- are not in receipt of a JobKeeper Payment from another employer.

Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment. However, employees on parental leave from their employer will be eligible. Employees receiving workers compensation will be eligible for the JobKeeper Payment if they are working, for example on reduced hours, but will generally not be eligible if they are not working.

If your employees receive the JobKeeper Payment, this may affect their eligibility for income support payments and they must report their change in circumstances to Services Australia online at my.gov.au or by telephone.

APPLICATION PROCESS

Businesses with employees

Initially, employers can register their interest in applying for the JobKeeper Payment via ato.gov.au from 30 March 2020.

Subsequently, eligible employers will be able to apply for the scheme by means of an online application. The first payment will be received by employers from the ATO in the first week of May.

Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO. An employer that elects to participate is required to include all eligible employees in the scheme. A business owner who is a permanent employee of another employer is only eligible for the JobKeeper Payment from that employer.

Participating employers will be required to ensure eligible employees receive, at a minimum, \$1,500 per fortnight before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Further details for businesses or not-for-profits with employees will be provided at ato.gov.au.

Businesses without employees

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment at ato.gov.au from 30 March 2020.

Businesses without employees will need to provide an ABN for their business, nominate an owner to receive the payment and provide that owner's Tax File Number and provide a declaration as to recent business activity. A business owner who is a permanent employee of another employer is only eligible for the JobKeeper Payment from that employer.

The payment will be made monthly to that person's bank account.

Further details for the self-employed are see the *Support for Sole Traders* factsheet.

Employer with employees on different wages

Adam owns a real estate business with two employees. The business is still operating but Adam expects that turnover will decline by more than 30 per cent in coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

- The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Anne's salary and will continue paying the superannuation guarantee on Anne's income;
- The business continues to pay Nick his part-time salary of \$1,000 per fortnight before tax and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The business receives \$1,500 per fortnight from the JobKeeper Payment which will subsidise the full cost of Nick's salary. The business must continue to pay the superannuation guarantee on the \$1,000 per fortnight that Nick is earning. The business has the option of choosing to pay the superannuation guarantee on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

Adam can register his initial interest in the scheme from 30 March 2020, followed subsequently by an application to ATO with details about his eligible employees. In addition, Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Employer with employees who have been stood down without pay

Zahrah runs a beauty salon in Melbourne. Ordinarily, she employs three permanent part-time employees, but due to the Coronavirus she has temporarily closed her doors as a business and has stood down her three employees without pay.

Zahrah's turnover will decline by more than 30 per cent, so she is eligible to apply for the JobKeeper Payment for each employee. She will receive \$1,500 per fortnight for each of her three employees for up to six months and she is required to have passed on those payments to her employees. Zahrah will maintain the connection to her employees, and be in a position to quickly resume her operations.

Zahrah is required to advise her employees that she has nominated them as eligible employees to receive the payment. It is up to Zahrah whether she wants to pay superannuation on the additional income paid because of the JobKeeper Payment.

If Zahrah's employees have already started receiving income support payments like the JobSeeker Payment, when they receive the JobKeeper Payment they must advise Services Australia of their change in circumstances online at my.gov.au or by telephone.



JobKeeper Payment — Information for employees

EMPLOYEE OBLIGATIONS

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations.

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of, or have applied for, an income support payment should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

BACKGROUND ON JOBKEEPER PAYMENT FOR EMPLOYEES

Under the JobKeeper Payment, businesses and not-for-profits impacted by the Coronavirus will be able to access a wage subsidy from the Government to continue paying their employees. Affected employers will be able to claim a payment of \$1,500 per fortnight per eligible employee from 30 March 2020 until 27 September 2020.

Eligible employees will receive a minimum of \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Eligible employees include Australian citizens, the holders of a permanent visa, and Special Category (Subclass 444) Visa holders as at 1 March 2020. Employees must be a resident for Australian tax purposes on 1 March 2020.

Full time and part time employees, including stood down employees, would be eligible for the JobKeeper Payment. Where a casual employee has been with their employer on a regular and systematic basis for at least the previous 12 months on 1 March 2020, and are not permanent employees of any other employer, they will also be eligible for the JobKeeper Payment. An employee will only be eligible for the JobKeeper Payment from one employer.

Employees will be able to receive this payment in a number of different ways.

- If your employer pays you \$1,500 or more in income per fortnight before tax, the JobKeeper Payment will assist your employer to continue operating by subsidising all or part of your income.
- If your employer would otherwise pay you less than \$1,500 in income per fortnight before tax, your employer must pay you, at a minimum, \$1,500 per fortnight before tax.
- If you have been stood down, your employer must pay you, at a minimum, \$1,500 per fortnight before tax.

You will not be eligible for the JobKeeper Payment if you are receiving Parental Leave Pay from Services Australia. However, you will be eligible if you are on parental leave from your employer.

If you are receiving workers compensation you will be eligible for the JobKeeper Payment if you are working, for example on reduced hours, but will generally not be eligible if you are not working.

Employee who has been stood down and applied for income support

Phoebe works at a cinema as a permanent full-time employee, but she has been stood down under the Fair Work Act without pay. Phoebe had registered an intent to claim with Services Australia for access to the JobSeeker Payment and the Coronavirus supplement. Phoebe is single, with no children and in total she would be eligible to receive \$1,124.50 per fortnight, before tax, from Services Australia.

Phoebe's employer has decided to apply for the JobKeeper Payment. This would entitle Phoebe to \$1,500 per fortnight before tax. Phoebe's employer is required to advise her that she has been nominated as an eligible employee to receive the payment.

If Phoebe remains registered to receive income support through Services Australia, she must advise Services Australia of the change in her circumstances. Under the income tests that apply for the JobSeeker payment, Phoebe will no longer be eligible for income support from Services Australia as a result of receiving the JobKeeper Payment.



JobKeeper Payment — Protecting Integrity

The JobKeeper Payment and the related programs represent a significant investment to support the Australian economy and people in the face of the Coronavirus crisis. To protect this investment, the framework for the JobKeeper Payment has robust features to ensure integrity and allow swift and effective action to be taken against fraud and other abuse.

KEY FEATURES ENSURING INTEGRITY

The JobKeeper Payment contains robust integrity features and draws on the existing regulatory and enforcement infrastructure of the Australian Taxation Office. These integrity features range from the eligibility requirements to specific rules to address contrived schemes and fraud. These requirements are in addition to the existing administrative and civil penalties and criminal offences that apply in the taxation law and general criminal law.

These measures will not affect taxpayers that do the right thing, but will allow for swift and effective action to be taken against those that seek to abuse the scheme and obtain more than their entitlements.

Payment in arrears to guarantee full payment to workers

The JobKeeper Payment is paid to employers in arrears. This is an important integrity measure. Employers will be reimbursed by the ATO from the first week of May. This gives a short, but important, period for the ATO to establish the appropriate systems, and for employers to complete their applications.

Payment in arrears facilitates the ATO conducting compliance and audit activities to ensure the JobKeeper Payment is passed on to employees, including by utilising existing reporting such as Single Touch Payroll.

Robust eligibility rules to stop double payment

An individual can only benefit from one JobKeeper Payment per fortnight. An individual must agree to be nominated as an eligible employee to receive the JobKeeper Payment by that particular employer and confirm that he or she has not agreed to be nominated by any other employer.

An individual that receives support directly because he or she is self-employed can only do so if the individual confirms that he or she has not agreed to be an eligible employee for any employer. To be eligible, a self-employed individual must not be a permanent employee of any other employer.

Making a false statement results in an individual becoming ineligible. Any resulting overpayment may be recovered directly from the individual. Making a false statement also renders the individual liable for criminal and administrative penalties. The ATO will undertake compliance activities designed to identify multiple payments to individuals, including by utilising existing reporting such as Single Touch Payroll reporting.

Appropriate reporting and record-keeping to verify compliance

Entities that claim the JobKeeper Payment must provide the Commissioner with information about themselves and their employees. They will also be required to report monthly to the Commissioner to show payments have been made to their employees and provide information on their turnover and other matters relevant to their entitlement and the operation of the JobKeeper Payment. This reporting will be integrated with existing reporting processes such as Single Touch Payroll, where this is possible.

In serious cases, payments can be withheld for a reasonable period if there are serious questions about the information provided by the taxpayer to allow that information to be verified.

Entities are required to retain records to allow any information provided to the Tax Commissioner to be verified for five years after it is provided in relation to a payment.

The ATO will conduct compliance and audit activities to ensure the JobKeeper Payment is passed on to employees, as well as to swiftly and effectively address attempted fraud and any other abuse of the scheme.

Preventing exploitation by way of contrived schemes

Special rules apply in the payment framework to allow the Tax Commissioner to take action against contrived arrangements relating to the JobKeeper Payment.

Under these rules, if the Commissioner is satisfied that an entity has undertaken a scheme or part of a scheme in order to gain the benefit of the JobKeeper Payment, then the Tax Commissioner may undo the effect of the scheme and recover any overpayments.

Such a scheme does not need to be criminal — the rules allow the Commissioner to deny the effect of any arrangement undertaken just to increase the payment an entity could receive. This ensures any attempt to abuse the JobKeeper Payment can be rendered ineffective.

Making entities involved in fraud or false statements liable for their wrongdoing

The JobKeeper Payment is paid to employers to support the payment of wages to employees. Given the size of the payments there is risk that employees or other entities may seek to fraudulently or improperly obtain benefits.

It would not always be fair for the Commissioner to recover inappropriately obtained payment from employers, who may have acted honestly and have passed on the benefit of the payment. This would also not effectively deter those who have made false statement or engaged in fraud.

To address these cases, the Tax Commissioner may make an entity that has made a false statement or engaged in fraud liable to repay the amount. This liability applies on top of the existing significant criminal or administrative penalties for false statements and fraud. JobKeeper Payment obtained by fraud or misstatement will be recovered from wrongdoers even where the payment has passed through entities not involved in the fraud.

Building on existing administrative, civil and criminal penalties

An entity that does not comply with its obligations in relation to the JobKeeper Payment is also potentially liable for a wider range of significant administrative and criminal sanctions under the tax law and general criminal law, some of which are set out in the table below.

These penalties will not affect entities that act honestly and with reasonable care. However, entities that seek to abuse the scheme, especially those that seek to engage in fraud, will face penalties commensurate with the seriousness of their conduct.

LIST OF KEY PENALTY PROVISIONS

Provision	Description	Penalty
Section 284-75 in Schedule 1 to the <i>Taxation Administration Act 1953</i>	Administrative penalties for false and misleading statements	A financial penalty of up to 75 per cent of the amount of any overpayment
Section 8C of the <i>Taxation Administration Act 1953</i>	Criminal offence for a failure to comply with requirements under the taxation law	Imprisonment for up to 12 months and a fine of up to 50 penalty units (250 penalty units for corporate entities)
Sections 8K and 8N of the <i>Taxation Administration Act 1953</i>	Criminal offences for making false or misleading statements to taxation officers	Imprisonment for up to 12 months and a fine of up to 50 penalty units (250 penalty units for corporate entities)
Section 135.2 of the Criminal Code	Obtaining financial advantage	Imprisonment for up to 12 months
Section 134.2 of the Criminal Code	Obtaining financial advantage by deception	Imprisonment for up to 10 years
Section 135.4 of the Criminal Code	Conspiracy to defraud	Imprisonment for up to 10 years



Support for not-for-profit organisations

The Government is providing vital support for not-for-profits (NFPs) to withstand the economic impacts of the Coronavirus.

JOBKEEPER PAYMENT

Summary

The JobKeeper Payment will provide a wage subsidy to eligible employers and the self-employed, who have experienced a decline in turnover as a result of the Coronavirus. NFPs (including charities) are eligible to apply for the Scheme. The JobKeeper Payment will help to offset the cost of ongoing employees and will encourage employers to maintain a connection with employees that have been stood down.

Under this Scheme, employers impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged to receive the JobKeeper Payment.

Eligibility

NFPs (excluding charities) will be eligible for the JobKeeper Payment if, at the time of applying:

- they have an aggregated turnover of less than \$1 billion (for income tax purposes) and they estimate their GST turnover has fallen or will likely fall by 30 per cent or more; or
- they have an aggregated turnover of \$1 billion or more (for income tax purposes) and they estimate their GST turnover has fallen or will fall by 50 per cent or more.

Charities registered with the Australian Charities and Not-for-profits Commission (ACNC) will be eligible for the subsidy if they estimate their turnover has 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 tests set out above for other not-for-profits.

The Australian Government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper Payment.

To establish that a not-for-profit has faced or is likely to face the relevant fall in turnover, most would be expected to establish that their turnover has or will likely fall in the relevant month or quarter relative to their turnover in the corresponding period a year earlier. Turnover is generally calculated as it is for GST purposes, and is reported on Business Activity Statements, with some modifications to ensure it can be applied appropriately to individual entities in respect of the periods being tested by the JobKeeper rules. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For consistency, NFPs who do not report through a Business Activity Statement are required to use the same rules for calculating their turnover.

For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected.

Where a not-for-profit was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable), the Tax Commissioner has discretion to set out alternative tests that would establish eligibility in specific circumstances.

NFPs that have had a liquidator appointed are not eligible for this payment.

Eligible employers will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that employer – including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those employees who have been with their employer on a regular and systemic basis for at least the previous 12 months as at 1 March 2020 and who are not the permanent employee of another employer. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder. The employee must also be an Australian tax resident as at 1 March 2020. Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment. However, employees on parental leave from their employer will be eligible.

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a NFP that was their employer on 1 March 2020 will be eligible.

Where an employee is accessing support through Services Australia and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

Process

To participate in the Scheme, employers must:

- Register an intention to apply on the ATO website and assess that they have or will likely experience the required turnover decline.
- Provide information to the ATO on eligible employees. This includes information on the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or rehired).
- Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax). Employees who receive \$1,500 per fortnight or more from their employer will continue to receive their regular income according to their prevailing workplace arrangements. For employees that have been receiving less than this amount, the employer will now need to pay them, at a minimum, \$1,500 per fortnight before tax.
- Notify all eligible employees that they are receiving the JobKeeper Payment.
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations:

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of, or have applied for, an income support payment must advise Services Australia of their new income.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the JobKeeper Payment from 30 March 2020 on the ATO website.

Food Assistance

Food Assistance is a charity that expects turnover will decline by more than 15 per cent in the coming months. The employees are:

- five full-time employees on a salary of \$3,000 per fortnight before tax;
- 15 permanent part-time employees on a salary of \$1,000 per fortnight before tax; and
- 40 volunteers.

Food Assistance is eligible to receive the JobKeeper Payment for each paid employee, which would have the following benefits for the charity and its employees:

- The charity continues to pay the full-time employees their salaries of \$3,000 per fortnight before tax, and the charity will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of their salaries and will continue paying the superannuation guarantee on the income.
- The charity continues to pay the part-time employees \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The charity receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of the part-time employee's salaries. The charity must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages for the part-time employees. The charity has the option of choosing to pay the superannuation guarantee on the additional \$500 (before tax) under the JobKeeper Payment.
- The charity will not receive the JobKeeper Payment for their 40 volunteers.

BOOSTING CASH FLOW FOR EMPLOYERS

Summary

The Government is providing at least \$20,000 and up to \$100,000 to businesses and NFPs with aggregated turnover under \$50 million and that employ workers. These payments will help businesses and NFPs' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

NFP employers will receive an initial payment equal to 100 percent of Pay-As-You-Go income tax withheld from their employees' salary and wages, with a minimum payment of \$10,000 and the maximum payment capped at \$50,000. An additional payment is also being introduced in the July – October 2020 period, where eligible entities will receive an additional payment equal to the total of all payments they have received. This means that eligible entities will receive at least \$20,000 and up to a total of \$100,000.

For those NFPs that are not income tax exempt, the payments will be treated as tax free. The Boosting Cash Flow for Employers payment and additional payment does not impact taxes paid by employees in respect of their salary and wages received. The ATO will continue to recognise the full amount that was withheld from the employee's salary or wages in calculating the Pay-As-You-Go credit the employee is entitled to.

Eligibility

NFPs with aggregated turnover under \$50 million that employ workers will be eligible. This can include companies, trusts and other eligible NFP structures.

- NFP entities who do not employ salary and wage staff but who have a Pay As-You-Go withholding obligation in relation to other forms of remuneration may also be eligible where they satisfy the other eligibility requirements. The other forms of remuneration include payments to contractors where the contractor has voluntarily requested withholding.
- The payments will only be available to eligible NFP employers established prior to 12 March 2020. However, charities registered with the Australian Charities and Not-for-Profit Commission (ACNC) will be eligible regardless of when they were registered, subject to meeting other eligibility requirements. This recognises that new charities may be established in response to the Coronavirus pandemic.

- Eligibility for taxable NFPs will be determined on prior year aggregated turnover as these entities lodge income-tax returns; eligibility for income-tax-exempt NFPs registered for GST will be estimated from GST reported amounts through the BAS statement; and eligibility for registered charities will be estimated based on information derived from Annual Information Statements provided to the ACNC or GST reported through the BAS statement. Where an eligible NFP entity is inadvertently omitted by one of these tests, the ATO may require additional information to assess eligibility for the bonus.

Process

The payment will be delivered by the Australian Taxation Office (ATO) as an automatic credit in the activity statement system upon businesses lodging eligible activity statements.

Timing

The initial cash flow boosts will be delivered as credits in the activity statement system from 28 April 2020.

Help for the Homeless Op-Shop

Help for the Homeless, a registered charity, runs an op-shop to support its programs and employs five part-time workers with average income of \$30,000 per year. It reports total withholding of \$3,510 for its employees for each quarterly BAS.

Under the Government's changes, Help for the Homeless will be eligible to receive the payment on lodgement of its BAS as it is a charity. Help for the Homeless receives:

- A credit of \$10,000 for the March quarter, the minimum payment.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Help for the Homeless will receive \$20,000. Under the previously announced Boosting Cash Flow for Employers measure, NFPs were not eligible for the support.

CORONAVIRUS SMALL AND MEDIUM ENTERPRISES (SME) GUARANTEE SCHEME

Summary

The Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme will enhance lenders' willingness and ability to provide credit, supporting many otherwise viable SMEs, including NFPs, to access vital additional funding to get through the impact of Coronavirus.

The Scheme will support up to \$40 billion of lending to SMEs, including sole traders and NFPs. Under the Scheme, the Government will guarantee 50 per cent of new loans issued by participating lenders to SMEs.

Through this Scheme, the Government will support unsecured loans of up to \$250,000. These loans are intended to provide for current and upcoming cash flow needs, including rent and staff expenses.

The loans provided under the Scheme will be available with a term of up to three years. A six month repayment holiday will be available on all loans.

Eligibility

NFPs are eligible for the Scheme, provided they have an aggregated turnover of less than \$50 million and have an ABN. As is the case for other businesses, NFPs will be eligible for loans of up to \$250,000 via commercial lenders participating in the Scheme.

- The Scheme will be available to SMEs, including NFPs, with turnover of less than \$50 million in the previous financial year or expected turnover of less than \$50 million in the current financial year.
- The ability of SMEs, including NFPs, to access the loans is ultimately a decision for participating lenders. Credit assessment processes will be undertaken, however lenders are expected to look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

Process

NFPs seeking to apply for a loan under the Scheme should contact their current financial institution or any other participating lender. A list of participating lenders will be made available on the Treasury website once approved. The Government is not directly participating in the lending process, but instead providing a guarantee to lenders.

Timing

The Scheme will be available for new loans made by participating lenders until 30 September 2020.

\$200 MILLION COMMUNITY SUPPORT PACKAGE

Summary

The Government will provide an additional \$200 million Community Support Package to support charities and other community organisations which provide emergency and food relief, as demand for these services surges as a result of the Coronavirus.

The Community Support Package will provide funding to boost support to services where demand is quickly increasing, including:

- Emergency Relief which will help vulnerable Australians who need assistance with bills, food, clothing or petrol and increase and retain workforce capacity including volunteers.
- Assistance for food relief organisations to source additional food and transport for emergency relief service providers, and rebuild workforce capacity.
- Immediately scale-up services through the National Debt Helpline — which is often the first point of contact for people experiencing financial difficulties, and to support one-on-one tele-financial counselling.
- Creating a short-form Financial Counselling course through Financial Counselling Australia to train new financial counsellors to boost the workforce, potentially providing hundreds of new jobs.
- Expanding access to safe, affordable financial products through the No Interest Loan Scheme which provides an immediate financial relief alternative to other high-risk, high-interest products such as credit cards and payday loans.

Eligibility

Eligibility requirements for these programs remain unchanged.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Support for sole traders

The Government is providing vital support to sole traders to withstand the economic impacts of the Coronavirus.

INCOME SUPPORT FOR SOLE TRADERS

A sole trader is a business structure where the individual owner is legally responsible for all aspects of the business, including any debts and losses and day-to-day business decisions. A sole trader may or may not employ other people in their business.

Sole traders may be eligible to receive the JobKeeper Payment if their turnover has fallen or will likely fall by 30 per cent or more, assuming they have a turnover of less than \$1 billion. Following registration by the eligible business, the Government will provide \$1,500 per fortnight per eligible employee until 27 September 2020. This will support the income of sole traders and maintain connection with their employees. To support self-employed people, eligible businesses will be able to nominate one eligible person (such as an owner) to receive the JobKeeper Payment. For businesses with employees, this is in addition to receiving the JobKeeper Payment for any eligible employees.

The Government is also temporarily expanding the eligibility criteria for the JobSeeker Payment to support sole traders if their income is negatively affected by the economic impact of the Coronavirus. For example, as a member of a couple you could receive up to \$1,060.80 per fortnight through the JobSeeker Payment and Coronavirus supplement, although the precise amount will depend on the amount of income you and your partner continue to earn. Receiving the JobSeeker Payment may also make you eligible for other Government payments like Rent Assistance and the Energy Supplement. However, if you receive the JobKeeper Payment, this will affect your eligibility for payments from Services Australia as you must report your JobKeeper Payment as income.

Eligibility for JobKeeper Payment

Sole traders will be eligible for the JobKeeper Payment if, at the time of applying, they:

- estimate their business' GST turnover has fallen or will fall by 30 per cent or more (assuming their business' aggregated turnover (for income tax purposes) is less than \$1 billion);
- had an ABN on or before 12 March 2020, and
 - either had an amount included in their assessable income for the 2018-19 year and it was included in their income tax return lodged on or before 12 March 2020 (or such later time as allowed by the Tax Commissioner), or
 - made a supply during the period 1 July 2018 to 12 March 2020 and provided this information to the Tax Commissioner on or before 12 March 2020 (or such later time as allowed by the Tax Commissioner);
- were actively engaged in the business;
- are not a permanent employee of any other employer;
- are not entitled to another JobKeeper Payment (either a nominated business participant of another business or as an eligible employee);
- were aged at least 16 years of age as at 1 March 2020;
- were an resident for Australian tax purposes on 1 March 2020; and
- were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020.

To establish that a business has faced or is likely to face a 30 per cent or more fall in turnover, most would be expected to establish that their turnover has fallen or will likely fall in the relevant month or quarter (depending on their Business Activity Statement reporting period) relative to their turnover in a corresponding period a year earlier. Turnover is calculated as it is for GST purposes, and is reported on Business Activity Statements. It includes all taxable supplies and all GST free supplies but not input taxed supplies.

Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (for example, because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable) the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely affected by the Coronavirus. Businesses that are in liquidation are not eligible for this payment.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (for example, eligibility may be established as soon as a business ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a 30 per cent or more or 50 per cent or more fall in turnover but actually experience a slightly smaller fall.

Sole traders and other self-employed people

Self-employed individuals will be eligible to receive the JobKeeper Payment where they have experienced the required fall in turnover. To receive the JobKeeper Payment, self-employed people will need to make an application to the Australian Taxation Office (ATO).

Businesses without employees will be eligible to receive one JobKeeper Payment, and businesses with employees can receive one payment in addition to the payments for their eligible employees. This means that:

- where the business operates through a sole trader structure – one owner can be nominated to receive the JobKeeper Payment;
- where the business operates through a partnership – one partner can be nominated to receive the JobKeeper Payment;
- where the business operates through a company – one director can be nominated to receive the JobKeeper Payment;
- where the business has shareholders who provide labour to the company and receive dividends in lieu of wages – one such shareholder can be nominated to receive the JobKeeper Payment; and
- where the business operates through a trust – one individual beneficiary (that is, not a corporate beneficiary) can be nominated to receive the JobKeeper Payment.

The nominated individual must be at least 16 years of age and an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) visa holder and a resident for Australian tax purposes on 1 March 2020. Payments will be made to the nominated individual monthly in arrears by the ATO.

Sole traders with employees

Eligible sole traders with employees will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that sole trader – including part-time and stood down employees.

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular and systematic basis for longer than 12 months as at 1 March 2020);

- are permanent employees of the employer, or if a long-term casual employee, not a permanent employee of any other employer;
- are at least 16 years of age at 1 March 2020;
- are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020;
- were a resident for Australian tax purposes on 1 March 2020; and
- are not in receipt of a JobKeeper Payment from another employer.

Eligible sole traders who have stood down their eligible employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will also be eligible.

In circumstances where an employee is accessing support through Services Australia and the employee will be eligible for the JobKeeper Payment, the employee will need to advise Services Australia of their change in circumstances.

Where employees have multiple employers, only one employer will be eligible to receive the payment.

Payment process

Eligible sole traders will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee.
- If an employee would otherwise receive less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Payments will be made to the employer monthly in arrears by the ATO.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by sole traders in the first week of May. Sole traders will be able to register their interest in participating in the JobKeeper Payment from 30 March 2020 at ato.gov.au.

Sole trader who is self-employed

Melissa is a sole trader running a florist. She does not have employees. Melissa's business has been in operation for several years. The economic downturn due to the Coronavirus has adversely affected Melissa's business, and she expects that her business turnover will fall by more than 30 per cent compared to a typical month in 2019.

Melissa will be able to apply for the JobKeeper Payment and would receive \$1,500 per fortnight before tax, paid on a monthly basis.

Sole trader with employees

Heidi is a sole trader and has one permanent part-time employee, Megan, who earns \$1,000 a fortnight before tax. Heidi has a beekeeping business, selling honey products at markets and running beekeeping courses.

Heidi's business has been adversely affected by the Coronavirus, and her turnover has dropped by more than 30 per cent.

Heidi is eligible to receive the JobKeeper payment as her business's nominated individual. This will support Heidi to continue her business operations.

Megan is still working at Heidi's business, including taking care of the bees. Heidi is eligible to make a claim for the JobKeeper Payment for Megan for a maximum of six months. Heidi is required to advise Megan that she has been nominated to the ATO as an eligible employee.

Heidi receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of Megan's salary. Megan will continue to receive her \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. Heidi must continue to pay superannuation guarantee on the \$1,000 per fortnight of wages that Megan is earning. Heidi has the option of choosing to pay superannuation guarantee on the additional \$500 (before tax) paid to Megan under the JobKeeper Payment.

Heidi also may be eligible to receive assistance through the *Boosting Cash Flow for Employers* measure.

Eligibility for JobSeeker Payment

Previously if a sole trader was trying to access income support payments they had to be willing to seek, and be available to take up, alternative work which effectively would have required them to close their business.

These mutual obligation requirements will be temporarily removed to allow sole traders to continue operating and receive the JobSeeker Payment if they are eligible to do so. A sole trader who is eligible for a payment can meet their mutual obligation requirements during this period by continuing to sustain their business.

Income testing will apply consistent with current arrangements. So the level of support you will receive will depend on your ongoing income and that of your partner, if you are in a relationship. In particular, if you start to receive the JobKeeper Payment you will need to notify Services Australia of your change of circumstances.

However the assets test will not apply – so you will be eligible for assistance even if you have other assets such as shares and savings.

There will be no waiting period applied before you can receive this payment.

- For further details on the expanded eligibility for income support payments, and the new time-limited Coronavirus supplement, please see the *Income support for individuals* fact sheet.

How to apply for JobSeeker Payment

To ensure timely access to payments, new applicants are encouraged to contact Services Australia to claim through on-line and mobile channels. If applicants do not have internet access, they can claim over the phone.

- To claim online, people who do not already deal with Services Australia will need to set up their myGov account, call to verify their identity, and get a link to their Centrelink online account.

Timing

The expanded access to payments will commence from 25 March 2020. The Coronavirus supplement will commence from 27 April 2020.

EARLY ACCESS TO SUPERANNUATION

Summary

While superannuation is intended to help people save for retirement, the Government recognises that for those affected by the adverse economic effects of the Coronavirus, receiving some superannuation today may outweigh the benefits of maintaining those savings until retirement.

Eligible individuals will be able to apply online through myGov for access of up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months.

They will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

Eligibility

To apply for this category of early release as a sole trader, your business must have been suspended or there has been a reduction in your turnover of 20 per cent or more.

How to apply

If you are eligible for this category of early release, you can apply directly to the ATO through the myGov website to release your superannuation at my.gov.au. You will need to certify that you meet the above eligibility criteria.

After the ATO has processed your application, they will issue you with a determination. The ATO will also provide a copy of this determination to your superannuation fund, which will tell them to release your superannuation payment. Your fund will then make the payment to you, without you needing to apply to them directly. However, to ensure you receive your payment as soon as possible, you may wish to contact your fund to check that they have your correct details, including your current bank account details and proof of identity documents.

Separate arrangements will apply if you are a member of a self-managed superannuation fund (SMSF). Further guidance will be available on the ato.gov.au.

Timing

You will be able to apply for early release of your superannuation from mid-April 2020.

Rachel the sole trader

Rachel is a sole trader with a catering business. At the end of July 2020, Rachel seeks to apply for an early release from her superannuation for the 2020-21 financial year.

Due to the coronavirus, Rachel's turnover for July is \$5,000 compared to \$10,000 on average per month for the second half of 2019. Rachel therefore determines that her turnover has reduced by more than 20 per cent compared to her average turnover over the last six months of 2019.

Rachel self-certifies that she is eligible for early release and applies to have \$10,000 released from her superannuation.

SUPPORTING THE IMMEDIATE CASH FLOW NEEDS OF SOLE TRADERS

Summary

The Coronavirus SME Guarantee Scheme will provide sole traders with timely access to working capital to help them through the impact of Coronavirus.

Under the Scheme, the Government will provide a guarantee of 50 per cent to SME lenders (including banks and other participating financial institutions) to support new unsecured loans to be used for working capital. This will enhance lenders' willingness and ability to provide credit, which will result in sole traders being able to access additional funding to help support them through the upcoming months.

The Scheme will guarantee up to \$40 billion in new working capital loans.

The decision on whether to extend credit, and management of the loan, will remain with the lender. However, the Government expects that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions when determining whether credit should be extended.

As part of the loan products available, the Government will encourage lenders to provide facilities to sole traders that only have to be drawn if needed. This will mean that the sole trader will only incur interest on the amount they draw down. If they do not draw down any funds from the facility, no interest will be charged, but they will retain the flexibility to draw down funds should the need arise.

Eligibility

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Sole traders with a turnover of up to \$50 million.
- Maximum total size of loans of \$250,000 per borrower.
- Loans of up to three years, with an initial six month repayment holiday.
- Unsecured finance, meaning that sole traders will not have to provide an asset as security for the loan.

How to apply

Sole traders interested in how the Coronavirus SME Guarantee Scheme and access to credit should approach banks and other lenders for more information.

The Government is urgently working with banks and other eligible lenders to ensure loans are available as soon as possible. While the scheme is expected to commence from April 2020, your bank or other lender may be able to provide credit sooner, and still benefit from the guarantee.

Interested sole traders are encouraged to go and talk to their financial institution for more information.

TEMPORARY RELIEF FOR FINANCIALLY DISTRESSED BUSINESSES

To assist sole traders, who are generally subject to the personal insolvency system, the Government will make a number of changes to the *Bankruptcy Act 1966*. The threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor will temporarily increase from its current level of \$5,000 to \$20,000. This will apply for six months.

Failure to respond to a bankruptcy notice is the most common act of bankruptcy. The time a debtor has to respond to a bankruptcy notice will be temporarily increased from 21 days to six months. The extension will give a debtor more time to consider repayment arrangements before they could be forced into bankruptcy. This will apply for six months.

If the sole trader is operating through a company, the Government is temporarily increasing the current minimum threshold for creditors issuing a statutory demand on a company under the *Corporations Act 2001* from \$2,000 to \$20,000 and the timeframe for a company to respond to a statutory demand will be extended temporarily from 21 days to six months. Directors will be temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of the company's business. This will relieve the director of personal liability that would otherwise be associated with insolvent trading. These measures will apply for six months.

BOOSTING CASH FLOW FOR EMPLOYERS

The Government is providing a minimum of \$20,000 and up to \$100,000 to small and medium-sized businesses, including sole traders that employ people (other than themselves). These payments will help the cash flow of sole traders that employ people, so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the *Boosting Cash Flow for Employers* measure, sole traders that employ people will receive initial payments in the March to July 2020 period. These payments will be equal to 100 per cent of their employees' salary and wages withheld. The minimum initial payment is \$10,000 and the maximum initial payment is \$50,000.

An additional payment is also being introduced in the July to October 2020 period. Eligible sole traders will receive an additional payment equal to the total of all of the initial *Boosting Cash Flow for Employers* payments they have received. This means that eligible sole traders that employ people will receive at least \$20,000 up to a total of \$100,000 under both payments. This additional payment continues cash flow support over a longer period, increasing confidence, helping employers to retain staff and helping entities to keep operating.

These payments are tax free to employers and will be automatically calculated by the Australian Taxation Office (ATO). There are no new forms required.

Please see the *Cash flow assistance for businesses* fact sheet for more information on this measure.

ATO ADMINISTRATIVE RELIEF

The Australian Tax Office (ATO) will provide relief for certain tax obligations for taxpayers including sole traders affected by the Coronavirus outbreak, on a case-by-case basis. This includes the ability to defer payment of certain taxes up to six months, and receive refunds on previous pay as you go instalments. Taxpayers can contact the ATO on 1800 806 218 or visit the ato.gov.au for further information.

INCREASING THE INSTANT ASSET WRITE-OFF

The Government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to \$150,000 and expanding access to include all businesses, including sole traders, with aggregated annual turnover of less than \$500 million (up from \$50 million). This initiative applies from 12 March 2020 until 30 June 2020, for new or second-hand assets first used or installed ready for use in this timeframe. The higher IAWO threshold provides cash flow benefits for sole traders as they will be able to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

BACKING BUSINESS INVESTMENT

The Government has introduced a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions (including those claimable by sole traders). It provides a deduction of 50 per cent on installation, with existing depreciation rules applying to the balance of the asset's cost. It applies to eligible new assets acquired from 12 March 2020 and first used or installed by 30 June 2021, and claimed through lodged tax returns.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

The definition of a sole trader is explained at ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/Sole-trader.

Sole traders who have employees, apprentices and trainees are eligible for additional payments. Please see the *Cash flow assistance for businesses* fact sheet for more information on these measures.

Please visit business.gov.au for a broader range of resources that outline the support available.



Income support for individuals

The Government is providing support for individuals to assist them during the next six months.

INCREASED AND ACCELERATED INCOME SUPPORT

Summary

The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients of the eligible payment categories. These changes will apply for the next six months.

Eligibility

Payment categories

The income support payment categories eligible to receive the Coronavirus supplement are:

- Jobseeker Payment¹ (and all payments progressively transitioning to JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance
- Parenting Payment (Partnered and Single)
- Austudy
- ABSTUDY (Living Allowance)
- Farm Household Allowance
- Special Benefit recipients

Anyone who is eligible for the Coronavirus supplement will receive the full rate of the supplement of \$550 per fortnight.

Expanded access

For the period of the Coronavirus supplement, there will be expanded access to the income support payments listed above.

- **Expanded access:** Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.
- **Reduced means testing:** Asset testing for JobSeeker Payment, Youth Allowance and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.
- **Reduced waiting times:**
 - The one-week Ordinary Waiting Period has already been waived.

1 Under changes announced in the 2017-18 Budget, from 20 March 2020, JobSeeker Payment replaces Newstart Allowance as the main income support payment for recipients aged between 22 years to Age Pension qualification age who have capacity to work.

- To further accelerate access to payments, the Liquid Asset test Waiting Period (LAWP) and the Seasonal Work Preclusion Period (SWPP) will also be waived for recipients eligible for the Coronavirus supplement.
 - : People currently serving a LAWP will no longer need to serve that waiting period.
- The Newly Arrived Residents Waiting Period (NARWP) will be temporarily waived for recipients eligible for the Coronavirus supplement. When the Coronavirus supplement ceases, those people that were serving a NARWP will continue to serve the remainder of their waiting period, though the time the person was receiving the Coronavirus supplement will count towards their NARWP. Residency requirements still apply.
- All income testing, Income Maintenance Periods and Compensation Preclusion Periods will continue to apply.

People will not be permitted to access, and will need to declare that they are not accessing, employer entitlements (such as annual leave and/or sick leave) or Income Protection Insurance, at the same time as receiving Jobseeker Payment and Youth Allowance Jobseeker under these arrangements.

From 20 March 2020, Sickness Allowance was closed to new entrants and was replaced by the JobSeeker Payment. This does not mean that people who previously may have been eligible for Sickness Allowance are now unable to access income support. JobSeeker Payment better accommodates individual circumstances, including assisting people who are sick or bereaved.

Faster claim process

Accelerated claim process: To ensure timely access to payments, new applicants are encouraged to claim online. If applicants do not have internet access, they can claim over the phone.

- From April 2020, Services Australia will allow new applicants to call to verify their identity to reduce the need to visit a Services Australia office.
- To claim online, people who do not already deal with Services Australia will need to set up their myGov account, call to verify their identity, and get a link to their Centrelink online account.
- Applicants for Jobseeker Payment and Youth Allowance Jobseeker will:
 - Make an initial declaration about their identity, residency status, income and that they have been made redundant, or had their hours reduced (including to zero) as a result of the Coronavirus.
 - In the case of sole traders and the self-employed, applicants will make a declaration that their business has been suspended or had turnover reduced significantly.
- Applicants may also declare the amount of rent they pay in this declaration to qualify for Rent Assistance.
- Services Australia has effective measures in place to detect those seeking to defraud the social security system. Anyone fraudulently claiming a payment will need to pay the money back and may face legal action.

Streamlined application process: A number of simplified arrangements will be put in place to make it easier to claim, including *removing* the requirements for:

- Employment Separation Certificates, proof of rental arrangements and verification of relationship status;
- JobSeeker Classification Instrument assessment for those people who have recently left jobs, recognising they are job ready; and
- Jobseekers to make an appointment with an employment service provider before they can be paid.

Flexible jobseeking arrangements

Those receiving Jobseeker Payment have an obligation to actively look for work or build their skills, but the Government is making sure this can be done **flexibly and safely**.

- Jobseekers who have caring responsibilities, or who need to self-isolate, are able to seek an exemption from their mutual obligation requirements without the need for medical evidence.
- Activities can be rescheduled if the jobseeker is unable to attend as a result of the Coronavirus. Job Plans will be adjusted to a default requirement of four job searches a month (or one a week).

Mutual obligations can be tailored for each individual to suit not only their needs but also the needs of the community. In some circumstances, jobseekers can undertake training or volunteer within their community to meet their mutual obligation requirements.

Sole traders that become eligible for the Jobseeker Payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

Jobseekers are encouraged to stay job ready, connected to their employment services provider and up to date on potential job opportunities in their local area.

These changes ensure that jobseekers can reliably access income support, safely look for work, fill critical vacancies as they emerge, develop their skills and job preparedness, contribute to their community and help the economy to bounce back stronger.

Timing

The Coronavirus supplement will commence from 27 April 2020.

Expanded access for payments and faster claims processing will commence from 25 March 2020.

Example

Leonie is in her mid-30s, with two dependent children aged 10 and 12 and works as a telephone consultant for a travel agency. The Coronavirus has caused the travel agency where she works to close for a six month period, and resulted in Leonie's hours being reduced to zero. Leonie will be eligible to apply for JobSeeker Payment and the Coronavirus supplement under the new streamlined process.

Leonie can apply online and make a declaration about her identity, residency status, income and that her hours have been reduced to zero as a result of the Coronavirus.

Leonie is eligible for Jobseeker Payment and will receive \$1,171.50 per fortnight, comprising:

- JobSeeker Payment single, with dependent child rate of \$612.00 per fortnight; **plus**
- Energy supplement of \$9.50 per fortnight; **plus**
- Coronavirus supplement of \$550 per fortnight.

Leonie will also receive Family Tax Benefit Part A and Part B of \$483 a fortnight.

Having recently left employment, Leonie is already job ready.

An employment service provider will look to match Leonie's skills with available opportunities (for example, in another call centre) so Leonie's skills can be used in another industry and Leonie can get another job quickly.

Example

Chris is a sole trader running an architecture practice that specialises in home renovations. Chris's practice has been successful over the years, and he has been able to build up a reasonable amount of assets to a level that would ordinarily make him ineligible for an income support payment.

The Coronavirus has adversely affected Chris's business, and his income has been reduced to zero.

Chris will be able to apply for the new JobSeeker / Coronavirus supplement and will not have his assets included as part of the eligibility assessment for the payment. He will also not be required to serve a Liquid Asset test Waiting Period, as this has been waived.

Chris is eligible for the Jobseeker payment and, as he is married (and his partner does not earn more than \$25,000 per annum), will receive:

- JobSeeker Payment partnered rate of \$510.80 per fortnight; **plus**
- Energy supplement of \$7.90 per fortnight; **plus**
- Coronavirus supplement of \$550 per fortnight.

This brings Chris's total fortnightly income support payment to \$1,068.70.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Payments to support households

These payments will provide assistance to lower income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

SUPPORT PAYMENTS

Summary

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners. These payments will support households to manage the economic impact of the Coronavirus.

- The **first payment** (announced on 12 March 2020) will be available to people who are eligible payment recipients and concession card holders at any time from 12 March 2020 to 13 April 2020 inclusive.
- The **second payment** (announced on 22 March 2020) will be available to people who are eligible payment recipients and concession card holders on 10 July 2020.

A person can be eligible to receive both the first and second support payment. However, they can only receive one \$750 payment in each round of payments, even if they qualify in each round of the payments in multiple ways.

The payment will be exempt from taxation and will not count as income for the purposes of Social Security, Farm Household Allowance and veteran payments.

Eligibility for the first payment

To be eligible for the first payment, you must be residing in Australia and be receiving one of the following payments, or hold one of the following concession cards, at any time from 12 March 2020 to 13 April 2020, inclusive:

- Age Pension
- Disability Support Pension
- Carer Payment
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- JobSeeker Payment
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Family Tax Benefit, including Double Orphan Pension
- Carer Allowance
- Pensioner Concession Card (PCC) holders
- Commonwealth Seniors Health Card holders
- Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.
- DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.
- Veteran Gold Card holders
- Farm Household Allowance

Where someone has lodged a claim for one of the eligible payments or concession cards at any time from 12 March to 13 April 2020 inclusive, and the claim is subsequently granted, they will also receive the payment.

The first payment will be made to approximately 6.6 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

Eligibility for the second payment

The second payment is expected to be made to around 5 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

To be eligible for the second payment on 10 July 2020 you must be residing in Australia and be receiving one of the payments or holding one of the concession cards that were eligible for the first payment, except for those who are receiving an income support payment that is eligible to receive the Coronavirus supplement.

Income support recipients that are instead eligible to receive the Coronavirus supplement are those that receive:

- JobSeeker Payment (and payments progressively transitioning into JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance
- Parenting Payment (Partnered and Single)
- Austudy
- ABSTUDY (Living Allowance)
- Farm Household Allowance
- Special Benefit

TIMING

Timing	
First Payment	Paid automatically from 31 March 2020
Second Payment	Paid automatically from 13 July 2020

Payments will be made by Services Australia or the Department of Veterans' Affairs.

If you are a holder of a Veteran Gold Card, we will contact you to confirm your account details so the payment can be made as soon as possible.

Example — First and second payment

Kate and Angus are a couple and are both Age Pension recipients as at 12 March 2020. Kate and Angus will each receive \$750, so their household will receive \$1,500 in total. Payments to Kate and Angus will be made automatically from 31 March 2020.

As Kate and Angus remain both a couple and Age Pension recipients on 10 July 2020, they will each be eligible for a further \$750 as part of the second payment, so their household will receive \$1,500 in total for the second payment.

This will bring the total payment to their household to \$3,000, from the first and second payments.

Example — Interaction between Coronavirus supplement and second payment

Leanne is a single parent JobSeeker Payment recipient on 10 July 2020, receiving a single, with dependent child, rate of \$612 per fortnight, a further \$9.50 per fortnight for the Energy Supplement and an additional \$550 per fortnight Coronavirus supplement.

This brings Leanne's fortnightly income support payment to \$1,171.50.

Leanne was in receipt of the Jobseeker Payment on 30 March, so she was eligible for the first \$750 payment.

As Leanne is receiving the \$550 per fortnight Coronavirus supplement on 10 July 2020, she will not be eligible for the second \$750 payment.

FOR MORE INFORMATION

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BENEFITS ELIGIBLE FOR ECONOMIC SUPPORT PAYMENTS

Payment / card	2020 First Economic Support Payment	2020 Second Economic Support Payment	Eligible for Coronavirus supplement
Age Pension	✓	✓	
Disability Support Pension	✓	✓	
Carer Payment	✓	✓	
Parenting Payment	✓		✓
Wife Pension	✓	✓	
Widow B Pension	✓	✓	
ABSTUDY (Living Allowance)	✓		✓
Austudy	✓		✓
Bereavement Allowance	✓	✓	
Newstart Allowance / JobSeeker Payment	✓		✓
Youth Allowance	✓		✓
Partner Allowance / JobSeeker Payment	✓		✓
Sickness Allowance / JobSeeker Payment	✓		✓
Special Benefit	✓		✓
Widow Allowance / JobSeeker Payment	✓		✓
Family Tax Benefit	✓ (Per recipient)	✓ (Per recipient)	
Double Orphan Pension	✓	✓	
Carer Allowance	✓ (Per recipient)	✓ (Per recipient)	
Pensioner Concession Card (PCC) holders	✓	✓	
Commonwealth Seniors Health Card holders	✓	✓	
Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.	✓	✓	
DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.	✓	✓	
Veteran Gold Card holders	✓	✓	
Farm Household Allowance	✓		✓



Early access to superannuation

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21.

TEMPORARY EARLY ACCESS TO SUPERANNUATION

Summary

While superannuation helps people save for retirement, the Government recognises that for those significantly financially affected by the Coronavirus, accessing some of their superannuation today may outweigh the benefits of maintaining those savings until retirement.

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 until 24 September 2020.

Eligibility

To apply for early release you must satisfy any one or more of the following requirements:

- you are unemployed; or
- you are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- on or after 1 January 2020:
 - you were made redundant; or
 - your working hours were reduced by 20 per cent or more; or
 - if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

How to apply

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website: www.my.gov.au. You will need to certify that you meet the above eligibility criteria.

After the ATO has processed your application, they will issue you with a determination. The ATO will also provide a copy of this determination to your superannuation fund, which will advise them to release your superannuation payment. Your fund will then make the payment to you, without you needing to apply to them directly.

Separate arrangements will apply if you are a member of a self-managed superannuation fund (SMSF). Further guidance will be available on the ATO website: www.ato.gov.au.

Timing

You will be able to apply for early release of your superannuation from 20 April 2020.

Budget impact

This measure is expected to have a cost of \$1.15 billion over the forward estimates.

Ed the bartender

Ed works in a popular bar in Melbourne. As a result of the Coronavirus, Ed has had his work hours reduced from 40 hours on average in the second half of 2019 to 20 hours per week on average in May 2020. As a result, Ed determines that his hours over the last month have reduced by more than 20 per cent compared to the average of his hours over the last six months of 2019.

Ed decides to apply for the early release of \$8,000 of his superannuation in May 2020 to help pay his rent and other living expenses. Ed self-certifies that he is eligible for early release on myGov. He could have applied for up to \$10,000, but chose not to. Ed cannot seek any further early release of superannuation in 2019-20 on the grounds that he has been affected by the adverse economic effects of the Coronavirus.

However, Ed finds after 1 July 2020 that his hours continue to be reduced by more than 20 per cent compared to the average of his hours in the last six months of 2019. Ed decides to make a second application and self-certifies through myGov that he is eligible for early release. He is able to apply again for a release of up to \$10,000 of his superannuation. Ed submits a second application for the full amount of \$10,000 this time.

For each application, the ATO approves Ed's early release and notifies both him and his superannuation fund. Ed has received a total of \$18,000 of his superannuation in two separate payments. He will not be taxed on this amount and is free to spend this money on anything he chooses, or save it for future expenses. He is also free to recontribute any unused amounts to his superannuation in the future (within his contribution caps).

Rachel the sole trader

Rachel is a sole trader with a catering business. At the end of July 2020, Rachel seeks to apply for an early release from her superannuation for the 2020-21 financial year.

Due to the economic effects of the coronavirus, Rachel's turnover for July is \$5,000 compared to \$10,000 on average per month for the second half of 2019. Rachel therefore determines that her turnover has reduced by more than 20 per cent compared to her average turnover over the last six months of 2019.

Rachel self-certifies that she is eligible for early release and applies to have \$10,000 released from her superannuation.

FOR MORE INFORMATION

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Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Providing support for retirees

The Government is helping retirees to manage the impact of volatility in financial markets on their retirement savings by temporarily reducing superannuation minimum drawdown requirements. The Government is also reducing social security deeming rates in recognition of the impact of the low interest rates on savings.

SUMMARY

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

The Government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.

TEMPORARY REDUCTION IN SUPERANNUATION MINIMUM DRAWDOWN REQUIREMENTS

This measure will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The reduction applies for the 2019-20 and 2020-21 income years.

Age	Default minimum drawdown rates (%)	Reduced rates by 50 per cent for the 2019-20 and 2020-21 income years (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 or more	14	7

This measure will have no impact on the underlying cash balance for 2019-20 and a negligible impact in 2020-21.

Mike is a 66 year old retiree with a superannuation account-based pension

The value of Mike's account-based pension at 1 July 2019 was \$200,000. Under current minimum drawdown requirements, Mike is required by legislation to drawdown 5 per cent of his account balance over the course of the 2019-20 and 2020-21 income years.

This means Mike has to drawdown \$10,000 by 30 June 2020 to comply with the minimum drawdown requirements.

Following the temporary reduction in minimum drawdown requirements, Mike will now only be required to drawdown 2.5 per cent of his account balance, that is, \$5,000, by 30 June 2020. If Mike has already withdrawn over \$5,000 for 2019-20, he is not able to put the amount above \$5,000 back into his superannuation account.

On 1 July 2020 the value of Mike's account-based pension is \$180,000 (after drawdowns and investment losses). During 2020-21, Mike is required to drawdown 2.5 per cent of his account balance, which is \$4,500, instead of \$9,000.

As a result of this change to minimum drawdown requirements, Mike is able to preserve his capital while still drawing an income from his superannuation.

CHANGES TO SOCIAL SECURITY DEEMING RATES

As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will benefit around 900,000 income support recipients, including around 565,000 people on the Age Pension who will, on average, receive around \$324 more from the Age Pension in the first full year that the reduced rates apply.

The changes will be effective from 1 May 2020. This measure is expected to have a cost of \$876 million over the forward estimates.

Helen is a single part-rate age pensioner

Helen receives a single part-rate Age Pension. She has \$200,000 in financial assets with \$175,000 held in a term deposit which returns 1.5 per cent and the remainder in a cash transaction account earning a negligible rate of interest.

Under the former deeming rates, Helen's Age Pension would have been reduced by \$8.50 per fortnight as her income was above the income test threshold. With the change in deeming rates Helen has less deemed income and will now be eligible for a **maximum** rate Age Pension.

Leslie and Brian are an age pensioner couple

Leslie and Brian are an age pensioner couple. They have \$550,000 worth of financial assets. They hold \$300,000 in a superannuation account with a conservative investment strategy which returned around 5 per cent last year. They have invested \$130,000 in a term deposit with an annual return of 1.5 per cent and hold the remainder in a cash transaction account earning a negligible rate of interest.

Under the former deeming rates, Leslie and Brian's Age Pension would have been reduced by \$65 each per fortnight. Under the new deeming rates, Leslie and Brian's Age Pension will only be reduced by around \$32 each per fortnight.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Boosting cash flow for employers

This assistance will support businesses to manage cashflow challenges and help businesses retain their employees. This measure is designed to support small and medium sized businesses and to improve business confidence. This measure also supports the activities of not-for-profits (including charities) at a time when they are facing increased demand for services.

Summary

The Government is providing temporary cash flow support to small and medium businesses and not-for-profit organisations that employ staff during the economic downturn associated with COVID-19 (novel coronavirus). This will be done through two sets of cash flow boosts delivered from 28 April 2020 to support employers to retain employees.

The Government will provide tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible businesses, delivered through credits in the activity statement system, when eligible businesses lodge their activity statements.

Eligible businesses do not need to apply with a separate form. Upon lodgment of their activity statement, the first amount will automatically be credited to the business' account, but no earlier than 28 April 2020. A business that lodges early will not receive the cash flow boost before this date.

Eligible businesses, including not-for-profit organisations, must have held an Australian Business Number on 12 March 2020 and lodge their activity statement to receive the credit. Charities registered with the Australian Charities and Not-for-profits Commission are eligible, regardless of when they were registered, if they meet the other eligibility requirements.

Eligibility — *Boosting Cash Flow for Employers payments*

Businesses will be eligible to receive the cash flow boost provided they are a small or medium business entity, including not-for-profit organisations, sole traders, partnerships, companies or trusts, that:

- held an ABN on 12 March 2020 and continues to be active;
- has an aggregated annual turnover under \$50 million (generally based on prior year turnover); and
- made eligible payments that the business is required to withhold from (even if the amount required to be withheld is zero).

Eligible payments include:

- salary and wages
- director fees
- eligible retirement or termination payments
- compensation payments
- voluntary withholding from payments to contractors.

In addition, the business must also have either:

- derived business income in the 2018–19 income year and lodged its 2019 tax return on or before 12 March 2020; or
- made GST taxable, GST-free or input-taxed sales in a previous tax period (since 1 July 2018) and lodged the relevant activity statement on or before 12 March 2020.

The most recent income tax assessment for a prior year will generally determine whether a business is a small or medium business entity. However, in the absence of any income tax assessments for prior years, businesses may still be eligible if the Australian Taxation Office (ATO) can use other information it holds on the business to determine that it is a business and would have an aggregated annual turnover under \$50 million.

The ATO may also give a business further time to provide notice that business income or supplies were made. This will generally be the case where the business has a lodgment deferral in place. If the business did not have a lodgment deferral in place, it will not become eligible if the business lodges or amends returns for those periods now.

Eligibility — *Not for profit organisations including charities*

To be eligible, not-for-profit organisations (excluding charities) must have:

- held an active ABN on 12 March 2020;
- have an aggregate annual turnover of less than \$50 million; and
- made payments to employees.

Charities registered with the Australian Charities and Not-for-profits Commission are eligible, regardless of when they were registered, if they meet the other eligibility requirements.

Aggregated annual turnover in the most recent previous year's tax return will be used to determine eligibility.

If a not-for-profit organisation or charity is not required to lodge a tax return, they may still be eligible if the ATO can use other information it holds to determine that their aggregated annual turnover is under \$50 million.

Eligibility — *Additional payment*

All eligible entities that received initial cash flow boosts may be entitled to additional cash flow boosts.

Timing — *Initial cash flow boost*

The initial cash flow boosts will be delivered as credits in the activity statement system from 28 April 2020. If a business lodges early, it will not receive the cash flow boost before this date.

If the business lodges:

- quarterly, it will be eligible to receive the credit for:
 - quarter 3, March 2020 (lodgment due date 28 April 2020)
 - quarter 4, June 2020 (lodgment due date 28 July 2020).
- monthly, it will be eligible to receive the credit for the lodgment periods of:
 - March 2020 (lodgment due date 21 April 2020)
 - April 2020 (lodgment due date 21 May 2020)
 - May 2020 (lodgment due date 21 June 2020)
 - June 2020 (lodgment due date 21 July 2020).

Lodgment deferrals

As the cash flow boost is generated on lodgment of an eligible activity statement, if a lodgment deferral has been granted by the ATO, the cash flow boost will generally be made at the time of the deferred lodgment. This ensures that eligible entities that have received deferrals, for example, due to recent natural disasters, do not miss out on the payment or have to forgo their extended time to lodge to qualify.

However, businesses may choose to lodge before the deferred due date (but only on or after 28 April 2020) in order to access the cash flow boost earlier, for example, if the business is expecting GST refunds.

To be entitled to the cash flow boost, eligible entities need to lodge the relevant activity statements within two years of when the activity statements were due to be lodged. This ensures that the Boosting Cash Flow for Employers measure is targeted at helping employers during the period affected by COVID-19.

Timing — Additional payment

Eligible entities who received initial cash flow boosts will receive additional cash flow boosts, for the periods June to September 2020, equal to the total amount of initial cash flow boosts received. This will be delivered in either two or four instalments depending on the reporting period.

Calculating the cash flow boost — initial cash flow boost

The initial cash flow boost is based on the amount of a business' PAYG withholding.

Eligible businesses that withhold tax on their employees' salary and wages will receive a credit equal to 100% of the amount withheld, up to a maximum of \$50,000. The minimum credit will be \$10,000, even if the amount required to be withheld is zero. However, businesses will not be eligible to receive any more cash flow boosts until their PAYG withholding exceeds \$10,000 over the relevant periods

Monthly lodgers will receive a credit that is calculated at three times the rate (300 per cent) in the March 2020 activity statement to align with quarterly lodgers.

The total of all initial cash flow boosts across all of the relevant periods cannot exceed the maximum limit of \$50,000.

Budget impact

This measure is estimated to cost \$31.9 billion over the forward estimates period.

Sarah's Construction Business — Total cash flow boosts reaches maximum limit of \$50,000

Sarah owns and runs a building business in South Australia and employs 8 construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April, May and June for the 2019–20 income year, Sarah reports withholding of \$15,008 for her employees on each activity statement.

For March 2020, Sarah's initial cash flow boost is three times her withholding. This equates to \$45,024 ($\$15,008 \times 3$). As this amount is greater than \$10,000, Sarah will receive a cash flow boost of \$45,024.

For April 2020, Sarah's withholding is \$15,008, however there is only \$4,976 of initial cash flow boosts remaining before she reaches the \$50,000 limit. She will receive a further initial cash flow boost of \$4,976.

Sarah will not receive any further initial cash flow boosts after she has reached the \$50,000 limit.

Tim's Courier Run — PAYG Withholding is less than \$10,000 in first period

Tim owns and runs a small paper delivery business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In the March 2020 quarterly activity statement, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold.

The March 2020 quarter is the first period Tim is eligible for an initial cash flow boost. His withholding of \$0 is less than \$10,000 so Tim's initial cash flow boost will be the minimum amount \$10,000.

Tim will not receive any further initial cash flow boosts unless his withholding in the June 2020 quarter is greater than \$10,000.

Calculating the cash flow boost — additional cash flow boost

The amount of additional cash flow boosts that a business is entitled to is based on the value of initial cash flow boosts the business received.

If the business lodges quarterly business activity statements it will receive 50% of its total initial cash flow boosts for each activity statement.

If the business lodges monthly business activity statements it will receive 25% of its total initial cash flow boosts for each activity statement.

Sarah's Construction Business — monthly activity statement

Sarah received the maximum initial cash flow boosts of \$50,000. When Sarah lodges her June to September 2020 business activity statements she will receive additional cash flow boots as follows:

- June 2020, \$12,500
- July 2020, \$12,500
- August 2020, \$12,500
- September 2020, \$12,500.

Tim's Courier Run — quarterly activity statement

Tim received initial cash flow boosts of \$10,000. When Tim lodges his June and September 2020 quarterly business activity statements he will receive additional cash flow boosts as follows:

- \$5,000 for quarter ended June 2020
- \$5,000 for quarter ended September 2020.

Accessing the cash flow boost

Businesses do not need to apply for the cash flow boosts. The cash flow boosts will be automatically applied to the accounts of eligible businesses when they lodge their activity statement for the relevant periods.

To access the cash flow boost, businesses must lodge their activity statement. If a business does not need to lodge an activity statement in respect of PAYG withholding, the ATO is working through a solution and will update their website with more information on what businesses need to do.

The cash flow boosts will be applied to reduce liabilities arising from the same activity statement. This will result in eligible entities being required to pay less to the ATO.

Generally where a credit exceeds a business' other tax liabilities, the business will be refunded the excess amount.

A business may also receive a refund if it overpays its activity statement because the business' system was unable to take the cash flow boost into consideration when working out how much was payable.

If a business is placed in a refund position, it will generally receive the refund within 14 days.

Example — overpaying activity statement

A business' software calculates that its liability for the quarterly March 2020 activity statement is \$12,500 (without taking into account any initial cash flow boost it may be entitled to), which the business pays immediately. The ATO calculates that the business is entitled to an initial cash flow boost of \$10,000 meaning the business overpaid the March 2020 quarterly activity statement by \$10,000. Generally the overpayment of \$10,000 will be refunded to you.

Tax consequences

All cash flow boosts are tax free (non-assessable non-exempt income) and are not required to be paid back when the business' cash flow improves. However, if the business has been paid more cash flow boosts than it is entitled to, it will be required to repay the excess.

The boost is not subject to GST as the business is not making or agreeing to make a supply for the payment.

The business will still be entitled to a deduction for PAYG withholding paid.

There is no effect on tax paid by employees in respect of their salary and wages.

Schemes

A business will not be eligible for cash flow boosts if it (or a representative of the business) has entered into or carried out a scheme for the purpose of:

- becoming entitled to cash flow boosts when it would otherwise not be entitled; or
- increasing the amount of the cash flow boosts.

This may include restructuring the business or the way workers are paid to fall within the eligibility criteria, as well as increasing wages paid in a particular month to maximise the cash flow boost amount.

Any sudden changes to the characterisation of payments made may cause the ATO to investigate whether the payments are in fact wages. If the payments are wages, the ATO may consider the characterisation of past payments, including whether they should have been subject to PAYG withholding and whether super guarantee contributions should have been made. The business may also have FBT obligations that have not yet been met.

FOR MORE INFORMATION

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Delivering support for business investment

The Government is backing businesses to invest to help the economy withstand and recover from the economic impact of Coronavirus. The two business investment measures in this package are designed to assist Australian businesses and economic growth in the short-term, and encourage a stronger economic recovery following the Coronavirus outbreak.

These measures will support over 3.5 million businesses (over 99 per cent of businesses) with aggregated annual turnover of less than \$500 million employing more than 9.7 million employees.

INCREASING THE INSTANT ASSET WRITE-OFF

Summary

The Government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to \$150,000 and expanding access to include all businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. In 2017-18 there were more than 360,000 businesses that benefited from the current IAWO, claiming deductions to the value of over \$4 billion.

The IAWO threshold

The higher IAWO threshold provides cash flow benefits for businesses that will be able to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The IAWO is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020.

Eligibility

The Government is expanding access so that more businesses can take advantage of the IAWO. The annual turnover threshold for businesses is increasing from \$50 million to \$500 million. Expanding the threshold will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access the IAWO for the first time.

Timing

This proposal applies from announcement until 30 June 2020, for new or second-hand assets first used or installed ready for use in this timeframe.

Budget impact

This measure is estimated to have a net cost of \$700 million over the forward estimates. It will support business investment and is estimated to lower taxes paid by Australian businesses by \$2.5 billion over the next two years.

Example 1 — Business benefits from increased asset threshold

Owen owns a company, ON Point Farms Pty Ltd, through which he operates a farming business in the Central Wheat Belt of Western Australia. ON Point Farms Pty Ltd has an aggregated annual turnover of \$25 million for the 2019-20 income year. On 1 May 2020, Owen purchases a second hand tractor for \$140,000, exclusive of GST, for use in his business.

Under existing tax arrangements, ON Point Farms Pty Ltd is not able to immediately deduct assets costing more than \$30,000 and instead would depreciate the tractor using an effective life of 12 years. Choosing to use the diminishing value method, ON Point Farms Pty Ltd would claim a tax deduction of \$3,899 for the 2019-20 income year.

Under the new \$150,000 instant asset write-off, ON Point Farms Pty Ltd would instead claim an immediate deduction of \$140,000 for the purchase of the tractor in the 2019-20 income year, \$136,101 more than under existing arrangements. At the company tax rate of 27.5 per cent, Owen will pay \$37,427.78 less tax in 2019-20.

This will improve ON Point Farms Pty Ltd's cash flow and help his business withstand and recover from the economic impact of the Coronavirus.

Example 2 — Business benefits from increased turnover threshold

Samantha owns a company, Sam's Specialty Roasters Pty Ltd, through which she operates a large food processing business in Brisbane. Sam's Specialty Roasters Pty Ltd has an aggregated annual turnover of \$150 million for the 2019-20 income year. On 1 May 2020, Samantha purchases five new conveyor belts for her production facility for \$40,000 each, exclusive of GST, for use in her business.

Under existing tax arrangements, Sam's Specialty Roasters Pty Ltd is not eligible for the instant asset write-off and instead would depreciate the conveyor belts using an effective life of 15 years. Choosing to use the diminishing value method, Sam's Specialty Roasters Pty Ltd would claim a total tax deduction of \$4,456 for the 2019-20 income year.

Under the new \$150,000 instant asset write-off, Sam's Specialty Roasters Pty Ltd would instead claim an immediate deduction of \$200,000 for the purchase of the conveyor belts (i.e. \$40,000 for each conveyor) in the 2019-20 income year, \$195,544 more than under existing arrangements. At the company tax rate of 30 per cent, Samantha will pay \$58,663.20 less tax in 2019-20.

This will improve Sam's Specialty Roasters Pty Ltd's cash flow and help her business withstand and recover from the economic impact of the Coronavirus.

BACKING BUSINESS INVESTMENT (BBI)

Summary

The Government is introducing a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions.

The key features of the incentive are:

- *benefit* — deduction of 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost;
- *eligible businesses* — businesses with aggregated turnover below \$500 million; and
- *eligible assets* — new assets that can be depreciated under Division 40 of the *Income Tax Assessment Act 1997* (i.e. plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

Eligibility

Businesses with aggregated turnover below \$500 million, purchasing certain new depreciable assets.

Timing

Applies to eligible assets acquired after announcement and first used or installed by 30 June 2021.

Budget impact

This measure is estimated to have a cost of \$3.2 billion over the forward estimates. It will support business investment and is estimated to lower taxes paid by Australian businesses by \$6.7 billion over the next two years.

Example 3 — Middle-sized business benefits from the BBI

J Construction Solutions Pty Ltd has an aggregated annual turnover of \$200 million for the 2020-21 income year. On 1 July 2020, J Construction Solutions Pty Ltd installs a \$1 million truck mounted concrete pump for use in the business.

Under existing tax arrangements, J Construction Solutions Pty Ltd could claim 30 per cent depreciation in the first year (based on the asset's effective life of 6 $\frac{2}{3}$ years).

Under the new *BBI*, J Construction Solutions Pty Ltd can claim a depreciation deduction of \$650,000 in the 2020-21 income year. This consists of 50 per cent of the concrete pump's value under the new *BBI* (\$500,000) plus 30 per cent of the remaining \$500,000 under existing depreciation rules (\$150,000). This is \$350,000 more than under existing tax arrangements.

At the company tax rate of 30 per cent, J Construction Solutions Pty Ltd will pay \$105,000 less tax in the 2020-21 income year (30 per cent of \$350,000). This extra tax benefit is worth \$14,000 to J Construction Pty Ltd over the asset's life (at an interest rate of 5 per cent).

This will improve J Construction Solutions Pty Ltd's cash flow and lower the after tax cost of the concrete pump to the business.

Example 4 — Small business benefits from the BBI

Joan and Bruce own a company, NC Transport Solutions Pty Ltd, through which they operate a haulage business on the North Coast of New South Wales. NC Transport Solutions Pty Ltd has an aggregated annual turnover of \$8 million for the 2019-20 income year. On 1 May 2020, Joan and Bruce purchase a new truck for \$260,000, exclusive of GST, for use in their business.

Under existing tax arrangements, NC Transport Solutions Pty Ltd would depreciate the truck using their small business simplified depreciation pool. Under the pooling rules, NC Transport Solutions Pty Ltd

would deduct 15 per cent of the asset's value upon entry to the pool, leading to a tax deduction of \$39,000 for the 2019-20 income year.

Under the new *BBI*, NC Transport Solutions Pty Ltd would instead claim an up-front deduction of 50 per cent of the truck's value (\$130,000) before placing the asset in their small business simplified depreciation pool. Joan and Bruce would then claim a further 15 per cent deduction on the depreciated value of the truck (\$19,500). As a result of the two deductions, Joan and Bruce are able to claim a deduction totalling \$149,500 in the 2019-20 income year, \$110,500 more than under existing arrangements. At the company tax rate of 27.5 per cent, Joan and Bruce will pay \$30,387.50 less tax in the 2019-20 income year.

This will improve NC Transport Solutions Pty Ltd's cash flow and help Joan and Bruce's business withstand and recover from the economic impact of the Coronavirus.

FURTHER INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Supporting apprentices and trainees

This assistance will help businesses to retain their employees. The wage subsidy for apprentices and trainees will help to ensure the continued development of the skilled workforce.

Summary

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia.

Eligibility

The subsidy will be available to small businesses employing fewer than 20 employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business as at 1 March 2020.

Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.

Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Timing

Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

Further information is available at:

- The Department of Education, Skills and Employment website at: www.dese.gov.au
- Australian Apprenticeships website at: www.australianapprenticeships.gov.au

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

Budget impact

This measure is expected to cost \$1.3 billion across 2019-20 and 2020-21.

David's Plumbing

David's Plumbing is a small business that employs 10 people, including two full-time Australian Apprentices.

Taylor is a first year Australian Apprentice, aged 20, undertaking a Certificate III qualification. She commenced her apprenticeship with David's Plumbing on 6 February 2020. Taylor receives a weekly wage of \$532.89.

Lisa is a third year Australian Apprentice, aged 29, undertaking a Certificate IV qualification. She commenced her apprenticeship with David's Plumbing on 18 November 2017. She receives a weekly wage of \$772.71.

David's Plumbing are eligible for *Supporting Apprentices and Trainees* which pays 50 per cent of the apprentices' wages that have been paid by David's Plumbing since 1 January 2020.

David's Plumbing will receive:

- \$9,059 subsidy for employing Taylor for 6 February 2020 to 30 September 2020; and
- \$15,068 subsidy for employing Lisa for 1 January 2020 to 30 September 2020.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Temporary relief for financially distressed businesses

The economic impacts of the Coronavirus and health measures to prevent its spread could see many otherwise profitable and viable businesses temporarily face financial distress. It is important that these businesses have a safety net to make sure that when the crisis has passed they can resume normal business operations. One element of that safety net is to lessen the threat of actions that could unnecessarily push them into insolvency and force the winding up of the business.

SUMMARY

The elements of the package are:

- A temporary increase in the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive;
- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings, an increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition;
- Temporary relief for directors from any personal liability for trading while insolvent; and
- Providing temporary flexibility in the *Corporations Act 2001* to provide targeted relief for companies from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

For owners or directors of a business that are currently struggling due to the Coronavirus, the ATO will tailor solutions for their circumstances, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

TEMPORARY HIGHER THRESHOLDS AND MORE TIME TO RESPOND TO DEMANDS FROM CREDITORS

A creditor issuing a statutory demand on a company is a common way for a company to enter liquidation. The Government is temporarily increasing the current minimum threshold for creditors issuing a statutory demand on a company under the *Corporations Act 2001* from \$2,000 to \$20,000. This will apply for six months.

Not responding to a demand within the specified time creates a presumption that the company is insolvent. The statutory timeframe for a company to respond to a statutory demand will be extended temporarily from 21 days to six months. This will apply for six months.

To assist individuals, the Government will make a number of changes to the personal insolvency system regulated by the *Bankruptcy Act 1966*. The threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor will temporarily increase from its current level of \$5,000 to \$20,000. This will apply for six months.

Failure to respond to a bankruptcy notice is the most common act of bankruptcy. The time a debtor has to respond to a bankruptcy notice will be temporarily increased from 21 days to six months. The extension will give a debtor more time to consider repayment arrangements before they could be forced into bankruptcy. This will apply for six months.

When a debtor declares an intention to enter voluntary bankruptcy by making a declaration of intention to present a debtor's petition there is a period of protection when unsecured creditors cannot take further

action to recover debts. This period will be temporarily extended from 21 days to six months. This will give debtors more time to consider the options that are best for them. This will apply for six months.

Creditors, many of whom are themselves small businesses, will still have the right to enforce debt against companies or individuals through the courts.

TEMPORARY RELIEF FROM DIRECTORS' PERSONAL LIABILITY FOR TRADING WHILE INSOLVENT

Directors are personally liable if a company trades while insolvent. This can lead to boards of directors feeling under pressure to make quick decisions to enter into an insolvency process if there is any risk that the company will experience periods where it will be trading while insolvent.

To make sure that companies have confidence to continue to trade through the Coronavirus health crisis with the aim of returning to viability when the crisis has passed, directors will be temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of the company's business. This will relieve the director of personal liability that would otherwise be associated with the insolvent trading. It will apply for six months.

Temporary relief from personal liability for insolvent trading will apply with respect to debts incurred in the ordinary course of the company's business. Egregious cases of dishonesty and fraud will still be subject to criminal penalties. Any debts incurred by the company will still be payable by the company.

Example

Steph, Mon and David own a small company that operates a chain of yoga studios in Sydney. Social distancing measures require the participants in the yoga class to be significantly reduced. As a result, their company incurs more debt, to the point where it cannot meet its debts as and when they become due and payable.

Under the provisions of the Corporations Act, the three owners would be personally liable if the business took on further debt without entering an insolvency procedure like voluntary administration or liquidation.

However, during the six month period in which the temporary relief is offered, their business can continue to open their yoga studios so that they can maintain their customers and quickly resume normal operations when the crisis has passed, and continue to incur debt. When economic conditions improve, the company can pay back the debt incurred.

PROVIDING THE TREASURER AN INSTRUMENT-MAKING POWER UNDER THE CORPORATIONS ACT

The impact of the Coronavirus and the health measures in place to limit its spread, in particular social distancing, is giving rise to unprecedented issues for businesses' ability to comply with the provisions of the Corporations Act.

The Australian Securities and Investment Commission (ASIC) has the power to offer relief from some provisions or to take no action for not complying with some provisions. But this can require companies to make individual requests to ASIC, which takes time. Importantly, it can still leave companies open to legal action from others, such as shareholders or creditors.

Companies are needing to make very quick decisions in the context of very uncertain trading conditions. To encourage business to make the hard decisions, it is important that the Government can provide regulatory certainty and provide it as quickly as possible. And the unprecedented nature of the Coronavirus health crisis makes it difficult to predict what regulatory issues will arise.

To deliver regulatory certainty at a time when Parliamentary sittings will also be disrupted, the Treasurer will be given a temporary instrument-making power in the *Corporations Act 2001* to temporarily amend

provisions of the Act to provide relief from specific obligations or to modify obligations to enable compliance with legal requirements during the crisis. The instrument-making power will apply for six months. Any instrument made under this power will apply for up to six months from the date it is made.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Assistance for severely affected regions and sectors

The Government has set aside \$1 billion to support communities, regions and industries most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and to help with the recovery. In addition, the Government is assisting our airline industry through a package of up to \$715 million.

SUPPORT FOR CORONAVIRUS-AFFECTED REGIONS, COMMUNITIES AND INDUSTRIES

Summary

The Government has set aside an initial \$1 billion to support those regions, communities and industries that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education. The \$1 billion will be spent through existing or newly established Government programs or initiatives.

As an initial measure, the Government will waive the Environmental Management Charge for tourism businesses that operate in the Great Barrier Reef Marine Park. The \$1 billion fund will also be used to provide additional assistance to help businesses identify alternative export markets or disrupted supply chains. Targeted measures will also be developed to further promote tourism.

Eligibility

The Deputy Prime Minister will work with affected industries and communities to develop recovery plans and measures.

Timing

The \$1 billion will be available for distribution through existing or new mechanisms as soon as practicable.

Budget impact

This measure will be funded with an initial \$1 billion.

SUPPORT FOR AUSTRALIAN AIRLINES AND AIRPORTS

Summary

The Government will provide initial support to our airline industry through an estimated \$715 million package of relief from a range of taxes and Government charges. This package will support our aviation sector through an unprecedented period of disruption to international and domestic air travel.

Reimburse aviation fuel taxes

The Government will provide commercial and aeromedical aircraft operators with relief from aviation fuel tax (excise and equivalent customs duty) from 1 February 2020 for a period of 8 months. Currently, aviation fuel excise (and the equivalent customs duty) of 3.556 cents per litre is applied to all aviation fuel consumed for domestic aviation operations.

Relief from Airservices Australia charges

The Government will provide our domestic aviation industry with relief from Airservices Australia charges from 1 February 2020 for a period of 8 months.

Airservices Australia provide a range of services to domestic and international aircraft, for which it charges fees to airlines. These charges are generally linked to the size of aircraft by weight and include amounts for Terminal Navigation, Enroute Services, Rescue and Firefighting and Meteorological Services.

Provide a rebate for Domestic Aviation Security

The Government will provide commercial and aeromedical aircraft operators with relief from domestic aviation security costs from 1 February 2020 for a period of 8 months.

The Government sets standards for security screening services that are generally provided by airports to airlines. Charges for these services are determined by commercial negotiations between airlines and airports. The Government will provide a rebate for these costs.

Fund Regional Aviation Security

The Government will provide additional funding to cover the implementation costs associated with enhanced regional airport security requirements and temporary funding for operational costs associated with these requirements.

This will provide regional airports and regional airlines relief from the costs associated with these enhanced measures.

Eligibility

Support will be available to businesses conducting commercial and aeromedical aircraft operations that are subject to the taxes, fees, charges and costs covered by the package.

Timing

The aviation sector will be supported through relief from a range of taxes and Government charges between 1 February and 30 September 2020.

Budget impact

This measure is estimated to have a financial impact of up to \$715 million.

ATO ADMINISTRATIVE RELIEF

Summary

The Australian Tax Office (ATO) will provide administrative relief for certain tax obligations (similar to relief provided following the bushfires) for taxpayers affected by the Coronavirus outbreak, on a case-by-case basis. This includes the ability to defer payment of certain taxes up to six months, and allowing businesses to vary pay as you go instalment amounts to zero for the March 2020 quarter. Business that vary to zero can claim a refund for any instalments made for the September 2019 and December 2019 quarters. The ATO will set up a temporary shop front in Cairns within the next few weeks with dedicated staff specialising in assisting small business. In addition, the ATO will consider ways to enhance its presence in other significantly affected regions, making it easier for people to apply for relief. The ATO is considering further temporary shop fronts and face-to-face options.

Eligibility

All taxpayers affected by the Coronavirus outbreak can contact the ATO for assistance. Taxpayers can contact the ATO on 1800 806 218 or visit the ATO website for further information at: www.ato.gov.au.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.