



Members Update

Dear member,

Welcome to the September 2020 JobKeeper Extension member's update.

Both the ATO and Fair Work websites have recently been updated to provide guidance with respect to the JobKeeper extension.

ATO Updates

Note: If the employer is no longer eligible for JobKeeper under JobKeeper 2.0 (e.g. they don't meet the relevant turnover test), there is no need to report finish codes for your employees.

As you may be aware, the extension of the JobKeeper scheme provides for revised JobKeeper payment rates:

JobKeeper fortnights	Tier 1 rate	Tier 2 rate
28 September 2020 – 3 January 2021	\$1200	\$750
January 2021 – 28 March 2021	\$1000	\$600

Tier 1 rate applies when the eligible employee has satisfied the 80-hour threshold. Tier 2 rate applies if the 80-hour threshold is not met.

The 80 hours threshold is calculated over the **28-day reference period which is based on when the employer's pay cycle ends** and therefore won't be the same for all employers or employees.

The reference period is either:

- the pre-March period which is the 28 days which finish on the last day of the last pay cycle that ended before 1 March 2020, or
- the pre-July period which is the 28 days which finish on the last day of the last pay cycle that ended before 1 July 2020.

The 80 hours threshold is based on **actual hours worked** – this would include ordinary hours, paid leave AND overtime. Employees only need to satisfy the 80-hour threshold in one of the 28-day reference periods.

However, there are exceptions and variations on how the 80-hour threshold is applied – for example if the actual hours worked in the reference period are not representative of normal hours due to unpaid leave, or where the eligible was not employed during all or part of the pre-March or pre-July reference period).

There is a considerable amount of information as per the following link -

<https://www.ato.gov.au/General/JobKeeper-Payment/Payment-rates/80-hour-threshold-for-employees/>

JobKeeper key dates

From 28 September 2020, the JobKeeper scheme is extended. The first extension covers the JobKeeper fortnights between **28 September 2020 and 3 January 2021**. To claim JobKeeper payments for this period, you will need to:

- show that your actual GST turnover has declined in the September 2020 quarter relative to a comparable period (generally the corresponding quarter in 2019).
- have satisfied the original decline in turnover test. However, if you
 - o were entitled to receive JobKeeper for fortnights before 28 September, you have already satisfied the original decline in turnover test
 - o are enrolling in JobKeeper for the first time from 28 September 2020, if you satisfy the actual decline in turnover test, you will also satisfy the original decline in turnover test (except for certain universities).

*(*It is generally not a payroll function to determine employer eligibility however more information on employer eligibility can be found here -*

<https://www.ato.gov.au/General/JobKeeper-Payment/In-detail/Actual-decline-in-turnover-test/>)

- pay your eligible employees at least the JobKeeper amount that applies to them each JobKeeper fortnight. For JobKeeper extension 1, this will be either \$1,200 for tier 1 or \$750 for tier 2.
- tell the ATO whether the tier 1 (higher) or tier 2 (lower) payment rate applies to each eligible employee, eligible business participant or eligible religious practitioner.

Before you can claim a payment for a JobKeeper fortnight from 28 September 2020, you must notify the ATO whether the Tier 1 or Tier 2 rate applies to each of your eligible employees, eligible business participant, or eligible religious practitioners.

Reporting your employee Tiers to the ATO

Reporting your employee tiers to the ATO is similar to reporting the JobKeeper start and finish fortnight. You will report using **Allowance – Other**, and you will be required to report using the following codes:

JK-TIER1 – for those employees who worked 80 hours or more in any 28-day reference period

JK-TIER2 – for those employees who worked fewer than 80 hours in any 28-day reference period

Variations to the exact 8-character codes in all CAPITALS may prevent or significantly delay the ATO reimbursement process.

As with the Start and Finish codes, report these Tier allowances (Allowance – Other) as zero dollar amounts (or 1 cent if your software does not allow for zero dollars).

Follow previously established process for reporting JobKeeper top-ups (if you have top-up payments).

Within 7 days of notifying the ATO which rate applies, you must also notify each individual in writing of their rate.

You do not need to do this if you are a sole trader claiming for yourself as an eligible business participant.

<https://www.ato.gov.au/General/JobKeeper-Payment/Payment-rates/#Whentonotifyus>

Fair Work Updates

As advised in the September member's monthly update (4 September), under the extended JobKeeper provisions, from 28 September 2020 legacy employers can:

- issue JobKeeper enabling stand down directions (with some changes) – for example, a direction to work less hours
- issue JobKeeper enabling directions in relation to employees' duties and locations of work – for example, a direction to change work location
- make agreements with employees to work on different days or at different times (with some changes) – for example, an agreement that an employee will work on different days.

We also referred to legacy employers in the September member's update – employers who were no longer eligible JobKeeper employer however either satisfy the 10% decline in turnover test or have a certificate or statutory declaration (for a small business employer) for the relevant quarter.

Legacy employers who give a JobKeeper enabling direction or make an agreement still need to comply with all existing rules in the Fair Work Act including minimum hourly pay rates (in the applicable award or agreement) as well as penalty rates, loadings or other allowances.

Again, whilst it may not necessarily be a payroll function to determine whether they are a legacy employer and what JobKeeper enabling directions can be applied, as payroll personnel your payment obligations as legacy employers who give a JobKeeper enabling direction or make an agreement still need to comply with all existing rules in the Fair Work Act including minimum hourly pay rates (in the applicable award or agreement) as well as penalty rates, loadings or other allowances.

For your convenience, Fair work have provided templates to notify an employee if a JobKeeper direction or agreement will continue or will end. Download them here:

- [Legacy employers - notice of a JobKeeper direction or agreement continuing template letter to notify an employee a direction or agreement is continuing \(DOCX 72KB\) \(PDF 504.3KB\)](#) (because the employer has the relevant 10% decline in turnover certificate)
- [Legacy employers - notice of a JobKeeper direction or agreement ceasing template letter to notify an employee a direction or agreement is ceasing \(DOCX 68.2KB\) \(PDF 342.3KB\)](#) (because the employer no longer has the relevant 10% decline in turnover certificate).

Members Webinar

Please join us for our September member's webinar on 23rd September at 1.00pm where we will look at "Understanding Reportable Employer Superannuation Contributions (RESC)"

[Register here](#)