

# PEOPLE: CHANGES TO JOBKEEPER AND JOBSEEKER - WHAT YOU NEED TO KNOW (AUSTRALIA)

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Legal Briefings - By **Drew Pearson and Thea Lendich**

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The Australian Government has announced that it will extend the JobKeeper Payment scheme until 28 March 2021, subject to modifications to tighten employer eligibility and a phased reduction in the JobKeeper payment rate. Employers should consider how these changes might impact their existing or future workforce management strategies.

The JobKeeper Payment scheme has been extended into early 2021. However, from 28 September 2020, eligibility for the scheme will be restricted and payments made will be reduced.

The key changes - as well as their potential implications for employers - are summarised below.

## WHAT TO DO NOW

Employers who wish to participate in the JobKeeper Payment scheme beyond 27 September 2020 need to review their eligibility by applying the new eligibility test using actual GST turnover figures (rather than the projections or estimates that were able to be used during the first phase of the JobKeeper Payment scheme).

# **EXTENSION OF JOBKEEPER SCHEME UNTIL 28 MARCH 2021**

The JobKeeper Payment scheme will be extended for an additional 6-month period to 28 March 2021.

## **NEW TURNOVER TESTS TO APPLY TO EMPLOYER ELIGIBILITY**

From 28 September 2020, employers must show that their actual GST turnover has fallen by the applicable proportion:

- in both the June and September quarters of 2020, to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021; and
- in each of the June, September and December quarters of 2020, to be eligible for the JobKeeper Payment from 4 January 2021 to 28 March 2021.

You will recall that in phase one of the scheme, estimated GST turnover could be used in this test. There is no retrospective application of the new eligibility test.

Employers will be able to join the JobKeeper Payment scheme beyond September 2020, provided they meet existing eligibility requirements and the additional turnover tests during the extension period. Other eligibility requirements for employers and employees remain unchanged.

## **PHASED REDUCTION OF THE JOBKEEPER PAYMENT AMOUNT**

As widely anticipated, the Government will step down the amount it pays to employees receiving the JobKeeper Payment from the last quarter of 2020. This reduction will be achieved through a 2-pronged strategy:

- the JobKeeper payment rate will be reduced twice – first on 28 September 2020, and again on 4 January 2021; and
- from 28 September 2020, the existing flat payment rate will be abolished, and a new 2-

tiered payment system introduced to better align the JobKeeper Payment with the incomes of employees before the onset of the COVID-19 pandemic. Employees who were employed for fewer than 20 hours a week on average in the 4 pay periods ending before 1 March 2020 will receive a lower payment rate, while all other eligible employees will receive the full rate. Employers will be required to nominate which payment rate they are claiming for each eligible employee.

The new rates are summarised in the table below:

Period	Full fortnightly rate	Fortnightly rate for employees who worked <20 hours/week prior to 1 March
28 September 2020 to 3 January 2021	\$1,200	\$750
4 January 2021 to 28 March 2021	\$1,000	\$650

The Commissioner of Taxation will have discretion to set alternative tests for employees whose hours were not usual during this reference period (for example, employees who were on leave or not employed at the relevant time).

The Australian Taxation Office is also expected to provide guidance in the near future to assist employers to determine the applicable rate for employees who were paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

## CHANGES TO JOBSEEKER SUPPLEMENT

The Government has also announced that the temporary JobSeeker coronavirus supplement for individuals on income support will be extended until 31 December 2020. Relevantly for employers, the income-free threshold for the JobSeeker payment will increase to \$300 per fortnight. This change is intended to incentivise employment, and means that recipients will be able to earn up to the threshold amount without foregoing any JobSeeker payment or affecting their eligibility for the coronavirus supplement.

## WHAT THIS MEANS FOR EMPLOYERS

Employers currently receiving the JobKeeper Payment, and who wish to continue to participate in the scheme beyond September 2020, should give careful consideration to whether they will continue to satisfy the more stringent eligibility requirements for the JobKeeper extension period. They should also begin to identify employees who were employed for fewer than 20 hours a week on average in the 4 pay periods ending before 1 March 2020.

In addition, employers should consider how the changes to JobKeeper might impact their current or future workforce management strategies, including in respect of stand down arrangements, leave and re-engaging terminated employees. If they have not done so already, employers should start to plan for the cessation of the JobKeeper scheme in March 2021, and examine how they might implement alternative strategies to address the ongoing impact of the COVID-19 pandemic going forward.



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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