

11 April 2020



JobKeeper Stimulus - examples of payments to employees

1. 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.

2. Employees 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 off staff 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.

Sara's obligations to pay PAYG and superannuation are unchanged.

3. 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 - a permanent full-time employee on a salary of \$3,000 per fortnight before tax;
- Nick - a permanent part-time employee on a salary of \$1,000 per fortnight before tax.

Both employees continue to work in 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:

- Adam continues to pay Anne her full-time salary and receives \$1,500 per fortnight from the JobKeeper Payment as a subsidy. Adam has to continue paying the superannuation guarantee on Anne's income and withhold PAYG as normal;
- Adam 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 and withholding PAYG in respect of the \$1,500.

Adam has the option of choosing to pay the superannuation guarantee on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

Adam must apply 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.

4. 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. Zahrah needs to withhold PAYG on the \$1,500 but 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.

If you have questions regarding employee payments and how these would apply in your own circumstances, please contact your ESV Engagement Partner to discuss.