3. JobKeeper payments

From 28 September 2020, the payment rate for JobKeeper will taper from the flat rate of $1,500 and split into a higher and lower rate.

JobKeeper payment	30 March to 27 September 2020	28 September to 3 January 2021	4 January 2021 to 28 March 2021
Worked 80 hours or more in the *reference period*	• $1,500 per fortnight per employee	• $1,200 per fortnight per employee or business participant	• $1,000 per fortnight per employee or business participant
Worked less than 80 hours in the *reference period*		• $750 per fortnight per employee or business participant	• $650 per fortnight per employee or business participant

What is a reference period?

	Reference period	Hours
Eligible employees	The 28 days finishing on the last day of the last pay period that ended before either: • 1 March 2020, or • 1 July 2020.	Actual hours worked including any hours for which they received paid leave (e.g., annual, long service, sick, carers and other forms of paid leave) or paid absence for public holidays. An employee's 'actual' hours might be different to their contracted, ordinary hours or hours they are paid for.
Eligible business participants	February 2020 (29 days)	Active engagement in the business.
Religious practitioners	February 2020 (29 days)	Activities in pursuit of your vocation for your institution.

Eligible employees

Eligible employees that have been employed on a full-time basis since 1 March 2020 or 1 July 2020 will generally receive the higher JobKeeper rate (as full time employees work more than 80 hours in 28 days).

Businesses however will need to determine the rate applicable to eligible part-time and casual employees.

The reference period is the 28-day ending at the end of the most recent pay cycle for the employee ending before:

- 1 March 2020; or
- 1 July 2020.

For eligible employees who have been employed since 1 March 2020, employers need to choose the reference period that provides the best outcome for the employees. For many employers, this will be the pre COVID-19, 1 March 2020 reference date.

For eligible employees employed since 1 July 2020, use the pay periods prior to 1 July 2020.

If the pay cycle is longer than 28 days, a pro-rata calculation needs to be done to determine the average hours worked and on paid leave across an equivalent 28-day period. For example, if the relevant monthly pay cycle has 31 days, you take the total hours for the month and multiply this by 28/31.

In order for an employer to receive JobKeeper payments from 28 September 2020 onwards they must notify the ATO of the payment rates for all eligible employees. The employer must then notify its employees within 7 days of advising the ATO of the payment rate.

Example – fortnightly pay cycle

Emma has been a permanent part-time employee of a bus company since 2010.

The company has a fortnightly pay cycle ending on Fridays. The bus company is an eligible employer as they have suffered a decline in turnover of more than 30%.

Using the company's payroll cycle, Emma's hours for the **1 July 2020 reference period** are:

Payroll period	Week	Hours
23 May 2020 to 5 June 2020	Week 1	20
	Week 2	19.5
6 June 2020 to 19 June 2020	Week 3	20
	Week 4	19 *annual leave*
Total hours		**78.5**

Emma's annual leave in February is included in her total hours as any hours for which an employee received paid leave (e.g., annual, long service, sick, carers and other forms of paid leave) or paid absence for public holidays, are included.

Emma's hours for **the 1 March 2020 reference period** are:

Payroll period	Week	Hours
1 February 2020 to 14 February 2020	Week 1	20
	Week 2	22
15 February 2020 to 28 February 2020	Week 3	20
	Week 4	19
Total hours		**81**

Assuming the bus company continues to be eligible for JobKeeper payments, the company is eligible to receive the higher rate of $1,200 per fortnight between 28 September 2020 to 3 January 2021 for Emma, and $1,000 per fortnight for 4 January 2021 to 28 March 2021 assuming Emma remains employed. This is because Emma worked 80 hours or more for the 1 March 2020 reference period. Had she worked less than 80 hours, she would be eligible for the lower rate of JobKeeper.

Adapted from the Explanatory Statement

Example – monthly pay cycle

Antonio has been a permanent employee of a Lai Industries since 2010.

The company has a monthly pay cycle that ends of the 15th of each month. The company is an eligible employer as they have suffered a decline in turnover of more than 30%.

Using the company's payroll cycle, Antonio's hours for the **1 July 2020 reference period** are:

Payroll period	Hours
16 May 2020 to 15 June 2020 (31 days)	85
Total hours over payroll period	**85**
Total hours over 28-day reference period	**76.8**

As the reference period is 28 days, Lai Industries need to pro-rata Antonio's hours.

28 days/ 31-day payroll period x 85 (total hours worked over payroll period) = 76.8 hours.

Antonio's hours for the **1 March 2020 reference period** are:

Payroll period	Hours
16 January 2020 to 15 February 2020 (31 days)	85 worked 80 leave
Total hours over payroll period	**165**
Total hours over 28-day reference period	**149**

28 days/ 31-day payroll period x 165 (total hours worked over payroll period) = 149 hours.

Assuming the Lai Industries continues to be eligible for JobKeeper payments, the company is eligible to receive the higher rate of $1,200 per fortnight between 28 September 2020 to 3 January 2021 for Antonio, and $1,000 per fortnight for 4 January 2021 to 28 March 2021 assuming Antonio remains employed.

Adapted from the Explanatory Statement

What happens if the reference period does not represent the employee's typical arrangements?

Alternative tests are available where:

- There reference period is not typical of the employee's hours or you use a rostering system and there is no typical pattern in a 28-day period; or
- The employee started work during the reference period.

Reference period not typical

Where the reference period is not typical of an employee's hours, for example they took unpaid leave, or your business was in a drought or bushfire zone, or the employee was stood down etc., you can use an earlier 28 day period or multiple 28 day periods that more accurately represent the employee's typical arrangements.

The reference period becomes the 28 day period ending at the end of the most recent pay cycle for the employee before 1 March 2020 or 1 July 2020 in which the employee's total number of hours of work, of paid leave and of paid absence on public holidays was representative of a typical 28-day period. That is, you select the next 28-day period before 1 March 2020 or 1 July 2020 that represents the employee's typical employment pattern.

Example – alternative payroll period

George has been a permanent part-time employee of a restaurant since 2018.

The company has a fortnightly pay cycle ending on Fridays. The restaurant is an eligible employer as they have suffered a decline in turnover of more than 30%. George did not work in May or June 2020.

Using the company's payroll cycle, George's hours for **the 1 March 2020 reference period** are:

Payroll period	Week	Hours
1 February 2020 to 14 February 2020	Week 1	18
	Week 2	22
15 February 2020 to 28 February 2020	Week 3	0 unpaid leave
	Week 4	24
Total hours		**64**

George typically works a minimum of 18 hours in any given week. However, in week 3, George took unpaid leave. As week 3 is not typical of George's arrangement, the restaurant uses another 28-day period before 1 March 2020 that is typical of his arrangements.

Payroll period	Week	Hours
4 January 2020 to 17 January 2020	Week 1	24
	Week 2	18
18 January 2020 to 31 January 2020	Week 3	22
	Week 4	24
Total hours		**88**

Using the alternative test, George is eligible for the higher JobKeeper rate.

For workers that don't have a typical pattern because of a rostering system like fly-in-fly-out workers, an average of the hours worked over the employee's rostering schedule and proportionally adjusted over 28 days can be used to work out a typical 28-day period.

Employee started work during the reference period

Where an employee started work during the 28 days prior to either 1 March 2020 or 1 July 2020, you can use a forward-looking alternative test. In these circumstances, use the pay cycle immediately on or after 1 March 2020 or 1 July 2020. For employers with fortnightly or weekly pay cycles, you must use consecutive weeks.

Where an employee was stood down, use the first 28-day period starting on the first day of a pay cycle on or after 1 March 2020 or on or after 1 July 2020 in which they were not stood down.

Sale of business or changes within a group

Where the business changed hands or the employee changed employment within a wholly owned group, the hours worked with the previous employer cannot be counted. Instead, use the pay cycle immediately on or after 1 March 2020 or 1 July 2020. For employers with fortnightly or weekly pay cycles, you must use consecutive weeks.

If the employee has been stood down, use the first 28-day period starting on the first day of a pay cycle on or after 1 March 2020 or on or after 1 July 2020 in which they were not stood down.

What happens if employee salary is not linked to hours?

Some employees will automatically qualify for the higher JobKeeper payment rate. Broadly, this applies if the employer has incomplete records of total hours of work and paid leave, including where salary, wages, commissions, bonuses etc are not tied to an hourly rate or contracted rate.

The employee must also fall within specific categories, including:

- They were paid at least $1,500 in the reference period;
- They were required to work at least 80 hours under an industrial award, enterprise agreement or contract; or
- It is reasonable to assume that they worked at least 80 hours during the applicable period.

Business owners and sole traders

The reference period for business participants is the month of February 2020 (the whole 29 days).

A business participant is a sole trader or self-employed with an ABN, or one partner in a partnership, adult beneficiary of a trust, director or shareholder who works in the business (i.e., only one person in a partnership, one beneficiary of a trust, or one director / shareholder can be eligible for JobKeeper payments for a particular entity).

The test to determine eligibility is based on the hours of active engagement in the business carried on by the entity. This requires an assessment of the hours that the business participant was actively operating the business or undertaking specific tasks in business development and planning, regulatory compliance or similar activities in an applicable reference period.

Other than sole traders and self-employed, a business participant must provide a declaration to the business entity confirming their hours worked over the reference period.

For JobKeeper payments from 28 September 2020, the business must notify the Tax Commissioner about whether the higher or lower rate applies to the business participant and notify the participant within 7 days of providing this notice to the Commissioner.

Where February 2020 was not typical of the participant's hours, an alternative test can be used:

- Not typical - use the next typical 29-day period
- Commenced work during February 2020 – use March 2020
- Not employed by the employer but still an eligible religious practitioner for JobKeeper purposes - use March 2020

Religious practitioners

The reference period for eligible religious practitioners is the month of February 2020.

A religious practitioner is a minister of religion or a full-time member of a religious order who undertakes activities in pursuit of their vocation as a member of a religious institution.

The payment rates are based on the number of hours they spent doing an activity, or series of activities, in pursuit of their vocation as a religious practitioner as a member of the religious institution in the reference period. For example:

- Performance of the rituals or practices of the religious institution (including participation in services, prayer, contemplation or meditation, insofar as they constitute such rituals or practices); and
- Furtherance of the objectives of the religious organisation (including missionary or charitable work, insofar as they constitute such an objective).

The religious practitioner must provide a declaration to their institution confirming their hours worked over the reference period.

For JobKeeper payments from 28 September 2020, religious institutions must notify the Tax Commissioner about whether the higher or lower rate applies to each of their eligible religious practitioners and notify the practitioner within 7 days of providing this notice to the Commissioner.

Where February 2020 was not typical of the practitioner's hours, an alternative test can be used:

- Not typical - use the next typical 29-day period
- Commenced work during February 2020 – use March 2020
- Not employed by the employer but still an eligible religious practitioner for JobKeeper purposes - use March 2020

JobKeeper fortnights

	JobKeeper fortnight			Payment rate
1	30 March 2020 – 12 April 2020	JobKeeper 1.0	Eligibility period 1	$1,500 per fortnight
2	13 April 2020 – 26 April 2020			
3	27 April 2020 – 10 May 2020			
4	11 May 2020 – 24 May 2020			
5	25 May 2020 – 7 June 2020			
6	8 June 2020 – 21 June 2020			
7	22 June 2020 – 5 July 2020			
8	6 July 2020 – 19 July 2020			
9	20 July 2020 – 2 August 2020			
10	3 August 2020 – 16 August 2020			
11	17 August 2020 – 30 August 2020			
12	31 August 2020 – 13 September 2020			
13	14 September 2020 – 27 September 2020			
14	28 September 2020 – 11 October 2020	JobKeeper 2.0	Eligibility period 2	High rate: $1,200 Low rate: $750
15	12 October 2020– 25 October 2020			
16	26 October 2020 – 8 November 2020			
17	9 November 2020 – 22 November 2020			
18	23 November 2020 – 6 December 2020			
19	7 December 2020 – 20 December 2020			
20	21 December 2020 – 3 January 2021			
21	4 January 2021 – 17 January 2021		Eligibility period 3	High rate: $1,000 Low rate: $650
22	18 January 2021 – 31 January 2021			
23	1 February 2021 – 14 February 2021			
24	15 February 2021 – 28 February 2021			
25	1 March 2021 – 14 March 2021			
26	15 March 2021 – 28 March 2021			