

## **FECPA JobKeeper 1.0 Changes Update – URGENT AND COMPULSORY ACTION REQUIRED FOR ENROLLED BUSINESSES BY MONDAY 24TH AUGUST**

The rules of what is now colloquially known as JobKeeper 1.0 were updated late on Friday of last week with practical guidance subsequently released by the ATO and the professional accounting bodies over the past 24 to 48 hours. The changes and subsequent action now required relate to the existing JobKeeper 1.0 program and not the JobKeeper 2.0 program which is due to commence from 28 September 2020. There will be further matters to address for businesses that are eligible for JobKeeper 2.0 once the relevant legislation has been released. In the meantime, the JobKeeper 1.0 changes are threefold with each outlined below.

**Important:** These changes cannot reduce the existing amount of JobKeeper 1.0 payments being received by a business or its employees. **For businesses without newly eligible employees nothing changes for their current JobKeeper 1.0 obligations or entitlements and no further action is required.**

### **JobKeeper 1.0 Change 1: A new test date for determining which of an eligible business's employees are eligible for JobKeeper 1.0 – changed from 1 March 2020 to 1 July 2020.**

The relevant date applied in determining which employees of a business are eligible employees for JobKeeper 1.0 purposes has been changed from 1 March 2020 to 1 July 2020.

In practice this could result in the following previously ineligible employees now being eligible:

- Employees (full-time, part-time and fixed-term) that commenced working for a business after 1 March 2020 and up to 1 July 2020;
- Casual employees that as at 1 July 2020 have been employed by the business on a regular and systematic basis for 12 months;
- Employees now satisfying aged-based eligibility criteria. For example, those employees that have turned 18 as at 1 July 2020 and those at least 16 or 17 years old as at 1 July 2020 that are financially independent; and
- Employees now satisfying the JobKeeper residency requirement where they previously did not. For example, an employee that obtained a permanent residency visa between 1 March 2020 and 1 July 2020.

Due to the compulsory “one in, all in” principle of JobKeeper all enrolled businesses must immediately, and backdated to JobKeeper 1.0 fortnights commencing from 3 August 2020 onwards, include any employees that now satisfy any of the above criteria. The practical implication of this compulsory requirement is that each newly eligible employee identified must be provided with the updated JobKeeper nomination form accessible via the following link: [JK updated nomination notice](#). It has become clear over the last 24 hours **for affected businesses this notice must be provided to any and all newly eligible employees by no later than this Monday 24 August**. This urgent action will ensure compliance with the strict legislative requirements of the “one in, all in” principle and ensure JobKeeper 1.0 payments can subsequently be claimed from the ATO for such employees. We appreciate this extremely tight timeframe imposed by the ATO and Fair Work Commission requirements will potentially place extreme pressure on the resources of affected businesses and employees.

Newly eligible employees that complete and return the updated nomination notice can thereafter be included in a business's JobKeeper 1.0 declarations and claims for August 2020 and September 2020.

**JobKeeper 1.0 Change 2: An extended deadline to 31 August 2020 to meet the wage condition for new employees for the fortnights commencing 3 August 2020 and 17 August 2020.**

Following on from above, any newly eligible employees that have accepted their nomination and returned the signed form must then be paid a minimum \$1,500 per fortnight for the JobKeeper 1.0 fortnights commencing 3 August 2020 onwards (up until the end of JobKeeper 1.0 on 27 September 2020). Usually the minimum payment requirement must have been satisfied by the end of each fortnight (or reasonably allocated for employers on monthly pay cycles). The ATO has announced the **deadline to satisfy this condition for newly eligible employees for the fortnights that started on 3 August 2020 and 17 August 2020 is 31 August 2020**. This will require top-up payments to the \$1,500 fortnightly minimum for newly eligible employees where they are, or have been paid, less than that minimum amount.

**JobKeeper 1.0 Change 3: The potential for an employee or eligible business participant to change which business they are eligible to receive JobKeeper 1.0 from.**

Briefly, this change can apply to an employee or eligible business participant that was previously receiving JobKeeper 1.0 payments which ceased between 1 March 2020 and before 1 July 2020. For example, the relevant business may have closed or the employment arrangement may have ceased. Such an individual could be eligible for JobKeeper 1.0 payments where they are employed or actively engaged as at 1 July 2020 by a different business that has enrolled for JobKeeper 1.0. Please note the employee can only nominate for JobKeeper 1.0 if they stopped being an employee of their previous employer.

Please don't hesitate to get in touch with your Flowers Eddy CPA contact with any queries you may have in assessing the application of these changes to you or your business's individual circumstances.

Dan, Marg, Gavin and the FECPA team.