

Changes to JobKeeper payment

Background

- On 24 April 2020, the Treasurer made a number of changes to the JobKeeper program, ostensibly to address a number of loopholes or issues identified with the program.
- Below is a short summary of each of the changes. For more detail, go to [LINK](#).

Changes made

- **Employees employed through a special purpose entity, rather than an operating entity**
 - Some businesses use a related special purpose entity (a separate entity that is not strictly being used for traditional commerce) to employ their employees and then that entity provides the workforce to their actual business (one or more operating entities) under an arrangement. Companies with a number of working sites producing or undertaking similar work will often use this structure to simplify moving workers from site to site.
 - This was causing issues because the decline in turnover test only applied to the entity directly employing workers and so under the old arrangements these entities, and therefore their employees, were often ineligible for JobKeeper as they were unable to meet loss threshold requirements.
 - Under the changes, businesses that use an entity to provide the services of its employees to related entities which then largely undertake normal business operations, will be able to use the combined GST turnovers of the related entities (to whom the employees are provided) to calculate their losses for JobKeeper eligibility purposes.
 - **For example:** Allied Conglomerate Pty Ltd operates an enterprise selling manufactured items to the market. But Allied Conglomerate Pty Ltd has no employees. All the employees are provided by Allied Conglomerate Manpower Pty Ltd, a related entity, under a contract arrangement. Allied Conglomerate Pty Ltd has lost 50% of its business, but still has to pay Allied Conglomerate Manpower Pty Ltd the same amount for its employees. Under the old rules, none of these employees would have been eligible for JobKeeper. Under the new test it is the combined GST turnovers of all the related entities using the services of the employer entity that will determine eligibility.
 - **Note:** This does not expand eligibility to labour hire arrangements as labour hire agencies are not related entities to their clients.
- **Charities and the treatment of government revenue.**
 - Many charities were unable to meet the decline in turnover threshold because they receive significant government funding which has not reduced.
 - This change allows charities (other than schools or universities) to choose to exclude government revenue from their turnover when calculating loss – making the 15% threshold easier to achieve.

- **Religious practitioners**
 - Many religious practitioners (priests and nuns for example) are not employees and were not eligible for JobKeeper. This change allows them to be eligible.
- **'One in, all in' principle**
 - Clarifies that employers **cannot** pick and choose which of their eligible employees they wish to nominate to participate in the scheme. Once an employer has chosen to participate in the scheme and an eligible employee has provided their consent, the employer must nominate them.
- **Full time students aged 16 and 17 years old**
 - Changes the rules so that full time students who are 17 years old and younger, and who are not financially independent, are not eligible for the JobKeeper Payment.
 - This rule is reportedly in response to employer complaints about young people who worked very few hours per week while in school claiming the full \$1500 per fortnight.
- **International Aid Organisations**
 - Under the previous rules, these organisations were unable to qualify for JobKeeper.
 - This update will allow entities that are endorsed under the Overseas Aid Gift Deductibility Scheme or for developed country relief to meet the requirement that not-for-profits pursue their objectives principally in Australia.
- **Universities**
 - This update clarifies that the core Commonwealth Government financial assistance provided to universities will be included in the JobKeeper turnover tests.