COVID-19: (AUSTRALIA) JOBKEEPER 2.0 – WHAT DOES THIS NOW MEAN?

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Tax Alert

By: Michaela Moloney

**This information is accurate as of 10:00 A.M. Tuesday 22 July 2020 and is subject to change as this situation evolves.*

The Australian Government announced on 21 July 2020 that the JobKeeper scheme will be extended for six months beyond the original end date of 28 September 2020. To continue receiving payments after that date, employers will need to requalify using new tests. Further, the payments for eligible employees will be reduced and split into two tiers to distinguish between full-time and part-time employees.

At the time of writing, no new JobKeeper Rules have been introduced to support these changes. The information set out in this update is based on a Treasury Factsheet that was released immediately following the Government's announcement.
We have summarised below the key points and set out our response to frequently asked questions.

WHAT ARE THE NEW JOBKEEPER SCHEME DATES?

Originally slated to end on 28 September 2020, payments may now continue until 28 March 2021 for eligible employers.

There will be two additional JobKeeper quarters, the first being the period from 28 September to 3 January 2021. The second being the period from 4 January to 28 March 2021.

DO ELIGIBLE EMPLOYERS NEED TO REQUALIFY FOR THE SCHEME?

Yes. Under the original scheme, employers qualified by demonstrating they had a turnover decline exceeding the relevant threshold in one test period.

Under the extended scheme, employers will need to requalify to receive payments for each new JobKeeper quarter.

WHAT TESTS NEED TO BE MET TO REQUALIFY?

The tests are summarised in the table below.

To receive payments in this quarter…	The employer must have experienced actual GST turnover decline above the relevant threshold in each of the following quarters (as compared to the employer's actual GST turnover for

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	the same quarters in 2019)…
28 September 2020 to 3 January 2021	June and September
4 January 2021 to 28 March 2021	June, September, December

The other existing eligibility requirements under the original JobKeeper scheme will also need to be met.

WHAT ARE THE GST TURNOVER DECLINE THRESHOLDS?

The GST turnover decline thresholds are the same as under the original JobKeeper scheme. In summary:

- 30% for employers with annual turnover below AUD1 billion
- 50% for employers with annual turnover above AUD1 billion
- 15% for ACNC registered charities (other than universities and schools)

IS IT NECESSARY TO DEMONSTRATE A DECLINE IN EACH QUARTER?

Based on the Treasury Fact Sheet, we understand that it will be necessary to demonstrate an actual GST turnover decline in each relevant quarter to requalify.

Taking an extreme example, if an employer had a GST turnover decline of 80% in the quarter ended June 2020 and a 20% GST turnover decline in the quarter ending September 2020, we expect the employer will not requalify and remain eligible for payments after 28 September 2020.

IF THE TURNOVER DECLINE THRESHOLDS ARE THE SAME, HOW ARE THESE TESTS NEW?

A key difference is that eligibility for JobKeeper was originally determined based on projected GST turnover.

To requalify, employers will need to demonstrate they had an actual decline based on current GST turnover in each relevant quarter.

WILL THE ALTERNATIVE TURNOVER TESTS FOR SERVICES ENTITIES STILL APPLY?

There is presently no guidance on this. However, we expect that the alternative turnover tests for services entities will continue to apply.

What are the new payment rates?

In this quarter…	**The payment rates will be…**
28 September 2020 to 3	Full-time employees: $1,200 per fortnight

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In this quarter…	The payment rates will be…
January 2021	Part-time employees: $750 per fortnight
4 January 2021 to 28 March 2021	Full-time employees: $1,000 per fortnight Part-time employees: $650 per fortnight

HOW DO YOU DETERMINE IF AN EMPLOYEE IS FULL-TIME OR PART-TIME?

Employees that work more than 20 hours per week will be regarded as full-time (which is different to the usual employment law test for full-time employees which is based on 38 hours). Employees (including casuals) that work less than 20 hours per week will be regarded as part-time.

Whether an employee is full-time or part-time will be determined based on the hours they worked in the four weeks during the last pay period prior to 1 March 2020.

The Commissioner may release additional tests. For example, there may be some concessions for employees that worked less than 20 hears per week in that four week period due to being on leave or volunteering to fight bushfires. Those employees may continue to be treated as full-time.

IS THE SCHEME EXTENDED TO NEW EMPLOYEES?

No, eligible employees must have been employed in the business on 1 March 2020.

KEY CONTACTS



MICHAELA MOLONEY
PRACTICE GROUP COORDINATOR - LABOR, EMPLOYMENT, AND WORKPLACE SAFETY

MELBOURNE
+61.3.9640.4430
MICHAELA.MOLONEY@KLGATES.COM



NICK RUSKIN
PARTNER

MELBOURNE
+61.3.9640.4431
NICK.RUSKIN@KLGATES.COM



PAUL HARDMAN
PARTNER

BRISBANE
+61.7.3233.1248
PAUL.HARDMAN@KLGATES.COM

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