



## Practice Update

### Extension of the JobKeeper Payment

On 21 July 2020, the Government announced that the JobKeeper Payment ('JKP') would be extended until 28 March 2021 (i.e., for a further six months beyond its original end date of 27 September 2020).

As a result, JKPs would now be made over two separate extension periods, being:

- **Extension period 1** – which covers the seven new JobKeeper fortnights that commence on 28 September 2020 and end on 3 January 2021; and
- **Extension period 2** – which covers the six new JobKeeper fortnights that commence on 4 January 2021 and end on 28 March 2021.

From 28 September 2020, the revised JKP scheme (referred to as 'JobKeeper 2.0') would be **less** generous (i.e., being subject to a **new** dual payment rate system) and would require businesses and not-for-profits to apply a **new** 'Decline in Turnover Test' based on their actual GST turnover (as opposed to their projected GST turnover). This was covered in our previous correspondence to our clients in the document entitled "More on JobKeeper 2.0".

Furthermore, on **7 August 2020**, the Government announced adjustments to JobKeeper 2.0 to expand the eligibility criteria for JKP (now referred to as 'JobKeeper 3.0'), primarily in the wake of the tougher COVID-19 restrictions recently imposed in Victoria. The adjustments contained within JobKeeper 3.0 will apply nationwide, and the crucial amendments include the following:

- **Adjustments to employee eligibility** – From 3 August 2020, the relevant date of employment (which is used to determine an employee's eligibility to JKPs) will move from 1 March 2020 to **1 July 2020**. This is designed to increase employee eligibility for both the existing JKP scheme, as well as for the new extension periods from 28 September 2020.

Casual employees will still be required to have been employed on a regular and systematic

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and contact this office  
if you have any queries

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basis for a minimum of 12 months (as is required under the existing JKP scheme).

- **Adjustments to the 'Decline in Turnover Test'** – To qualify for the JKP in the extension periods, businesses will now only have to demonstrate that their actual GST turnovers have significantly decreased in the previous quarter under JobKeeper 3.0.

For these purposes, the applicable rate of decline in turnover required to qualify for JobKeeper 3.0 is determined in accordance with the existing rules (i.e., **50%** for entities with an aggregated turnover of more than \$1 billion, **30%** for entities with an aggregated turnover of \$1 billion or less and 15% for ACNC-registered charities).

Specifically, to be eligible for the **JKP Extension Period 1** (i.e., from 28 September 2020 to 3 January 2021), businesses only need to demonstrate a significant decline in turnover in the September 2020 quarter (whereas under the previously announced JobKeeper 2.0, they would have been required to show that they had suffered a significant decline in turnover in both the June and September 2020 quarters).

To be eligible for the **JKP Extension Period 2** (i.e., from 4 January 2021 to 28 March 2021) businesses only need to demonstrate a significant decline in turnover in the December 2020 quarter (whereas under the previously announced JobKeeper 2.0, they would have been required to show that they had suffered a significant decline in turnover in each of the June, September and December 2020 quarters).

Importantly, the dual payment rate system originally proposed in JobKeeper 2.0 will remain, with the full rate of payment decreasing from **\$1,500 to \$1,200** per fortnight from 28 September 2020 and then to \$1,000 per fortnight from 4 January 2021. The proposed reduced rates (being **\$750** from 28 September 2020 and **\$650** from 4 January 2021) will also remain for employees and business participants who worked fewer than 20 hours per week in the

relevant period. For more details, please refer to the Treasury fact sheet here: <https://treasury.gov.au/coronavirus/jobkeeper>

## 80 cents per hour 'shortcut' method for home office expenses has been extended

Back in April 2020 the ATO announced that a 'shortcut' method was to be made available to use from **1 March 2020 until 30 June 2020** for individuals claiming home office expenses due to COVID-19. The ATO has recently announced an extension of this shortcut method to also include **1 July 2020 to 30 September 2020**.

In summary, a taxpayer can claim a deduction of 80 cents for each hour they work from home due to COVID-19 as long as the individual is:

- ☐ working from home to fulfil their employment duties and not just carrying out minimal tasks

such as occasionally checking emails or taking calls; and

- ☐ incurring additional deductible running expenses as a result of working from home.

A taxpayer does not have to have a separate or dedicated area of their home set aside for working, such as a private study.

The shortcut method rate covers all deductible running expenses such as: electricity and gas used for heating/cooling and running electronic items used for work purposes; depreciation and repair of assets used for work purposes; work-related phone and internet costs.

*Editor: If you are working from home due to COVID-19 and have queries about what deductions you can claim, contact our office.*

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.