

# JobKeeper Process

**What is JobKeeper?** This is the very generous [subsidy from the Federal Government](#) of \$1,500 per staff member for organisations (including churches) which have shown a decrease in revenue.



Now is the time to act and get yourselves organised. We have been battling to answer a couple of critical questions for you and can now finally give you some definitive rulings.

**What is Turnover?** In the “for profit” world, turnover is easily defined as “GST Turnover” – taking the figures directly from your monthly or quarterly Business Activity Statements (BAS) and determining whether you have seen a decrease sufficient to qualify for JobKeeper.



**For churches**, the landscape is a little different because most of our income is received in gifts (that is; tithes and offerings) and therefore does not get reported on your BAS, and is not counted in your GST Turnover.

**But** the government has corrected this for not-for-profit entities whose primary source of income is gifts. This includes our churches. In this instance, you need to use this formula:

## FORMULA:

**Total amount of gifts received + your GST Turnover = the total turnover** (and therefore your eligibility for JobKeeper)

## EXAMPLE:

In March 2019, the church received offerings totalling \$45,000 and \$5,000 in rental income for the use of some spare offices. The GST Turnover was therefore \$5,000, **but total turnover** was \$50,000.

**BUT** In March 2020, offerings dropped to \$35,000 but the church still received the \$5,000 for the office rental. So, GST Turnover was \$5,000 **but** total turnover was \$40,000. \$40,000 is only 80% of \$50,000 received last year, so turnover has dropped by 20%, and therefore the church is eligible to receive JobKeeper as the threshold is 15% for not-for-profits.

**How to handle Exempt Fringe Benefits?** In discussion [with Saward Dawson accountants](#), we have been advised that in the Coronavirus Economic Response Package (payments and rules) 2020, Section 10 part 2(d) indicates income includes “...other amounts that, in the fortnight, are applied or dealt with in any way if the individual agreed.” This includes Exempt Fringe Benefits. The implications of this are significant. Assume you have been paying a Part Time Associate Pastor \$1,000 per fortnight made up of \$500 taxable income and \$500 exempt fringe benefits, and you are eligible for JobKeeper. You will now need to pay this person \$1,500 per fortnight, which can still be split 50/50 - \$750 taxable and \$750 exempt fringe benefits.

It is likely that doing this will prompt a question from the ATO, who may look at your Single Touch Payroll submission, and notice you are only paying the person \$750. But this can be explained by quoting Section 57 of the Fringe Benefits Tax Act and that the person is eligible to receive Exempt

Fringe Benefits, and you can demonstrate from your records that you have indeed given them the other \$750 in this manner.

So now we know the answers to the mystery questions we have been asking for the last two weeks, let's get on with what you actually need to do. The Tax Office have set this out in eight steps.

## **JOBKEEPER STEPS**

**Step 1** – Register your [interest and subscribe for JobKeeper payment](#) updates. We have been telling you about this one for a few weeks already, so hopefully your church is registered.

**Step 2** – Check that you and your employees meet the eligibility requirements. For your church, this is determined by measuring the reduction in turnover (as indicated above). This may be demonstrated by **comparing March 2019 with March 2020**. If you do not have a downturn for these periods, you can **again consider it for April 2019 vs April 2020 – and so on**. For your staff, it is a question of ensuring they were employed at the 1<sup>st</sup> March, or if casual, had been employed for 12 months at the 1<sup>st</sup> March.

**Step 3** – Continue **to pay at least \$1,500 to each eligible employee per JobKeeper fortnight** (the first JobKeeper fortnight is the period from 30 March to 12 April). This is (perhaps) the catch. You must pay your people first, then claim the reimbursement. There may well be two fortnights of payments outstanding at any given time. If you have an eligible employee who is currently paid less than \$1,500 per fortnight, then they are going to get a pay rise out of this deal!

**Step 4** – Notify your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they are not claiming JobKeeper payment through another employer or have nominated through another business.

**Step 5** – Send the [JobKeeper employee nomination notice](#) to your nominated employees to complete and return to you by the end of April if you plan to claim JobKeeper payment for April. Keep it on file and provide a copy to your registered tax agent if you are using one.

**Step 6** – Enrol with the ATO for the JobKeeper payment using the Business Portal and authenticate with myGovID. **You must do this by the end of April to claim JobKeeper payments for April.** This step is potentially a bit tricky. The QB Accounting staff are busily learning their way around this form on the Business Portal and will be able to provide you with some assistance if you are having trouble (call 07 3354 5600).

You will need to provide the ATO with your total turnover figures for March 2019 and March 2020 when you are completing this, to demonstrate your eligibility.

**Step 7** – In the online form, provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.

**Step 8** – Specify the estimated number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April). Ideally, you ought to have nomination notices from all of these employees but if that is taking you a while, you can still go ahead so long as you are confident who is eligible and who is not.

Once you have done all this, you should find the money will flow through to you by early in May.