

## JobKeeper vs JobSeeker

2 April 2020

The Federal Government recently announced the JobKeeper Payment scheme, which is designed to assist employers (and self-employed individuals) affected by the Coronavirus pandemic to continue to pay their workers.

The JobKeeper scheme has been well received and welcomed by all sectors of the economy.

In fact, many employers have already contacted employees affected (including those who have been stood down without pay) to inform them that the employer will register for the JobKeeper scheme and make payments to employees from the first week of May 2020.

In some cases, employers have also contacted employees who had recently lost their job and have been receiving the JobSeeker Payment whilst not working. In these situations, where a former employee is re-hired, the JobKeeper Payment could offer the employee a greater fortnightly payment when compared to the JobSeeker Payment, for example, as follows:

- Under the **JobKeeper** Payment scheme – an eligible employee will receive (through their employer) minimum fortnightly salary income of **\$1,500**.
- Under the **JobSeeker** Payment scheme – an eligible employee (assuming they are single with no children) would be expected to receive a fortnightly payment of **up to \$565.70** plus the \$550 Coronavirus supplement (resulting in a total fortnightly payment of up to around **\$1,115**). However, JobSeeker recipients may also be eligible for other Government entitlements.

### Important considerations for employers under JobKeeper

However, before employers apply for the JobKeeper Payment and start making salary payments to employees under this scheme (including employees who have been re-hired by an employer), it is important for an employer to consider the following potential consequences of JobKeeper:

- Whether JobKeeper payments made to an employer will be **assessable** to the employer – In the absence of any specific exemption, such payments could be assessable to an employer under S.6-5 or S.15-10 of the ITAA 1997.

- J Whether **PAYG withholding** will apply to JobKeeper payments – In the absence of any specific withholding exemption/variation, JobKeeper subsidies paid to an employer which are then used to ‘top-up’ an employee’s existing salary may be subject to the normal PAYG withholding rules.
- J Whether **Superannuation Guarantee (‘SG’) contributions** are required in respect of JobKeeper payments – The Government has indicated that an employer will have the option of choosing whether or not to make SG contributions in respect of any additional salary income paid to an employee (to the extent it relates to the JobKeeper Payment).
- J Whether potential **Payroll tax obligations** may arise – This will ultimately depend on the relevant legislation of each State and Territory. In light of the Coronavirus pandemic generally, most States and Territories have indicated that they will waive or defer liabilities for Payroll tax for the 2020 (and possibly for the 2021) financial years. However, **employers who re-hire staff may end up breaching Payroll tax relief thresholds.**
- J Whether a potential liability for **WorkCover premiums** will arise – This will also ultimately depend on the relevant legislation of each State and Territory.
- J Whether **leave entitlements** (eg, annual leave, sick leave and long service leave) can accrue in respect of employees who receive the JobKeeper Payment from their employer (potentially resulting in additional liabilities for employers).

**Please note:** *The proposed JobKeeper Payment is not yet law, and Napoli is not aware of any clear guidance provided by Federal or State Governments (where appropriate) in relation to many of the issues raised above.*

For further information, please contact us.