

# JobKeeper Payment Rules and Details

## A Guide for Victorian Baptist Churches

(As of 16 April 2020)

The Australian government has announced a \$130 billion JobKeeper payment to help keep more Australians in jobs and support businesses affected by the significant economic impact caused by the COVID-19 pandemic. The purpose of this document is to detail the JobKeeper Payment for Baptist Churches in Victoria including eligibility, how to enrol and how to pay your employees. Information in this document is based on current information available from the Australian Tax Office (ATO) website. For further detailed information, please visit <https://www.ato.gov.au/General/JobKeeper-Payment/>.

Note: The BUV have more COVID-19 financial information and other resources on the [COVID-19 Church Resources](#) page

### Key points:

- The Australian government has passed legislation for a wage subsidy (the JobKeeper Payment) that will be paid to **eligible employers**, providing \$1,500 per fortnight for each **eligible employee** for up to 26 weeks (13 fortnights) commencing 30 March 2020.
- To be an *'eligible employer'*, your church must expect more than a 15% decline in its "GST turnover". The definition of "GST Turnover" has been extended to include offerings and donations and can be a comparison of either a month or a quarter with the equivalent period in 2019. (See section A below)
- An *'eligible employee'* must meet a number of basic employment and personal conditions (see section B below), and in addition must have been paid at least \$1,500 each fortnight, including Exempt Benefits, tax and additional superannuation.
- Churches must [register with the ATO](#) as soon as possible to participate in this program.
- Where an employee is normally paid less than \$1,500, it is recommended that churches top-up wages to \$1,500, so that the employee can qualify.
- Payments will be administered through BAS returns and Single Touch Payroll. There will be additional monthly reporting requirements, but they will be worth the effort. The ATO website indicated: "From 20 April 2020, you can enrol with us 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."
- Ensure bank details are lodged and correct with the ATO. They will refund Cash Boost credits (see [BUV Church Finances](#)) and pay JobKeeper into your Church nominated bank account.
- Have all employees complete the JobKeeper employee nomination notice. This form can be found at <https://www.ato.gov.au/Forms/JobKeeper-payment---employee-nomination-notice/> (more information below)

**Note: BUV recommends** churches who do not have access to the ATO Business Portal to arrange this **ASAP**. Accounting software companies, such as Xero, indicate that they are creating new JobKeeper features, but we are not sure what this means. If you need to talk to the ATO, a direct number is 1800 806 218.

## JOBKEEPER GUIDELINES FOR CHURCHES

- Churches are to determine their eligibility for the JobKeeper Payment. Please give attention to this as a matter of urgency, as there are critical deadlines in April 2020. If you miss these deadlines, your church may fail to receive the full benefit that it is entitled to.
- This advice is based on documents from <https://treasury.gov.au/coronavirus/jobkeeper>
- This information will help your church to answer three key questions –
  - A. Is our church an Eligible Employer?
  - B. Who are our Eligible Employees?
  - C. What steps must we take to participate?
- You can access the [JobKeeper Payment - Frequently Asked Questions](#)

### PART A - IS OUR CHURCH AN ELIGIBLE EMPLOYER?

- An employer’s eligibility for the JobKeeper Payment is based on a “*decline in turnover test*”. The basic decline in turnover test works by comparing your projected GST turnover for a period (the turnover test period) with your current GST turnover, calculated for a relevant comparison period (the comparison turnover). In effect this compares a month or quarter in the period the JobKeeper scheme applies with the corresponding period in 2019.
- “Current GST Turnover” and “Projected GST Turnover” are defined in sections 188-15 and 188-20 of the [GST Act 1999](#). The GST system distinguishes between the following types of “supply”.

Type	Example	Accounting + BAS
<b>Taxable Supply</b>	Commercial lease Hall Hire Book store sales	Pay GST on Sale Claim back GST paid on inputs BAS: G1 (Total Sales)
<b>GST-Free Supply</b>	Basic foods Medical Education	No GST on Sale Claim back GST paid on inputs BAS: G1 (Total Sales)
<b>Input-taxed Supply</b>	Interest and dividends Residential lease	No GST on Sale Can’t claim GST paid on inputs BAS: G1 (Total Sales)
<b>Exempt</b>	Donation, Offerings	Exempt Does not appear on BAS return

- GST Turnover is defined in section 188 to include taxable supply and GST-free supply, but to exclude input-taxed supplies.

- Ordinarily, GST Turnover would not include exempt income, like donations. However, this is modified by section 8(8)(g) of the [Coronavirus Economic Response Package](#) and provides that gifts made to an ACNC-registered charity are to be treated as “*a supply in the period for consideration*” (which means that the value of offerings and donations are included in the calculation of GST Turnover).
- This means that, for churches, GST Turnover will include offerings and donation income, plus property income from commercial leases and licences for which GST is charged, but will not include income from interest, dividends and residential leases (which are input taxed).
- Offerings and donations must be made to the church to be included. Amounts received by the church that are intended for another entity (e.g., Missions) should not be included as this is money-in-transit and not a gift to the church.
- Churches are eligible for the JobKeeper Payment if there is a decline in GST turnover of at least 15%. This 15% threshold is a concessional treatment for ACNC-registered charities.
- The turnover test period is either any calendar month between March 2020 and September 2020 inclusive, or one of the quarters starting on 1 April or 1 July 2020. This is not linked to the BAS reporting cycle, so a church that submits its BAS quarterly can elect to use a single month as the turnover test. If you expect that your church will experience a decline of at least 15% in income in April 2020 compared with April 2019, you should nominate this as your turnover test period.
- Complete this worksheet to determine whether your church will qualify for JobKeeper Payment:

Income Type	April 2019 (Actual)	April 2020 (Projected)
(A) Offerings and Donations		
(B) Commercial leases, hall hire		
(C) Other income (GST applied)		
GST Turnover = A + B + C	(GT1)	(GT2)
GST Turnover does not include		
(D) interest and dividends	X	X
(E) Residential Lease income	X	X

Calculate  $(GT2 \div GT1) \times 100$ . If the answer = 85 (or less) then your church has satisfied the decline in turnover test.

### What if my church won't qualify in April 2020 but the next months are looking bad?

- If your church does not qualify in April 2020, but will qualify in a later month, it will only be entitled to the JobKeeper payment from the calendar month in which it qualifies.
- However, in these circumstances, it may be that nominating a quarterly turnover test period will allow the church to qualify for the JobKeeper payment for the entire period. So if your April income is high, but May and June are projected to be much lower, you may still be eligible. Once an entity has satisfied the decline in turnover test, it does not need to retest its

turnover in later months. However, it is important to be as accurate as possible, because there are penalties for exaggerating results to take advantage of the system.

### What if April 2019 (for example) is not a valid comparison period?

- The Taxation Commissioner is allowed to use an alternative “*decline in turnover test*” if there is not an appropriate relevant comparison period in 2019.

### What if we have a Deductible Gift Recipient (DGR) Fund?

- There are special arrangements for charities with DGR status, which have the effect that donations to an entity that is a DGR are included in the calculation of GST Turnover. Churches are not DGR’s as a whole, but some are endorsed to operate one or more DGR funds. We suggest if you have DGR status, you contact your accountant for clarification.

## PART B - WHO ARE OUR ELIGIBLE EMPLOYEES?

- An *eligible employee* is an employee over the age of 16 who was employed by the church on 1 March 2020, and who was paid at least \$1,500 in the relevant JobKeeper fortnight. The payment applies to full-time, permanent part-time and “long-term casual” employees, but does not apply to other casuals. A long-term casual must have been employed on a “regular and systematic basis during the (*prior*) period of 12 months”.
- To be eligible, an employee must have been paid at least \$1,500 in the relevant JobKeeper fortnight. This \$1,500 includes:
  - (a) Salary and allowances paid
  - (b) Tax withheld (e.g., PAYG, HECS-HELP Loan etc.)
  - (c) Additional Superannuation Contributions
  - (d) Exempt Benefit arrangements. The BUV recommend percentage for Exempt Benefits is 50%. Some churches vary this percentage. If a Pastor’s total stipend is increasing to \$1,500 per fortnight, we recommend your church applies its normal percentage for Exempt Benefits.

**Note:** Exempt Benefits come within the definition in (d), however, the value of any non-monetary benefits (e.g., a church provided manse) cannot be included.

### What about staff who are paid less than \$1,500 per fortnight?

- The Federal Government is encouraging employers to top up the salary of staff who are paid less than \$1,500 per fortnight. Note that this will have a negative cash-flow effect in the short term, because the employer must pay this amount to the employee in the relevant JobKeeper fortnight to be eligible for a payment in that period. The ATO will reimburse the employer in arrears (e.g., payments for the first fortnight in April should be received in the first week of May).
- Where an employee is normally paid less than \$1,500 per fortnight, we recommend that all churches that qualify for JobKeeper top-up their wage for each eligible employee to \$1,500, so that the employee can qualify. This is to the benefit of the employee (obviously) and also the church.

- If the employee's pay is not topped up, they will not be eligible because they do not meet the \$1,500 threshold. In this circumstance, the church still has to pay the normal amount of their salary, but will receive no reimbursement in the form of the JobKeeper payment.

### How do we adjust salaries for the first JobKeeper Payment, which has already ended?

- The first JobKeeper fortnight ended on 12 April. However, there are transitional arrangements that apply just for the month of April, which will allow employers to top-up pay for an employee during April. This means that churches can make a back-payment for the first fortnight in April, so that the employee can qualify. In April 2020 employers may register prior to the end of April and, if they meet the eligibility rules, receive JobKeeper payments for eligible employees for JobKeeper fortnights in the two JobKeeper fortnights commencing from 30 March 2020.

### Does the church have to pay the Superannuation Guarantee Levy on the extra income?

- No. The regulations will ensure that an employer will only need to make superannuation contributions for any amount payable to an employee in respect of their actual employment, disregarding any extra payments made by the employer to satisfy the wage condition for getting the JobKeeper payment.

### Can a part-time employee receive the JobKeeper Payment from multiple employers?

- No. In circumstances where an individual has more than one employer, only one employer is entitled to a JobKeeper payment in relation to that individual. In circumstances where an employer seeks the agreement of an employee to participate in the JobKeeper scheme and that employee has already agreed to participate in the scheme in relation to his or her other employer, the employee should not accept the later nomination.

### How does it work if we pay salaries on a monthly basis?

- If an employer's ordinary arrangement is to pay its employees less frequently than fortnightly, then the payment can be allocated between fortnights in a reasonable manner. For example, if an employer's ordinary arrangement is to pay an employee every four weeks, it may be reasonable for the purposes of satisfying the wage condition if the employee is paid at least \$3,000 for every four week period. For an employee paid monthly it may be reasonable to multiply by 12 and then divide by 26.

### Do employees being paid under the Paid Parental Leave Act 2010 qualify?

- Employees are not "eligible employees" if they are receiving a payment in accordance with the *Paid Parental Leave Act 2010*.

**Note:** this exclusion does not extend to any employer-funded paid parental leave that is outside the scope of the *Paid Parental Leave Act 2010*.

### Do employees being paid workers' compensation qualify?

- An employee who is receiving workers' compensation is excluded from being an eligible employee, but only if –
  - (a) the individual is totally incapacitated for work throughout the fortnight; and
  - (b) an amount is payable to the individual under, or in accordance with, an Australian workers' compensation law in respect of the individual's total incapacity for work.

## PART C - WHAT STEPS MUST WE TAKE TO PARTICIPATE?

- Employers must elect to participate in the scheme. If you have not already done so, register your interest here: <https://www.ato.gov.au/Job-keeper-payment/>  
**Note:** registering with the ATO is NOT enrolling for the JobKeeper payment. The ATO intends to have a system in place to allow employers to enrol from 20 April onwards.
- Churches must advise employees now that they intend nominating them as “eligible employees” under the scheme. This is particularly important for part-time employees or long-term casuals, who may have another employer. An individual cannot be registered with multiple employers. There are penalties for double-dipping!
- Each employee must provide the employer with a “*nomination notice*” in the approved form which confirms that the employee satisfies the eligibility requirements and is willing to be nominated as an eligible employee of the entity for the purposes of the JobKeeper scheme. This form can be found at <https://www.ato.gov.au/Forms/JobKeeper-payment---employee-nomination-notice/>

### At Commencement

- To be entitled to a JobKeeper payment, the employer must have provided the following information to the Tax Commissioner in the approved form:
  - (a) the details of each eligible employee; and
  - (b) other information about their entitlement to the JobKeeper payment.

If this information provided to the Commissioner does not subsequently change, an employer is not required to provide the same information to the Commissioner again. An employer is obliged to notify the Commissioner of changes in circumstances that would affect its entitlement to a JobKeeper payment.

- Once an employer has provided details of its eligible employees to the Commissioner, the employer must also notify each eligible employee within seven days. This requirement is intended to keep eligible employees informed about the process.

### Monthly reporting

- The JobKeeper scheme requires monthly reporting. An entity that is entitled to a JobKeeper payment must notify the Commissioner of its current GST turnover for the reporting month and its projected GST turnover for the JobKeeper following month. For churches, this will include the amount of offerings and donations to the church that they have received in the past month and offerings and donations that they have received or expect to receive in the month in which the reporting time occurs.
- The information provided as part of this document does not affect an entity’s eligibility, including in respect of the decline in turnover test (which only needs to be satisfied once). It is also not intended to verify whether the projection given as part of the decline in turnover test was accurate. Rather, it is intended to ensure that there is good information on which to assess the economic impact of the Coronavirus on a monthly basis across Australia.