

LCR 2020/1A3 - Addendum - JobKeeper payment - decline in turnover test

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Addendum

Law Companion Ruling

JobKeeper payment – decline in turnover test

This Addendum amends Law Companion Ruling LCR 2020/1 to:

- clarify that the Ruling addresses the original decline in turnover test introduced by the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020* and does not cover in detail the actual decline in turnover test that was introduced as an additional requirement for JobKeeper fortnights from 28 September 2020 by the *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 8) 2020*, and
- include minor updates to reflect legislative amendments to the original decline in turnover test following the *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 8) 2020*.

LCR 2020/1 is amended as follows:

1. Title

Omit title; substitute 'JobKeeper payment – original decline in turnover test'.

2. Paragraph 1

(a) Omit the paragraph (excluding footnotes 1 and 2); substitute:

1. A decline in turnover test (the original decline in turnover test) was introduced by the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020* (the Payments and Benefits Rules)¹ and is one of the criteria for determining eligibility for the JobKeeper payment.² For JobKeeper fortnights from 28 September 2020 (the JobKeeper extension), an actual decline in turnover test has been introduced and is an additional requirement for eligibility for the JobKeeper payment.^{2A}

1A. Entities that satisfied the original decline in turnover test for JobKeeper fortnights before 28 September 2020 do not need to satisfy the original test again for the JobKeeper extension. They only need to consider whether they satisfy the actual decline in turnover test.

1B. Entities seeking to enrol in the JobKeeper scheme for the first time for fortnights from 28 September 2020 must satisfy both the original and actual decline in turnover tests. Generally, entities will not need to consider in detail the original decline in turnover test for JobKeeper fortnights beginning from 28 September 2020. If an entity first seeks to qualify for the scheme for a fortnight beginning on or after 28 September 2020, then unless you are a university that is a

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Table A provider^{2B}, we accept that satisfying the actual decline in turnover test for one turnover test period means that you satisfy the original decline in turnover test because:

- the same turnover test period (either the quarter starting 1 July 2020 or the quarter starting 1 October 2020) can be used for both tests
- current GST turnover does not exclude supplies discussed at paragraph 34 of this Ruling and therefore the current GST turnover, for the turnover test period, will always be equal to or more than projected GST turnover for the same turnover test period, and
- the method that must be used for allocating supplies to the turnover test period and relevant comparison period under the actual decline in turnover test is a method that can be used for the original decline in turnover test.

1C. This Ruling is relevant to the original decline in turnover test. In this Ruling, when we refer to the 'decline in turnover test', we are referring to the original decline in turnover test.

1D. The decline in turnover test requires you to calculate 'current GST turnover' and 'projected GST turnover', which are terms defined in Division 188 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act), subject to modifications to those definitions by the Payments and Benefits Rules.

(b) At the end of paragraph 1, insert new footnote 2A:

^{2A} *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 8) 2020*, which introduced paragraph 7(1)(c) and section 8B.

(c) After 'Table A provider' in paragraph 1B, insert new footnote 2B:

^{2B} Universities that are Table A providers within the meaning of the *Higher Education Support Act 2003* have a six-month turnover test period that applies to them under subsection 8(7).

3. Paragraph 2

(a) After the paragraph, insert new paragraphs 2A and 2B:

2A. The actual decline in turnover test also requires you to calculate 'current GST turnover', subject to the same modifications as for the original test. However, there are differences between the two tests. The actual decline in turnover test:

- must be done for specific quarterly periods
- does not use projected GST turnover
- has specific rules for allocating supplies to relevant periods under a legislative instrument that specifies the time when a supply is taken to be made.^{2C}

2B. This Ruling does not cover the actual decline in turnover test in detail - **ato.gov.au** includes material on the actual decline in turnover test. However, the following paragraphs of this Ruling discuss issues that are equally relevant to both tests:

- paragraphs 19 to 33 of this Ruling about the meaning of current GST turnover

- paragraph 72 of this Ruling on the value of deemed supplies by charities and deductible gift recipients.

(b) At the end of paragraph 2A, insert new footnote 2C:

^{2C} *Coronavirus Economic Response Package (Payments and Benefits) (Timing of Supplies Made and Decline in Turnover Test) Rules 2020 (No. 1)*.

4. Paragraph 5

At the end of the first sentence, insert new footnote 2D:

^{2D} This instrument has been repealed and replaced by the *Coronavirus Economic Response Package (Payments and Benefits) Alternative Decline in Turnover Test Rules (No. 2) 2020* for fortnights starting on or after 28 September 2020.

5. Paragraph 6

In the second sentence, omit 'Australian Charities and Not-for-profit Association'; substitute 'Australian Charities and Not-for-profits Commission'.

6. Paragraph 7

In the second sentence, omit 'decline in turnover test'; substitute 'original and actual decline in turnover tests'.

7. Paragraph 11

(a) At the end of footnote 7, insert:

The months and quarters that can be used were extended by the *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 8) 2020* to include periods after September 2020. The change does not affect entities that had already satisfied the decline in turnover test. The extended periods overlap with the turnover test periods that must be considered for the actual decline in turnover test. We accept that entities enrolling in the JobKeeper Payment scheme for fortnights starting from 28 September 2020 that satisfy the actual decline in turnover test will also satisfy the original decline in turnover test. Further guidance on the actual decline in turnover test is provided on ato.gov.au

(b) Omit the dot points; substitute:

- a calendar month that ends after 30 March 2020 and before 1 January 2021 (that is, March 2020, April 2020, May 2020, June 2020, July 2020, August 2020, September 2020, October 2020, November 2020 or December 2020), or
- a quarter that starts on 1 April 2020, 1 July 2020 or 1 October 2020.

8. Paragraph 15

(a) Omit the paragraph; substitute:

To qualify for the JobKeeper payment for a fortnight ending before 28 September 2020, an entity must satisfy the qualification requirements in

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section 7 'at or before the end of the fortnight'. This means that the relevant turnover test period in which the test time occurs can be in the month or quarter in which some or all of the fortnight occurs. The turnover test period can also be an earlier month or quarter. However, this was also limited by subsection 8(7)^{10A} which provided that a turnover test period must be a calendar month that ends after 30 March 2020 and before 1 October 2020, or a quarter that starts on 1 April 2020 or 1 July 2020. Accordingly, the month of March 2020 is the first month that can be tested, and the quarter starting 1 April 2020 is the first quarter that can be tested.

(b) After 'subsection 8(7)', insert new footnote 10A:

^{10A} For JobKeeper fortnights ending before 28 September 2020, subsection 8(7) did not include any months or quarters starting from 1 October 2020. The changes under *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 8) 2020* to subsection 8(7) only apply for JobKeeper fortnights starting from 28 September 2020.

9. Paragraph 18

Omit the first sentence; substitute:

The Commissioner acknowledges that the comparison of turnover in the relevant month or quarter will generally be calculated by most entities at or shortly before either the time that the entity elects to participate in the JobKeeper scheme (under paragraphs 6(1)(e) or 11(1)(e)), or the time the entity gives the Commissioner information about its entitlement for the first fortnight for which it claims the JobKeeper payment.

10. Paragraph 29

In footnote 32, omit 'GST-fee'; substitute 'GST-free'.

11. Paragraph 75

In footnote 72, omit 'See'.

12. Paragraph 88

At the end of footnote 78, insert:

For the November 2020 monthly declaration and later months, you may use a GST attribution approach or the method you used for your decline in turnover test.

This Addendum applies on and from its date of issue.

ATO references

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