

A woman with blonde hair, wearing a green jacket over a light-colored top and blue jeans, is sitting at a desk in an office. She is holding a tablet in her left hand and writing in a notebook with a pen in her right hand. The background is slightly blurred, showing office equipment and shelves.

# JobKeeper 2.0

## The Alternative Tests

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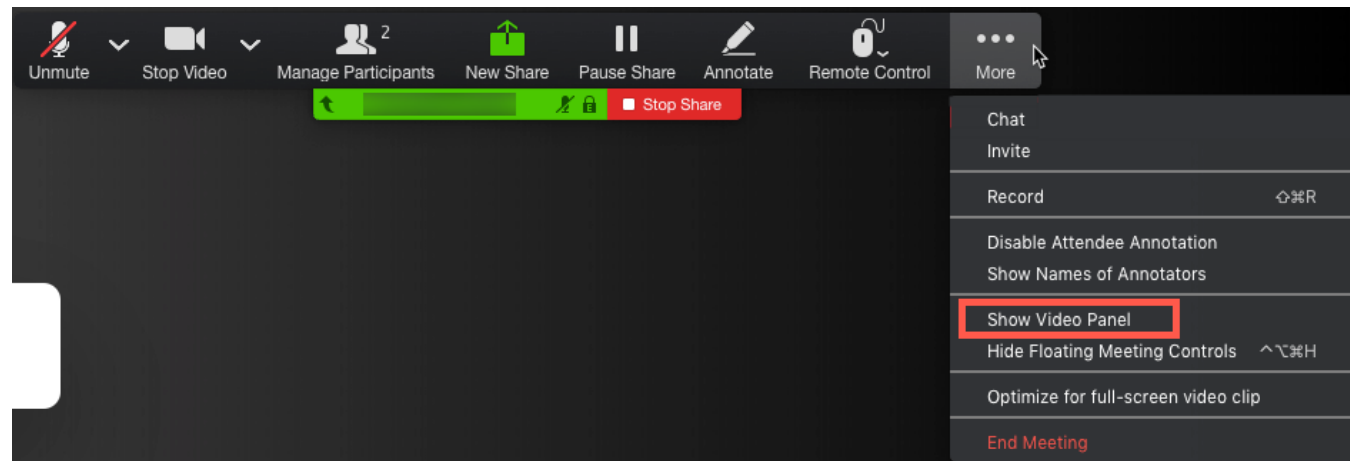
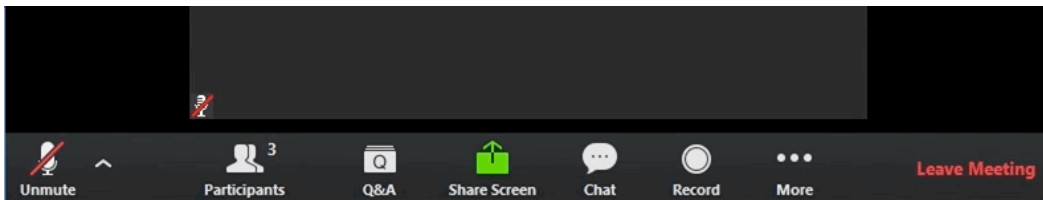
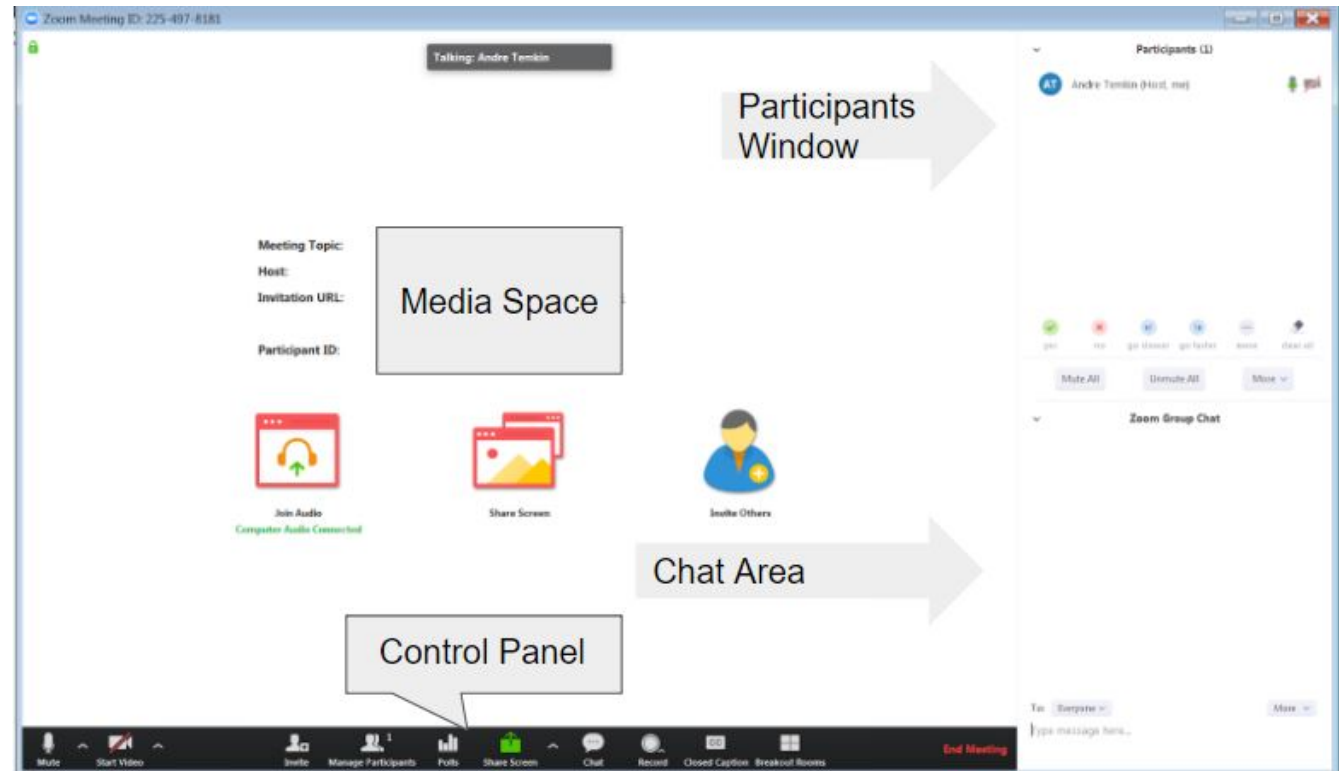
**Shannon Smit**  
Founder & Managing Director  
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# Using Zoom Features

- Click on the control panel to use the control pane
- Submit questions via the chat area
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# Today's Presenter



## Paul Cunningham Associate

- Managing webinar questions
- Overseeing the running of webinar

# What we will cover

- When the alternative tests apply
- Differences from the original versions
- Practical issues

# JobKeeper 2.0

## Conditions that need to be met to access JobKeeper 2.0

- The entity must have carried on a business in Australia on 1 March 2020 (different rules for non-profit entities)
- The entity must pass the original decline in turnover test
- The entity needs to pass an additional decline in turnover test (separate test for each extension period)

# When to apply the alternative tests

- Only need to consider the alternative tests if the basic test is not satisfied
  - If the basic decline in turnover test is met then you don't need to consider the alternative tests
- The updated alternative tests are used for:
  - Determining whether the original decline in turnover test is met for JobKeeper fortnights starting on or after 28 September 2020 – monthly or quarterly basis
  - Determining whether an entity passes the additional decline in turnover test to access the JobKeeper extension – quarterly basis only

# Current GST turnover

- Current GST turnover is used to determine eligibility for JobKeeper 2.0
- Eligibility will be based on actual turnover rather than estimated / predicted turnover
- Sales of capital assets are included in current GST turnover
- Ignore input taxed supplies, supplies not connected with Australia, amounts that don't represent consideration for a supply



# Timing of supplies

## Entities that are registered for GST

- Must use the same accounting basis that is used for BASs

## Entities that are not registered for GST

- Can use either a cash or accruals basis, but must be consistent

# The 7 alternative tests

1. Entity commenced business before 1 March 2020 but after the relevant comparison period – 2 versions
2. Business acquisition or disposal changed the entity's turnover
3. Business restructure changed the entity's turnover
4. Business had a substantial increase in turnover
5. Business affected by drought or natural disaster
6. Business had irregular turnover
7. Sole trader or partnership affected by sickness, injury or leave

# New business test(s)

- Business must have started before 1 March 2020 but after the relevant comparison period
  - If you are testing September 2020 quarter, must have started after 1 July 2019
  - If you are testing December 2020 quarter, must have started after 1 October 2019
- If GST turnover was nil until 1 March 2020 then it doesn't look like it is really possible to pass the tests

# New business test(s)

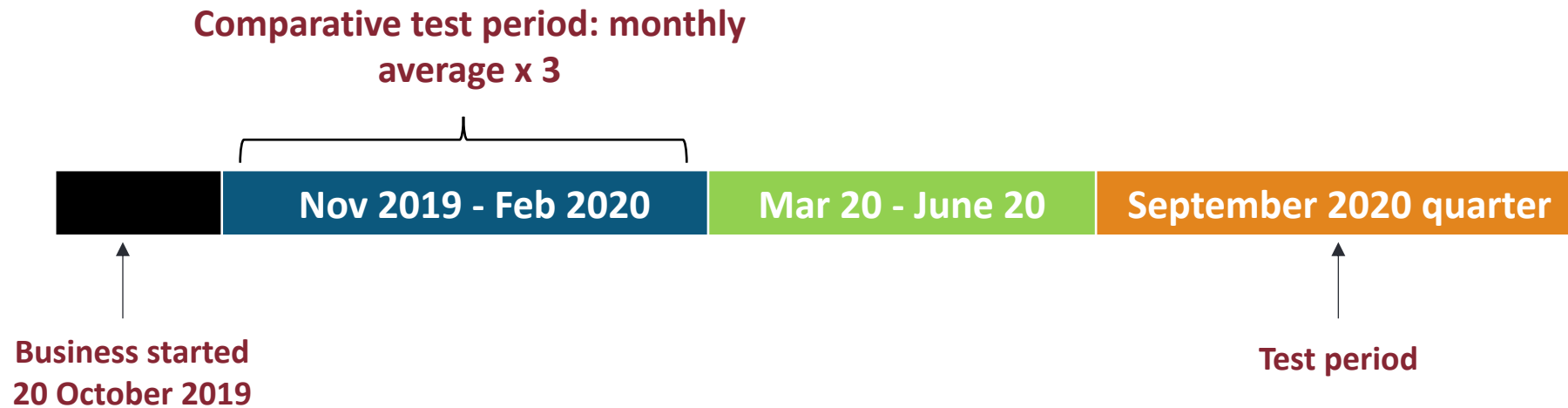
- **First version – business started before 1 February 2020**
  - Add up the turnover for each whole month after the business started and before 1 March 2020 (ie, don't include March 2020)
  - Divide this by the number of whole months to determine average monthly GST turnover
  - Multiply the average monthly GST turnover by 3
- Apply the test
  - Compare the figure above with GST turnover for the September 2020 (or December 2020) quarter

# New business test(s)

- **First version – business started in February 2020**
  - Take turnover up to 29 February 2020
  - Divide this by the number of business days in February 2020
  - Multiply this by 29
  - Multiply this by 3
- Apply the test
  - Compare the figure above with GST turnover for the September 2020 (or December 2020) quarter

# New business test 1

- For a September 2020 quarterly comparison period:



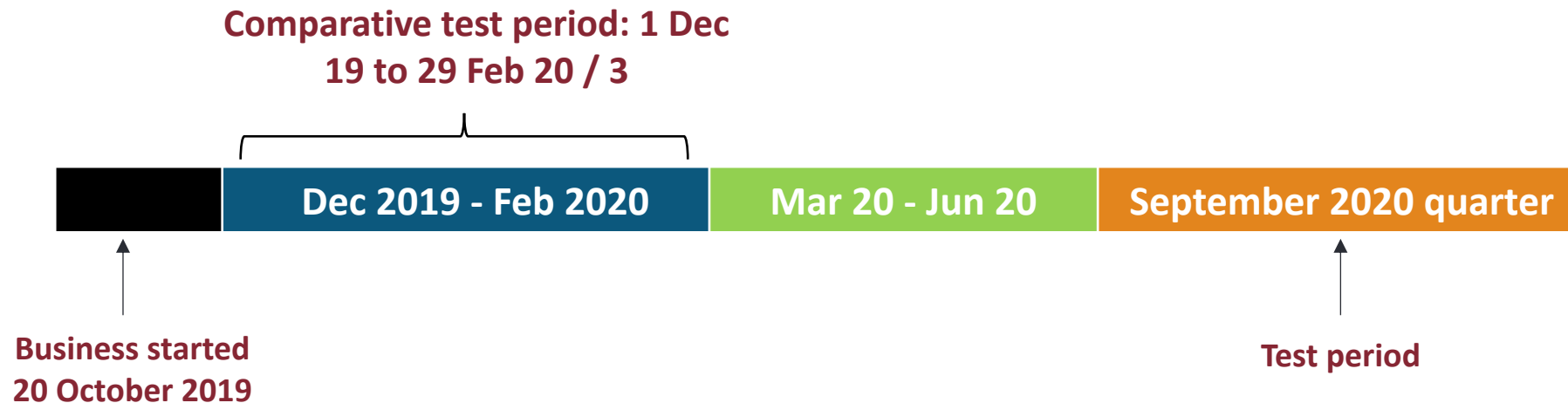
$$\frac{\text{Sum of GST turnover from 1 November 2019 to 29 February 2020}}{4} \times 3$$

# New business test(s)

- **Second version**
  - Can only be used if the business started before 1 December 2019
  - Only refer to turnover for December 2019, January 2020 and February 2020
- Apply the test
  - Use the total turnover for the 3 months above
  - Compare the figure with GST turnover for the September 2020 (or December 2020) quarter

# New business test 2

- For a September 2020 quarterly comparison period:



$$\frac{\text{Sum of GST turnover from 1 December 2019 to 29 February 2020}}{3} \times 3$$



# Business acquisition / disposal / restructure

- Tests can be used if the entity acquired or disposed of part of its business or a restructure occurred from the start of the comparison period but before the test period and this changed the entity's current GST turnover
- Use current GST turnover for the month immediately after any of the changes occurred, multiplied by 3
- If there is no whole month between the acquisition / disposal / restructure and the test period, then use the month immediately before the test period

# Changes in business entity

- Seems like you apply the new business test(s) if the entity wasn't previously carrying on a business
  - As opposed to the tests for a business purchase or restructure
- Seems like you only take into account the turnover of the entity that carried on the business at 1 March 2020 and is seeking to enroll in JobKeeper
- For example, if business was restructured from a sole trader to a company in the last 12 months then only look at the turnover of the company since it started the business

# Significant increase in turnover

- Entities that have higher turnover than this time last year could potentially access JobKeeper through this test
- Start by checking if there was an increase in turnover of at least
  - 50%, 25% or 12.5% in the 12, 6 or 3 months before the test period, or
  - 50%, 25% or 12.5% in the 12, 6 or 3 months before 1 March 2020

# Testing the increase in turnover

Increase in turnover immediately before	12 months – 50% threshold	6 months – 25% threshold	3 months – 12.5% threshold
<i>September 2020 quarter</i>	Test June 2019 turnover with June 2020 turnover	Test December 2019 turnover with June 2020 turnover	Test March 2020 turnover with June 2020 turnover
<i>December 2020 quarter</i>	Test September 2019 turnover with September 2020 turnover	Test March 2020 turnover with September 2020 turnover	Test June 2020 turnover with September 2020 turnover
<i>1 March 2020</i>	Test February 2019 turnover with February 2020 turnover	Test August 2019 turnover with February 2020 turnover	Test November 2019 turnover with February 2020 turnover

# Significant increase in turnover

- If you used the period before the September 2020 quarter to see if there was a substantial increase in turnover compare
  - Current GST turnover for April 2020, May 2020 and June 2020 with current GST turnover for the September 2020 quarter
- If you used the period before 1 March 2020 to see if there was a substantial increase in turnover
  - Compare current GST turnover for December 2019, January 2020 and February 2020 with current GST turnover for the September 2020 quarter

# Example

- Let's assume that the September 2020 quarter is the test period and we want to determine whether there has been an increase in turnover of at least 25% for the previous 6 months
- If the current GST turnover for the month of June 2020 was at least 25% more than the current GST turnover for the month of December 2019 this test should be available
- You then apply the test, which in this example involves comparing current GST turnover for the June 2020 quarter with the current GST turnover for the September 2020 quarter

# Drought or natural disaster

- Use this test if the business (or some of the business) is in
  - A declared drought zone, or
  - Declared natural disaster zoneduring the relevant comparison period in 2019
- For comparison period, use current GST turnover for the same period in the year immediately prior to the declaration

# Irregular turnover

- Test can only apply if the entity's turnover is not cyclical
- Need to ensure that either of the following is satisfied:
  - The lowest turnover for any consecutive 3 month period in the 12 months before the test period is 50% or lower than the highest turnover for any consecutive 3 month period during those 12 months
  - The lowest turnover for any consecutive 3 month period in the 12 months before 1 March 2020 is 50% or lower than the highest turnover for any consecutive 3 month period during those 12 months



# Irregular turnover

- If the test is available
  - Calculate the total turnover for each whole month in the 12 months immediately before the test period or 1 March 2020, depending on which reference point you used to access the test
  - Divide this by 12
  - Multiply the result by 3
- Apply the test
  - Compare the figure above with GST turnover for the September 2020 (or December 2020) quarter

# Example

- Let's assume September 2020 quarter is the test period
- Option 1 – 12 months before 1 July 2020
  - We calculate current GST turnover for each month from July 2019 to June 2020 inclusive
  - We calculate the total turnover for each consecutive 3 month period
  - Determine the lowest and highest 3 month turnover figure and check that the lowest turnover figure is 50% or less of the highest turnover figure
  - Apply the test with reference to total turnover for July 2019 to June 2020 inclusive, divided by 12, multiplied by 3
  - This is compared with GST turnover for the September 2020 quarter

# Example

- Again, let's assume September 2020 quarter is the test period
- Option 2 – 12 months before 1 March 2020
  - We calculate current GST turnover for each month from March 2019 to February 2020 inclusive
  - We calculate the total turnover for each consecutive 3 month period
  - Determine the lowest and highest 3 month turnover figure and check that the lowest turnover figure is 50% or less of the highest turnover figure
  - Apply the test with reference to total turnover for March 2019 to February 2020 inclusive, divided by 12, multiplied by 3
  - This is compared with GST turnover for the September 2020 quarter

# Sole trader / small partnership

- This test can apply if:
  - The taxpayer is a sole trader or a partnership with four or fewer partners, and has no employees
  - The sole trader or one of the partners has not worked for all or part of the 2019 comparison period due to sickness, injury or leave
  - Turnover was affected as a result of the sole trader or partner not working for all or part of the period
- Use GST turnover for the month immediately before the month the individual didn't work and multiply this by 3

# Service entities

- Did the entity carry on a business under general principles at 1 March 2020?
- Can it pass the basic test?
  - Focus on GST turnover of the service entity only
  - What does the agreement state in terms of fees?
  - Integrity issues
  - Is any reduction in the service fee due to the significant impact the external operating environment has on the trading entity?

# JobKeeper 2.0

JobKeeper from  
28th September 2020

Last updated 29 September 2020



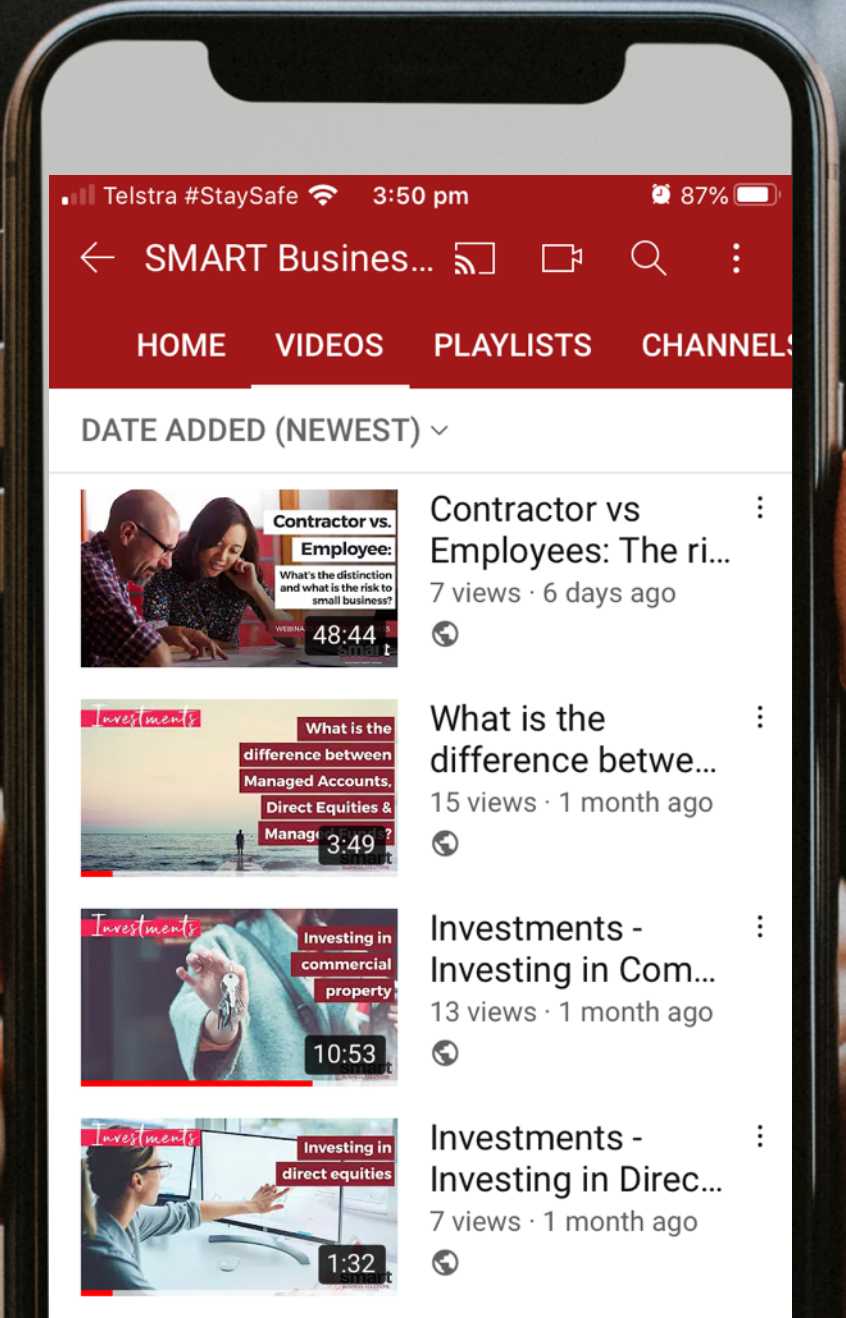
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# Questions





# Our Leadership Team



**Shannon Smit**  
**Managing Director**

**Shannon Smit** is a CEO and founding director who thrives on breaking the mould of the standard. She's lived in 4 different countries and 6 different cities. she talks a mile a minute, has ideas faster than a speeding bullet and has nailed the art of multitasking. Likes travelling the world. Loves being a soccer mum to her two boys.

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**Paul Cunningham**  
**Associate**

**Paul Cunningham** is a chartered accountant with a slight obsession with cricket. President of his local club, he's played there since his teenage years, perfecting his skills as the ultimate batsman. Is a highly competitive pop quiz and trivia participant. When not on the pitch he's playing doting dad to his young daughter.

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**Daniel McCulloch**  
**Associate**

**Daniel McCulloch** is a chartered accountant who gets a kick out of saving his clients money. Likes German Shepherds. Loves hanging with his daughter. Spends his free time playing golf or indulging his passion for anything fast on two wheels. Not known for his ability to do the two of these together.

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# Thank you!

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