



New Budget 2020 JobMaker Scheme

The Federal Government's \$74 billion JobMaker plan is a key element of the Government's Economic Recovery Plan for Australia. The aim for the JobMaker plan is to boost skills, stimulate economic growth, create jobs making it easier and economically viable for businesses to employ staff.

JobMaker Hiring Credit will provide businesses with an incentive to take on additional employees aged between 16 and 35 years old. Around 450,000 positions for young Australians will be supported through the JobMaker Hiring Credit with an injection of \$1.2 billion in to the JobMaker scheme.

Additionally, a further \$1.2 billion will be allocated to the "Boosting Apprenticeships Wage Subsidy" to support hiring up to 100,000 new apprentices and trainees. \$252 million over two years will be used to support the delivery of 50,000 higher education short courses in areas including teaching, health, information technology, science and agriculture. Adding 30,000 additional university places in 2021 will be allocated to support further education.

The establishment of a \$1 billion JobTrainer Fund will support up to 340,700 additional free or low-fee training places for Australians to access new skills by retraining and upskilling them into sectors with job opportunities.

Key Facts

From 7 October 2020, eligible employers will:

- be able to claim \$200 a week for each additional eligible employee they hire aged 16 to 29 years old;
- and \$100 a week for each additional eligible employee aged 30 to 35 years old.

New jobs created until 6 October 2021 will attract the JobMaker Hiring Credit for up to 12 months from the date the new position is created. To be eligible, the employee must have received the JobSeeker Payment, Youth Allowance (Other), or Parenting Payment for at least one of the previous three months at the time of hiring and must be working at least 20 hours a week on average in their new jobs.

Businesses will need to meet eligibility requirements to take advantage of the scheme.

What Are The Eligibility requirements

Eligible employees will need to be new staff for qualification and be hired through the creation of a new job created from 7 October 2020.

Businesses eligible to claim JobMaker will need to claim quarterly in arrears directly from the Australian Taxation Office (ATO). This will be available from 1 February 2021. Employers do not need to satisfy a fall in turnover test.

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In order to satisfy that the job is a newly created position, the business must show:

- that the business' total employee headcount (minimum of one additional employee) from the reference date of 30 September 2020
- that the payroll of the business for the reporting period, as compared to the three months to 30 September 2020
- the amount of the hiring credit claim cannot exceed the amount of the increase in payroll for the reporting period; and
- must show their total employee headcount on 30 September and payroll in the three months to 30 September 2020. (The baseline headcount will be adjusted in the second year of the program to ensure an employer can only receive the JobMaker Hiring Credit for 12 months for each additional position created.)

Employer Eligibility

There are criteria for a business to be eligible for the JobMaker scheme. Your business must:

- have an Australian Business Number (ABN);
- be up to date with tax lodgement obligations
- be registered for Pay-As-You-Go (PAYG)
- report through Single Touch Payroll (STP)
- meet the eligibility criteria
- be claiming for an eligible employee; and
- keep adequate records of the paid hours worked by the employee they are claiming the hiring credit in respect of.

New Businesses

If your business is newly established or you have no employees from 30 September, you can still take part in the scheme. The minimum count for a business to employ new staff under the JobMaker scheme is one. Employers who had no employees at 30 September 2020 or who were created after this reference date will not be eligible for the first employee hired, but will be eligible for the second and subsequent eligible hires.

Ineligible Employees

Some employees will not be covered in the JobMaker scheme. Ineligibility criteria include:

- Commonwealth, state and local government agencies, and entities wholly owned by these agencies.
- Sovereign entities (foreign Governments, their agencies and wholly owned foreign resident subsidiaries). However, Australian resident entities owned by a sovereign entity that meet all other eligibility criteria are eligible.
- Entities in liquidation or who have entered bankruptcy.
- Employers who are claiming the JobKeeper Payment.
- Employers subject to the major bank levy.
- Employees working less than 20 hours per week for the full weeks that were applied for during the reporting period

Those under 16 or over 35 years of age will also not qualify, as are employees for whom the business receives a wage subsidies that include the:

- Boosting Apprenticeship Commencements wage subsidy
- Supporting Apprentices and Trainees subsidy; and
- the Australian Apprentice Wage Subsidy Trial

JobMaker can only be claimed by one employer per employee. Meaning if the employee has two jobs, only one employer may apply for the JobMaker payment scheme. You cannot claim for employees already employed.

Those employees already receiving the JobKeeper payment cannot be claimed, however an employer receiving the JobKeeper Payment can be eligible for the JobMaker Hiring Credit once they have exited the JobKeeper Payment and are no longer receiving the JobKeeper Payment for any employees or business participants. Eligibility for the hiring credit will commence in the reporting period following their JobKeeper exit date.

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Eligible Employees

To be eligible, the employee must meet the following criteria:

- Be aged either 16 to 29 years old, to attract the payment of \$200 per week; or
- 30 to 35 years old to attract the payment of \$100 per week at the time their employment started

The employee must have worked at least 20 paid hours per week on average they worked over the reporting period and must have commenced employment between 7 October 2020 and 6 October 2021.

The employee must have received:

- The JobSeeker payment
- Youth Allowance, or
- Parenting Payments

These payments must have been received for at least one month within the past three months before they were hired. The employee must also be in their first year of employment and remain employed for the period that the business is claiming for. Terms of employment include permanent, casual or fixed-term.

When Will The JobMaker Payment Start?

The JobMaker Hiring Credit will commence on 7 October 2020. Eligible employers can receive the payment for up to 12 months for new jobs created for which they hire an eligible young person from 7 October 2020.

The JobMaker payment is made directly to the employer to subsidise the cost of employment directly from the ATO. Those receiving JobMaker do not personally receive the payment.

When Does The Hiring Credit End?

The JobMaker Hiring Credit will be available for each new job employers create over the next 12 months for which they hire an eligible young person. It will

close to new entrants on 7 October 2021. An eligible employer who hires an eligible employee on 6 October 2021 (the last day that the scheme is open to new entrants) could be eligible for payments for the 12 months to 6 October 2022.

Registration

Registrations will open for eligible employers through ATO online services from 7 December 2020. Employers do not need to be registered at the time that they hire an employee in order to be eligible. Registration can occur at any time before a claim is made.

In order to make sure that you do qualify and that you report correctly, the ATO advises the use of a tax accountant to help you make sure that you are eligible.

How And When Are Claims Lodged?

Employers can submit claims from 1 February 2021 (for new jobs created in the first reporting period of 7 October 2020 to 6 January 2021). Employers will have three months to submit claims following the opening of the claim period.

When Will The JobMaker Credit Be Received?

The JobMaker Hiring Credit will be paid quarterly in arrears. Employers can claim the first payment when claims open on 1 February 2021 (for new jobs created between 7 October 2020 and 6 January 2021).

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