



experience

**WHITSON
DAWSON**

Certified Practising Accountants

A Level B, Canegrowers Building, 120 Wood Street, Mackay QLD 4740
P (07) 4957 2985 F (07) 4953 1883 E client@whitsondawson.com.au

UPDATED 16 APRIL 2020

JOBKEEPER PAYMENT FOR SOLE TRADERS AND OTHER ENTITIES

Sole traders and some other entities such as partnerships, trusts or companies, may be entitled to the JobKeeper Payment scheme under the **business participation entitlement**.

Your entity may be eligible for the JobKeeper Payment scheme if you:

- have a non-employee individual who is actively engaged in the operation of the business – the ATO refers to this individual as the **eligible business participant**
- meet the other relevant eligibility requirements.

A limit applies of one \$1,500 JobKeeper payment per fortnight for the eligible business participant. If your entity also has employees, you may also be able to claim additional JobKeeper payments of \$1,500 per fortnight per eligible employee.

The entity, not the eligible business participant, receives the JobKeeper payment. The exception is a sole trader, who is both the business entity and an eligible business participant, and so receives the JobKeeper payment themselves.

ELIGIBLE BUSINESS PARTICIPANT

Your non-employee individual is an eligible business participant of your entity for the fortnight if they meet all of the following:

- They are an individual not employed by your entity.
- They are actively engaged in the business carried on by your entity (at 1 March 2020 and for the fortnight you are claiming).
- They are one of the following (at 1 March 2020 and for the fortnight you are claiming)
 - o a sole trader
 - o a partner in the partnership
 - o an adult beneficiary of the trust
 - o a shareholder or director in the company.
- As at 1 March 2020, they are both aged
 - o at least 16
 - o an Australian resident
- They are not currently receiving government parental leave pay, dad and partner pay.
- They are not currently totally incapacitated for work and receiving payments under an Australian workers' compensation law in respect of your total incapacity to work.

ELIGIBLE BUSINESS ENTITIES

Your entity is eligible if:

- on 1 March 2020, it carried on a business in Australia
- it satisfies the fall in turnover test for the relevant period
- it satisfied certain conditions as at 12 March 2020, being:
 - o it had an ABN on 12 March 2020, and
 - o it had lodged, on or before 12 March 2020, at least one of
 - a 2018–19 income tax return showing that it had an amount included in its assessable income in relation to it carrying on a business, or
 - an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing that it made a taxable, GST-free or input-taxed sale.

ENROL AND APPLY FOR THE JOBKEEPER PAYMENT

When you have worked out that your business is an eligible entity and your individual non-employee is an eligible business participant you need to enrol.

Your entity can enrol for the business participation entitlement from 20 April 2020 using an online form, which will be available on the ATO website.

Your entity needs to enrol by the end of April for payments in either the fortnights starting 30 March 2020 or 13 April 2020.

Additional information on notification and reporting requirements will be available soon.

EXAMPLES

EXAMPLE 1:

Eligibility of Sole Trader

Jameela is a sole trader and operates a cupcake business. She is an Australian resident with an ABN and has been running her business since 2017.

Jameela runs her business as a sole trader with no employees.

Jameela projects a fall in turnover in her cupcake business of approximately 80% in April 2020 compared with April 2019 as a result of the coronavirus.

Jameela is an eligible business participant and qualifies for the JobKeeper scheme.

EXAMPLE 2:

Partner in a Partnership

Danielle, Shelley and Calvin are individual partners in a partnership operating an Australian business, DSC Accounting. The partnership was formed in 2012 and has an ABN. As they are partners, they are not employees, and they each receive partnership distributions. There is also four full-time staff employed by DSC Accounting. Each of the partners and employees are over 16 years old and are Australian residents.

On 10 April 2020, DSC Accounting projects a fall in turnover of approximately 25% compared to March 2019 and April 2019. It also projects that for the quarter April to June 2020 a 25% fall in turnover compared to the April to June quarter of 2019. Accordingly, the business is not qualified for the JobKeeper scheme at this time.

However, on 4 May 2020, a fall in turnover of 45% for May 2020 is projected, when compared to May 2019. Therefore the business meets the requirements for fall in turnover from that time onwards.

As only one of the partners can be nominated as the eligible business participant for the JobKeeper payment, the partnership will need to decide which individual this is. This choice applies for the duration of the time the business is participating in the JobKeeper scheme. The entitlement to the JobKeeper payment as a business owner applies even if there were no employees in the business.

For DSC Accounting, if the JobKeeper eligibility conditions for paid employees are satisfied, the business could also qualify for JobKeeper payments for each of its eligible employees. DSC Accounting could receive up to five JobKeeper payments in respect of each fortnight (for one eligible business participant and four eligible employees).

EXAMPLE 3:

Adult beneficiary of a Trust

Fabian is a personal trainer and operates both a gym and an online training program. Fabian runs his Australian business through a discretionary trust where he is a beneficiary and receives trust distributions.

The trust was settled and acquired an ABN in 2011. Fabian is not employed by his business but actively manages the business, and is not employed elsewhere. He also has one permanent part time employee.

The gym closed on 20 March 2020. The online personal training platform is still operating and Fabian is focusing on growing this part of his business. As a result of the gym closure, the trust's turnover is expected to fall by 70% in April 2020 compared with April 2019.

Fabian is 36 years old and an Australian resident. Fabian is an eligible business participant and the trust qualifies under the JobKeeper scheme, with the trust receiving the JobKeeper payment.

The trust could also qualify for an additional JobKeeper payment if the part time employee is eligible.

EXAMPLE 4:

Sole Trader and Employee

Zora is a sole trader and actively manages her florist business, Flowers by Zora. She is also employed in another business owned by another entity on a permanent part-time basis as an administrative assistant.

The Flowers by Zora business has suffered a significant downturn due to the coronavirus. Zora's hours at her office job have been cut as a result of the coronavirus causing a decline in the business of her employer.

Zora is an eligible employee for the purpose of the JobKeeper scheme in respect of her part time job as an administrative assistant, and her employer qualifies for a JobKeeper payment in respect of her employment.

Zora, in her capacity as a sole trader, is not eligible for the JobKeeper payment because she is an employee of another entity. This conclusion would be the same whether her employer qualifies for JobKeeper payments or not.

FREQUENTLY ASKED QUESTIONS

Q: Can more than one eligible business participant be nominated by an entity?

A: No. Only one eligible business participant can be nominated. This means that a business entity must choose which eligible business participant to nominate, and that entity is only entitled to one JobKeeper payment per fortnight.

Q: Can a sole trader receive JobKeeper payments when they are also an employee of another business?

A: No. An eligible business participant cannot be an employee (other than a casual employee) of another entity. If the sole trader is both a long term casual employee of another business and also an eligible sole trader, they can choose to either let their employer claim the JobKeeper payments on their behalf, or they can claim as a sole trader, but not both.

Keep up to date by following us on Facebook for the latest on all government stimulus related news.

**WHITSON DAWSON CAN HELP YOUR BUSINESS
ENROL AND CLAIM FOR THE JOBKEEPER PAYMENT.**

**PLEASE PHONE US ON (07) 4957 2985 TO DISCUSS THIS
FURTHER WITH YOUR ACCOUNTANT.**



Please Note – Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

We are bound by the Privacy Act and will protect your personal information in accordance with the Australian Privacy Principles. To view or download a copy of our Privacy Policy please go to www.whitsondawson.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.