

JobMaker Hiring Credits: What We Know So Far

We've had quite a few questions about the JobMaker hiring credit announced in the 2020-21 Federal Budget. The legislation enabling the JobMaker scheme has not passed Parliament as yet and until this occurs, the JobMaker rules are not certain and may change. More details should be available soon and we'll let you know as soon as we have some certainty. Here is what has been announced so far:

What is JobMaker?

JobMaker is a credit available to eligible businesses for hiring additional employees (not if you are merely replacing someone who left). The hiring credit is available for jobs created from 7 October 2020 until 6 October 2021.

The credit provides:

- \$200 per week for new employees between 16 to 29 years of age, and
- \$100 a week for new employees between 30 to 35 years of age.

Payment is from the start date of the employee for 12 months.

When do the credits start?

Assuming the legislation passes Parliament and your business and the employee are eligible, and the 'additionality' test is passed (see How can we access JobMaker), credits can be claimed for employees hired from 7 October 2020 until 6 October 2021. The credit will be claimed quarterly in arrears by the employer from the ATO from 1 February 2021. The credit is an incentive for the employer to support wage costs and not passed onto the employee.

How can we access JobMaker?

There are three tests for JobMaker:

Employer eligibility

- Has an ABN
- Up to date with tax lodgements
- Registered for PAYG
- Reporting through single touch payroll
- Keeps adequate records of the paid hours worked by the employee they are claiming the credit for
- Another employer is not claiming JobMaker for the same employee

Employee eligibility

- Received the JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one month within the three months before they were hired
- Between 16 and 35 years of age at the time their employment started
- Worked at least 20 hours per week on average for the full weeks employed for the period being claimed. If the employee worked less than 20 hours, the employer cannot claim JobMaker for them during that period
- Started work between 7 October 2020 and 6 October 2021
- The first year of employment with the employer
- The employer is not receiving other forms of assistance from the Commonwealth Government for the employee, for example [JobKeeper](#) or an apprenticeship subsidy

Additional employee test (additionality test) The employer's:

- Total employee headcount on the last day of the reporting period increased by at least one additional employee compared initially to 30 September 2020, then to the previous reporting period.

- Total payroll for the reporting period increased compared initially to the September quarter 2020 (July, August, September 2020), then to the previous reporting period. The hiring credit cannot exceed the increase in payroll.

Government entities or agencies, banks and other institutions subject to the bank levy, businesses in liquidation, and foreign Government entities (unless a resident entity), are unable to access JobMaker.

I can only claim JobMaker if the number of employees and payroll increases. What happens if one of my team resign? Through no fault of the business?

Your business can only receive JobMaker for your eligible employees if total employee headcount and payroll increases. If the headcount or payroll decreases or remains the same, JobMaker cannot be claimed for that period.

For example, if you had three staff at September 2020 and hired an additional two employees in late October 2020, your business can claim JobMaker for the two new employees assuming the business and the employer are eligible and payroll has increased compared to the September 2020 quarter. However, in December 2020, one of your original staff members resigns. As a result, your business can only claim JobMaker for one eligible employee in December as your headcount has increased by one, not two, compared to the September 2020 baseline.

A similar baseline concept applies to payroll. If you employed new eligible employees in October 2020 but your overall payroll remained the same or only increased marginally because the hours of your existing staff reduced when the two new employees were employed, then the JobMaker credit will only be the additional payroll amount. That is, if the JobMaker credit

for the two employees for the quarter is \$8,960, but payroll compared to the September 2020 quarter only increased by \$1,200, then the JobMaker credit you receive would be \$1,200. The JobMaker credit cannot exceed the increase in payroll.

Each month, employers will need to ensure they pass these 'additionality' tests before claiming.

Your headcount and payroll increase is measured on the last day of each reporting period from the date your first new employee started. For example, if your first new employee joined in October 2020, your baseline is set at that point. If a new employee starts in January 2021, your payroll and headcount baseline is measured from the last reporting period, in this case, December 2020 for headcount and the December quarter for payroll. That is, your baseline commences from the date your new employee starts and then is reassessed each reporting period to ensure there is an increase.

If I don't hire new staff until January 2021, can I claim JobMaker for 12 months or only up to 6 October 2021?

JobMaker is available for 12 months for eligible employees hired from 7 October 2020 until 6 October 2021. If you hire new employees from January 2021, JobMaker is available for 12 months for these employees assuming that the employees and business are eligible and the 'additionality' test is passed.

The baseline for the 'additionality' tests – headcount and payroll – starts from the start date of your new employee. The Government has indicated that the baseline for the 'additionality' test will be adjusted in the second year of the program to ensure an employer can only receive JobMaker for 12 months for each additional position created. The detail of exactly how these rules will work has not been released as yet.

My business did not have employees in September but I hired my first employee in late October. Can I claim the JobMaker credit for them?

Businesses with no employees on 30 September, cannot claim JobMaker for their first employee. However, JobMaker can be claimed for your second and any subsequent employees that started on or before 6 October 2021.

Can the business get JobKeeper and JobMaker?

No. Once your business exits [JobKeeper](#) and is no longer receiving JobKeeper payments for any employees or business participants, if eligible, the business could then start to receive JobMaker credits. The business is eligible for the hiring credit in the reporting period following your JobKeeper exit date.

If you have any question about how JobMaker can help your business, please contact our office on 08 6118 6111 or email hello@prescottsolutions.com.au

The JobMaker credit and the details of how the rules will apply are subject to change. Please do not make decisions based on the JobMaker information available as the final shape of the legislation could change. We will provide a summary of the rules and how you can claim the JobMaker hiring credit as soon as the rules are confirmed.