



JobMaker hiring credit: What you need to know

The JobMaker Hiring Credit scheme was passed into law in mid-November 2020. JobMaker was part of the 2020-21 Federal Budget, and will operate until 6 October 2021. It is designed to improve the prospects of young individuals getting employment, by incentivising employers to hire them, following the devastating impact of COVID-19 on the labour market.

The scheme will be backdated to commence on 7 October 2020 and provide eligible employers with the following payments for up to 12 months for new jobs created for which they hire the following young workers:

- \$200 a week for hiring a worker aged 16 to 29 on at least 20 hours a week, and
- \$100 a week for those aged 30 to 35.

Although the scheme is slated to run for just 12 months, that period is the hiring period – not the payment period. Eligible employers who hire an eligible employee on the last day of the scheme (6 October 2021), may be eligible

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for hiring credits for the subsequent 12 months until 6 October 2022.

EMPLOYER ELIGIBILITY

The criteria are broad (for example, having an ABN, being registered for PAYG withholding, being up-to-date with lodgement obligations, reporting through STP), however some employers are specifically excluded, as follows:

- employers who are claiming JobKeeper
- entities in liquidation or who have entered bankruptcy
- federal, state, and local government agencies (and entities wholly owned by these agencies)
- employers subject to the major bank levy
- sovereign entities (except those who are resident Australian entities owned by a sovereign entity).

JOBMAKER PERIODS

Entitlement to a JobMaker Hiring Credit payment is assessed in relation to three-month periods known as “JobMaker periods”. These periods are relevant for the purposes of the additional criteria (see below). Each of the following is a JobMaker period (inclusive):

Period 1	7 October 2020 to 6 January 2021
Period 2	7 January 2021 to 6 April 2021
Period 3	7 April 2021 to 6 July 2021
Period 4	7 July 2021 to 6 October 2021
Period 5	7 October 2021 to 6 January 2022;
Period 6	7 January 2022 to 6 April 2022
Period 7	7 April 2022 to 6 July 2022
Period 8	7 July 2022 to 6 October 2022

ADDITIONAL CRITERIA

Key to the scheme is that employers must have hired additional eligible employees. The additional criteria for the first four JobMaker periods requires that there is an increase in:

- the business's total employee headcount (minimum of one additional employee) from the reference date of 30 September 2020; and
- the payroll of the business for the reporting period, as compared to the three-months to 30 September 2020.

The following is an example provided by Treasury for an increase in headcount:

Lisa employs two new staff, Emma aged 28 and Jessica aged 32, who both start on 7 January 2021 and meet the employee eligibility requirements.

Angus resigns from his job at Lisa's business, effective as at 7 January 2021. When claiming for the March quarter reporting period (7 January 2021 to 6 April 2021), Lisa again compares her current situation to her baseline:

- On 30 September 2020, her baseline headcount was 2 and her quarterly payroll was \$30,000.
- On 6 April 2021, her headcount was 4 and her payroll for the reporting period was \$52,000.

For the March quarter reporting period, as her headcount is 2 above her baseline, Lisa can claim for the 2 additional positions. Lisa notifies the ATO through STP of the commencement of Emma and Jessica on 7 January 2021, and that Angus was no longer employed as at 7 January 2021.

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SINGLE TOUCH PAYROLL

When your reporting can cease

A business may no longer be required to lodge single touch payroll (STP) reports for a number of reasons. These are if your business no longer has employees, has ceased trading, has changed structure, is not paying employees for the rest of the year, or has paused due to COVID-19. Depending on your business's situation and circumstances, what you need to do may be different.

NO LONGER EMPLOYING STAFF

If you cease employing staff and continue trading without employees, you must submit a finalisation declaration to the ATO for all your employees as part of your STP reporting.

Once you do this, the ATO will pre-fill the employees' income tax returns and display the information as "tax ready" in their myGov at the end of the financial year. You can make a finalisation declaration at any time during the financial year when you have ceased employing.

When you have finalised your STP obligations, you can cancel your pay-as-you-go (PAYG) withholding registration to let the ATO know that you are no longer employing staff.



If you are a sole trader, the requirements will be different. Ask this office for guidance if this is your situation.

CLOSING A BUSINESS

If you are ceasing trade, before you close your business and cancel your Australian business number (ABN), you must bring all your lodgement obligations up to date, including STP reporting.

As part of your STP reporting, you will need to make an STP finalisation declaration for all of your employees. Once you do this, the ATO will pre-fill the employees' income tax returns and display the information as "tax ready" in their myGov at the end of the financial year.

You can make a finalisation declaration at any time during the financial year. When you have finalised your STP obligations, you can cancel your PAYG withholding registration to let the ATO know that you are no longer employing staff. Once this is done, you should cancel your goods and services tax (GST) and ABN registrations so the ATO knows you have ceased trading. Of course we can help you with all of this.

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Single touch payroll: When your reporting can cease *cont*

It is important that you finalise all outstanding STP reporting before you cancel your ABN and your software subscription, in order to meet your STP obligations. If you're a company but no longer carry on a business, you can choose to keep your ABN registration. However, you must cancel your GST and PAYG withholding registration and lodge an STP finalisation declaration.

CHANGES TO YOUR BUSINESS STRUCTURE

If your business structure changes, the ABN and branch under which you have been generating your STP reporting may change. If this occurs, you must:

- finalise your STP reporting under the ABN and branch you have been using for your STP reporting
- start your STP reporting under the new ABN and branch using zero year-to-date employee amounts.

i It is important to finalise your STP reporting under the ABN and branch before you lose access to it, or it is cancelled or deregistered.

NO PAYMENTS TO EMPLOYEES FOR THE REST OF THE YEAR

If you won't be paying any employees for the rest of the financial year, or for a period greater than your reporting obligations, you should lodge a "No requirement to report" notification. To do this, lodging via the ATO's Business Portal, select: "Manage employees", then "STP deferrals and exemptions", and select "No requirement to report".

PAUSING YOUR BUSINESS DUE TO COVID-19

If your business has been paused due to COVID-19 and, at present, you are not employing and not receiving JobKeeper payments, you should lodge a "No requirement to report" notification (as per the above process). ■

JobMaker hiring credit: What you need to know *cont*

ELIGIBLE EMPLOYEES

These are those who commenced employment between 7 October 2020 and 6 October 2021; were aged between 16 and 35 years at the time they commenced employment; have worked an average of 20 hours a week for each whole week the individual was employed by the qualifying entity during the JobMaker period.

Additionally the worker must have met the pre-employment condition, which requires that for at least 28 of the 84 days (that is, for 4 out of 12 weeks) immediately before the commencement of employment of the individual, the individual was receiving at least one of the following payments:

- parenting payment
- youth allowance (except if the individual was receiving this payment on the basis that they were undertaking full time study or was a new apprentice), or
- JobSeeker payment.

Note that the new worker must be in a genuine employment relationship. For example, "non-arm's length" employees will not be considered eligible employees. This includes family members of a family business, directors of a company and shareholders of a company.

PARTICIPATION AND NOTIFICATION REQUIREMENTS

To be entitled to the JobMaker Hiring Credit payment in relation to a JobMaker period, employers must have notified the Commissioner in the approved form of its election to participate in the scheme no later than by the end of the period that the entity first elects to participate. For example, for an entity that elects to participate for the JobMaker period of 7 January 2021 to 6 April 2021, the notice must be provided to the Commissioner by 6 April 2021.

The reporting requirements will include the details of employees that have commenced or ceased employment during a JobMaker period and the entity's payroll amount. The Commissioner will also specify that the information must be provided through the STP. ■

Getting a tax valuation from the ATO

Not every individual situation fits neatly with the tax laws as they stand — sometimes a taxable item's known value (and therefore the tax that applies to it) may need to be determined.

Many tax laws require the taxpayer to determine the market value of something. Common instances include:

- for individuals – transfers of real estate or shares between related parties, such as family members
- for employees – non-cash benefit transactions, such as gifts or other benefits such as car parking
- for small businesses – transfers of assets to related parties, or passing the asset threshold tests for the small business capital gains tax concessions
- for property developers – the GST margin scheme
- for businesses – consolidation events
- for all taxpayers – many anti-avoidance provisions.

Particularly for capital gains tax purposes, there are a number of instances where a valuation may be necessary. In doing this, there are two choices:

- ask the ATO to provide the valuation, or
- provide the ATO with a valuation of the item and ask it to confirm that valuation.

The ATO may take the option to use a professional valuer to undertake or review your own valuation. The valuer usually charges the ATO a fee, which the law allows it to pass onto you. Consequently, if you apply for

a private ruling requiring a valuation, it is also required that you pay for the work of the valuer.

The ATO says that for tax purposes, the acceptability of a valuation usually depends on the valuation process undertaken rather than who conducted it. However, there are some exceptions. For example, only a professional valuer may undertake a market valuation for GST margin scheme purposes or for determining non-monetary consideration for GST purposes.

Acceptable valuations

Except for the most straightforward valuation processes, valuations undertaken by people experienced in their field of valuation would be expected to provide more reliable values than those provided by non-experts.

According to legal precedent, experts who assess market value should have specific knowledge, experience and judgement in that particular field. While professional qualifications may add weight to the valuer's opinion, they should also display personal integrity and competence. To ensure the objectivity of the report, the valuer should be independent of the party commissioning the report.

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Getting a tax valuation from the ATO *cont*

The valuation process should be adequately documented; if it isn't, the ATO may not accept the resulting value as a market value.

Whenever the ATO uses a professional valuer, it will first give an estimate of how much the valuer will charge. This amount is generally required to be paid before the ATO will proceed. If however the valuation work has already started, it will generally be required that you pay for the work already undertaken.

If you provide the ATO with a valuation that meets the requirements set out in ATO guidance **Market valuation for tax purposes** (most search engines will find this for you), it will generally cost less to confirm it than to undertake a new valuation.

If the ATO decides that the valuation you have provided is not acceptable, before it issues a private ruling the ATO will ask if you want to either:

- submit a new valuation for review, or
- ask the ATO to provide the valuation.

You will need to pay any further costs the professional valuer charges to the ATO. And if the ATO does not receive any such advice, it generally will issue a private ruling stating that your valuation is not acceptable and that it will not provide an alternative valuation.

What happens when applying for a private ruling about the value of an item?

When the ATO receives an application for a private ruling that asks to determine or confirm the value of a thing, the following occurs:

- if it needs to use a professional valuer, before it starts the valuation process it will tell you, and ask you to agree in writing, to use a professional valuer
- it will ask for your input when selecting and instructing a valuer
- it will ask the professional valuer to provide a quote for the work – either to value the thing, or to review the valuation that has been supplied
- the ATO will provide a copy of the valuer's quote, which contains
 - the cost of their work
 - the time it will take to provide a report
 - any additional information they require to complete the work.

For complex valuation cases, the valuer may need to do the work in stages. In these situations, they will provide a quote for each stage before starting work on it. And before the valuer starts work, the ATO will ask you to:

- pay the estimated amount for the relevant stage, and
- provide any additional information the valuer requests.

Within 28 days of receiving the quote, you need to pay the quoted amount, which may be the whole amount or the amount for the stage in question.

The ATO generally does not ask the valuer to do the work until payment is received. Once the ATO receives your payment, it will:

- ask the valuer to start the work, and
- send you a receipt for your payment.

The receipt the ATO issues is also a tax invoice – for which you may be able to claim the GST included in the valuer's fee as a GST credit. Also note that as the cost of the valuation work is considered to be a cost of managing your tax affairs, it may be deductible for income tax purposes.

The ATO will tell you:

- when the valuation is finished or confirmed, and
- if there are any changes to the final cost of the valuation or review.

It will then either:

- refund any extra amount you paid, or
- ask you to pay any shortfall.

If there is a shortfall, this will need to be paid this before the ATO will provide your private ruling. Generally however, it can complete your private ruling within 28 days of receiving the valuer's report.

Private rulings involving a valuation may take longer than other private rulings because of the possibility of having to engage a professional valuer. Generally, the ATO will make contact within 14 days of receiving such an application to discuss an appropriate reply date. ■

Natural disasters and help with your tax

Now that we are into bushfire season, and with flooding events having already occurred, it is perhaps timely to be reminded that as well as the more obvious immediate devastation inflicted on people's property, destructive events such as fires or floods can also mean loss of income for the affected people. This can come about not only directly, but also in terms of damage done to workplaces, income-earning tools of trade, vehicles and essentials such as computers and other equipment.

The ATO says that if you are affected by natural disaster, such as bushfires, floods or storms, there is generally no need to worry about your tax affairs right away. It says it will give you time to deal with your more immediate problems first, and has a dedicated phone number (1800 806 218) to provide information about what support it can offer.

MORE TIME TO LODGE, PAY AND RESPOND

The ATO says that your tax obligations can generally be put to one side until you have dealt with the immediate effects of the disaster – whether you are affected yourself or are helping those affected. It can allow more time to settle tax debts, or if you are unable to lodge your return or activity statement, or cannot immediately deal with any other correspondence that may be currently on the table.

The ATO also says that if a business owner is unable to lodge a superannuation guarantee charge (SGC) statement, it can give you more time to lodge, although you will still be liable for the SGC and the nominal interest component will continue to accrue. You may be able to vary the amount of your next instalment if you are liable to pay under the Pay-As-You-Go instalments system.

EARLY ACCESS TO YOUR MONEY

If you are expecting a refund from an income tax return or activity statement, the ATO may be able to arrange for your refund to be issued as a priority. In limited circumstances, you may be able to access your superannuation to assist you and your dependants, but special consideration will need to be sought.

ASSISTANCE PAYMENTS

After a natural disaster, it may be the case that you receive assistance from government authorities, charitable institutions, employers, your family, a trade union or other sources. Most one-off assistance payments are tax free, but regular Centrelink payments remain taxable.

DAMAGED OR DESTROYED PROPERTY

If your property is damaged or destroyed in a disaster, you may receive an insurance payout if you had appropriate cover. How this is treated for tax purposes depends on the type of property and whether or not the property is income-producing. Repairs to income-producing properties are generally tax deductible in the year you incur them. However, this depends on whether

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Natural disasters and help with your tax cont

the work you do restores it to its original condition or goes beyond remedying the damage to the point where it is an improvement or a complete replacement. Significant capital gains tax concessions may also apply. Talk to us for guidance in this regard.

RECONSTRUCTING YOUR TAX RECORDS

If your records have been lost or destroyed — whether you are an individual, in business, or responsible for a self-managed superannuation fund — talk to this office about how we can help. The ATO can also provide assistance to help reconstruct your tax records and make reasonable estimates where necessary.

FUEL TAX CREDITS FOR INDIVIDUALS, BUSINESSES AND OTHERS

Following a disaster, you may need to use taxable fuel (such as diesel or petrol) for generating electricity for domestic purposes; you may then be eligible to claim fuel tax credits. Businesses that are registered for goods and services tax (GST) can claim credits for the fuel tax included in the price of fuel used in eligible business activities to run machinery, plant, equipment and heavy vehicles. Non-profit organisations that are not registered for GST can claim credits for fuel used in operating emergency vehicles or vessels. ■



FAST HELP

See the government's
website

www.disasterassist.gov.au
for current disaster
assistance and other
valuable information.

Also ask this office should
you require help with lost
records, lodging forms,
payments, assistance in
getting a faster tax return
and more.

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