



Support for not-for-profit organisations

The Government is providing vital support for not-for-profits (NFPs) to withstand the economic impacts of the Coronavirus.

JOBKEEPER PAYMENT

Summary

The JobKeeper Payment will provide a wage subsidy to eligible employers and the self-employed, who have experienced a decline in turnover as a result of the Coronavirus. NFPs (including charities) are eligible to apply for the Scheme. The JobKeeper Payment will help to offset the cost of ongoing employees and will encourage employers to maintain a connection with employees that have been stood down.

Under this Scheme, employers impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged to receive the JobKeeper Payment.

Eligibility

NFPs (excluding charities) will be eligible for the JobKeeper Payment if, at the time of applying:

- they have an aggregated turnover of less than \$1 billion (for income tax purposes) and they estimate their GST turnover has fallen or will likely fall by 30 per cent or more; or
- they have an aggregated turnover of \$1 billion or more (for income tax purposes) and they estimate their GST turnover has fallen or will fall by 50 per cent or more.

Charities registered with the Australian Charities and Not-for-profits Commission (ACNC) will be eligible for the subsidy if they estimate their turnover has or will likely fall by 15 per cent or more relative to a comparable period. This lower turnover decline test does not apply to universities and non-government schools that are registered charities, who will remain subject to the turnover decline tests set out above for other not-for-profits.

Employing charities (excluding universities and non-government schools) registered with the Australian Charities and Not-for-profits Commission (ACNC) can elect to exclude government revenue (including revenue from the United Nations and its agencies) from the turnover test. This change would maintain the 15 per cent turnover test for these charities but will allow them to use either their total turnover or turnover excluding government revenue for the purposes of assessing eligibility for the JobKeeper Payment.

Registered religious organisations, that meet the turnover test, will be able to receive a JobKeeper Payment for each eligible religious practitioner (with the exception of those that are students only) for which they are responsible under the tax law.

The Australian Government and its agencies, State and Territory governments and their agencies, foreign governments and their agencies, local governments and wholly-owned corporations of these bodies are not eligible for the JobKeeper Payment.

To establish that a not-for profit has faced or is likely to face the relevant fall in turnover, most would be expected to establish that their turnover has or will likely fall in the relevant month or quarter relative to their turnover in the corresponding period a year earlier. Turnover is generally calculated as it is for GST purposes, and is reported on Business Activity Statements, with some modifications to ensure it can be applied appropriately to individual entities in respect of the periods being tested by the JobKeeper rules. It includes all taxable supplies and all GST free supplies but not input taxed supplies. For consistency, NFPs

who do not report through a Business Activity Statement are required to use the same rules for calculating their turnover.

For registered charities, they may also include donations they have received or are likely to receive in their turnover for the purpose of determining if they have been adversely affected.

Where a not-for-profit was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established, were scaling up, or their turnover is typically highly variable), the Tax Commissioner has discretion to set out alternative tests that would establish eligibility in specific circumstances.

NFPs that have had a liquidator appointed are not eligible for this payment.

Eligible employers will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that employer – including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those employees who have been with their employer on a regular and systemic basis for at least the previous 12 months as at 1 March 2020 and who are not the permanent employee of another employer. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder. The employee must also be an Australian tax resident as at 1 March 2020. Employees receiving Parental Leave Pay from Services Australia are not eligible for the JobKeeper Payment. However, employees on parental leave from their employer will be eligible.

Where a charity has employees that are fully funded from government revenue and the charity meets the decline in turnover test by excluding that revenue, the charity may choose not to nominate those employees.

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a NFP that was their employer on 1 March 2020 will be eligible.

Where an employee is accessing support through Services Australia and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

Process

To participate in the Scheme, employers must:

- Register an intention to apply on the ATO website and assess that they have or will likely experience the required turnover decline.
- Provide information to the ATO on eligible employees. This includes information on the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or rehired).
- Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax). Employees who receive \$1,500 per fortnight or more from their employer will continue to receive their regular income according to their prevailing workplace arrangements. For employees that have been receiving less than this amount, the employer will now need to pay them, at a minimum, \$1,500 per fortnight before tax.
- Notify all eligible employees that they are receiving the JobKeeper Payment.
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations:

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of, or have applied for, an income support payment must advise Services Australia of their new income.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the JobKeeper Payment from 30 March 2020 on the ATO website.

Food Assistance

Food Assistance is a charity that expects turnover will decline by more than 15 per cent in the coming months. The employees are:

- five full-time employees on a salary of \$3,000 per fortnight before tax;
- 15 permanent part-time employees on a salary of \$1,000 per fortnight before tax; and
- 40 volunteers.

Food Assistance is eligible to receive the JobKeeper Payment for each paid employee, which would have the following benefits for the charity and its employees:

- The charity continues to pay the full-time employees their salaries of \$3,000 per fortnight before tax, and the charity will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of their salaries and will continue paying the superannuation guarantee on the income.
- The charity continues to pay the part-time employees \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The charity receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of the part-time employee's salaries. The charity must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages for the part-time employees. The charity has the option of choosing to pay the superannuation guarantee on the additional \$500 (before tax) under the JobKeeper Payment.
- The charity will not receive the JobKeeper Payment for their 40 volunteers.

BOOSTING CASH FLOW FOR EMPLOYERS

Summary

The Government is providing at least \$20,000 and up to \$100,000 to businesses and NFPs with aggregated turnover under \$50 million and that employ workers. These payments will help businesses and NFPs' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

NFP employers will receive an initial payment equal to 100 percent of Pay-As-You-Go income tax withheld from their employees' salary and wages, with a minimum payment of \$10,000 and the maximum payment capped at \$50,000. An additional payment is also being introduced in the July – October 2020 period, where eligible entities will receive an additional payment equal to the total of all payments they have received. This means that eligible entities will receive at least \$20,000 and up to a total of \$100,000.

For those NFPs that are not income tax exempt, the payments will be treated as tax free. The Boosting Cash Flow for Employers payment and additional payment does not impact taxes paid by employees in respect of their salary and wages received. The ATO will continue to recognise the full amount that was withheld from the employee's salary or wages in calculating the Pay-As-You-Go credit the employee is entitled to.

Eligibility

NFPs with aggregated turnover under \$50 million that employ workers will be eligible. This can include companies, trusts and other eligible NFP structures.

- NFP entities who do not employ salary and wage staff but who have a Pay As-You-Go withholding obligation in relation to other forms of remuneration may also be eligible where they satisfy the other eligibility requirements. The other forms of remuneration include payments to contractors where the contractor has voluntarily requested withholding.
- The payments will only be available to eligible NFP employers established prior to 12 March 2020. However, charities registered with the Australian Charities and Not-for-Profit Commission (ACNC) will be eligible regardless of when they were registered, subject to meeting other eligibility requirements. This recognises that new charities may be established in response to the Coronavirus pandemic.
- Eligibility for taxable NFPs will be determined on prior year aggregated turnover as these entities lodge income-tax returns; eligibility for income-tax-exempt NFPs registered for GST will be estimated from GST reported amounts through the BAS statement; and eligibility for registered charities will be estimated based on information derived from Annual Information Statements provided to the ACNC or GST reported through the BAS statement. Where an eligible NFP entity is inadvertently omitted by one of these tests, the ATO may require additional information to assess eligibility for the bonus.

Process

The payment will be delivered by the Australian Taxation Office (ATO) as an automatic credit in the activity statement system upon businesses lodging eligible activity statements.

Timing

The initial cash flow boosts will be delivered as credits in the activity statement system from 28 April 2020.

Help for the Homeless Op-Shop

Help for the Homeless, a registered charity, runs an op-shop to support its programs and employs five part-time workers with average income of \$30,000 per year. It reports total withholding of \$3,510 for its employees for each quarterly BAS.

Under the Government's changes, Help for the Homeless will be eligible to receive the payment on lodgement of its BAS as it is a charity. Help for the Homeless receives:

- A credit of \$10,000 for the March quarter, the minimum payment.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Help for the Homeless will receive \$20,000. Under the previously announced Boosting Cash Flow for Employers measure, NFPs were not eligible for the support.

CORONAVIRUS SMALL AND MEDIUM ENTERPRISES (SME) GUARANTEE SCHEME

Summary

The Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme will enhance lenders' willingness and ability to provide credit, supporting many otherwise viable SMEs, including NFPs, to access vital additional funding to get through the impact of Coronavirus.

The Scheme will support up to \$40 billion of lending to SMEs, including sole traders and NFPs. Under the Scheme, the Government will guarantee 50 per cent of new loans issued by participating lenders to SMEs.

Through this Scheme, the Government will support unsecured loans of up to \$250,000. These loans are intended to provide for current and upcoming cash flow needs, including rent and staff expenses.

The loans provided under the Scheme will be available with a term of up to three years. A six month repayment holiday will be available on all loans.

Eligibility

NFPs are eligible for the Scheme, provided they have an aggregated turnover of less than \$50 million and have an ABN. As is the case for other businesses, NFPs will be eligible for loans of up to \$250,000 via commercial lenders participating in the Scheme.

- The Scheme will be available to SMEs, including NFPs, with turnover of less than \$50 million in the previous financial year or expected turnover of less than \$50 million in the current financial year.
- The ability of SMEs, including NFPs, to access the loans is ultimately a decision for participating lenders. Credit assessment processes will be undertaken, however lenders are expected to look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

Process

NFPs seeking to apply for a loan under the Scheme should contact their current financial institution or any other participating lender. A list of participating lenders will be made available on the Treasury website once approved. The Government is not directly participating in the lending process, but instead providing a guarantee to lenders.

Timing

The Scheme will be available for new loans made by participating lenders until 30 September 2020.

\$200 MILLION COMMUNITY SUPPORT PACKAGE

Summary

The Government will provide an additional \$200 million Community Support Package to support charities and other community organisations which provide emergency and food relief, as demand for these services surges as a result of the Coronavirus.

The Community Support Package will provide funding to boost support to services where demand is quickly increasing, including:

- Emergency Relief which will help vulnerable Australians who need assistance with bills, food, clothing or petrol and increase and retain workforce capacity including volunteers.
- Assistance for food relief organisations to source additional food and transport for emergency relief service providers, and rebuild workforce capacity.
- Immediately scale-up services through the National Debt Helpline — which is often the first point of contact for people experiencing financial difficulties, and to support one-on-one tele-financial counselling.
- Creating a short-form Financial Counselling course through Financial Counselling Australia to train new financial counsellors to boost the workforce, potentially providing hundreds of new jobs.
- Expanding access to safe, affordable financial products through the No Interest Loan Scheme which provides an immediate financial relief alternative to other high-risk, high-interest products such as credit cards and payday loans.

Eligibility

Eligibility requirements for these programs remain unchanged.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.