



Alternative turnover test for JobKeeper released

Alternative decline in turnover tests for the JobKeeper payment scheme has been registered by the ATO. The ATO says the alternative tests will only kick in if an entity cannot satisfy the basic decline in turnover test.

The instrument applies to provide alternative bases for a class of entities (more below) to satisfy the decline in turnover test for the purposes of seeking to be a qualifying employer for JobKeeper payments, when the Commissioner is satisfied that there is not an appropriate relevant comparison.

The explanatory statement says these alternative tests will only apply to certain circumstances, of which there are seven dealt with in the instrument. The legislative instrument applies to classes of entities to which the following circumstances apply:

1 An entity commenced business after the relevant comparison period in 2019 with the event or circumstance outside the usual business setting being that the business did not exist in the relevant comparison period and as a result there was no relevant comparison period in 2019. This applies to entities that were not operating any business, it does not apply to an entity that was operating one or more businesses and commenced a new additional business.

2 An entity acquired or disposed of part of their business after the relevant comparison period in 2019 including more than one acquisition or disposal and the acquisition or disposal, or acquisitions or disposals, changed their turnover. The event or circumstance outside the usual business setting being that the business was not the same business and as a result is not comparable after the acquisition(s) or disposal(s) to as it was in relevant comparison period in 2019.

3 An entity has restructured part or all of their business after the relevant comparison period in 2019, including more than one restructure, and that restructure, or restructures, has changed the entity's turnover. The event or circumstance outside the usual business setting being that the business was not the same business and as a result is not comparable after the restructure(s) to as it was in relevant comparison period in 2019.

4 An entity has had an increase in turnover by 50% or more in the 12 months immediately before the applicable turnover test period, or 25% or more in the six months immediately before the applicable turnover test period, or 12.5% or more in the three months immediately before the applicable turnover test period. The event or circumstance outside the usual business setting being that as a result of undergoing such rapid growth the business of the entity is not comparable after the growth to the business as it was in the relevant comparison period in 2019.

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- 5 An entity has been affected by a drought or other natural disaster in the relevant comparison period in 2019. The event or circumstance outside the usual business setting being the drought or other natural disaster which adversely affected the business and as a result the relevant comparison period in 2019 is not appropriate.
- 6 An entity has an irregular turnover that is not cyclical, such as can occur in the building and construction sector. The event or circumstance outside the usual business setting is the non-cyclical irregular turnover and as a result the relevant comparison period in 2019 is not appropriate. An entity with a cyclical turnover such as an entity that operates a seasonal business which generates most of its turnover at a particular time of year has an appropriate relevant comparison period – a cyclical turnover is within the usual business setting.
- 7 An entity is a sole trader or a small partnership and the sole trader or one of the partners did not work for all or part of the relevant comparison period because they were sick, injured or on leave during the relevant comparison period and those circumstances affects the turnover of the sole trader or partnership. The usual business setting is the sole trader or partner working in the business generating turnover and so their absence from work is an event or circumstance outside the usual business setting resulting in the relevant comparison period in 2019 not being appropriate.

Outside of these, the ATO says it may not be able to determine an alternative decline in turnover test in each and every circumstance. “For example, an entity being subject to a severe drought from 2018 until September 2019 that reduced the amount of the crop that it could grow,” it says. ■



Answers to COVID-19 work-from-home expense questions and CGT concerns *cont*

Note that in this case, you do not have to have a separate or dedicated area of your home set aside for working, such as a private study.

The shortcut method rate is intended to cover deductible running expenses, including:

- electricity for lighting, cooling or heating and running electronic items used for work (for example a computer), and gas heating expenses
- the decline in value and repair of capital items, such as home office furnishings
- cleaning expenses
- phone costs (which includes decline in value of the handset)
- internet costs
- computer consumables, such as printer ink
- stationery
- the decline in value of a computer, laptop or similar device.

It should be pointed out that you do not **have** to incur all of these expenses, but you are likely to have incurred additional expenses in some of those categories as a result of working from home due to COVID-19.

Importantly, if you opt to use the shortcut method to claim a deduction for additional running expenses, you cannot claim a further deduction for any of the expenses listed above. Also, if you use the 80 cents an hour shortcut method to claim a deduction, when we lodge your 2019-20 tax return we will need to include a note in your return stating “COVID-hourly rate”.

For this shortcut method, the ATO will require some form of record of the number of hours you have worked from home as a result of COVID-19. Examples are timesheets, diary notes or rosters. If using the other methods, a record of the number of hours worked from home is also required along with records of expenses. ■