



Budget 2020–21



JobMaker Hiring Credit

The JobMaker Hiring Credit will help to accelerate growth in the employment of young people during the COVID-19 recovery. This will improve their economic, health and social outcomes and reduce the scarring from long term unemployment.

The JobMaker Hiring Credit will give businesses incentives to take on additional young job seekers. This will help young people access job opportunities as the economy recovers.

The JobMaker Hiring Credit will be available to employers for each new job they create over the next 12 months for which they hire an eligible young person, aged 16 to 35 years old.

It is expected that around 450,000 positions for young Australians will be supported through the JobMaker Hiring Credit at a cost of \$4 billion from 2020-21 to 2022-23.

Key facts

From 7 October 2020, eligible employers will be able to claim \$200 a week for each additional eligible employee they hire aged 16 to 29 years old; and \$100 a week for each additional eligible employee aged 30 to 35 years old.

New jobs created until 6 October 2021 will attract the JobMaker Hiring Credit for up to 12 months from the date the new position is created.

To be eligible, the employee must have received the JobSeeker Payment, Youth Allowance (Other), or Parenting Payment for at least one of the previous three months at the time of hiring.

The JobMaker Hiring Credit will be claimed quarterly in arrears by the employer from the Australian Taxation Office (ATO) from 1 February 2021. Employers will need to report quarterly that they meet the eligibility criteria.

The JobMaker Hiring Credit is designed to support new employment. Employers do not need to satisfy a fall in turnover test.

The additionality criteria


To attract the JobMaker Hiring Credit, the employee must be in an additional job created from 7 October 2020. To demonstrate that the job is additional, specific criteria must be met.

The additionality criteria require that there is an increase in:

- the business' 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 amount of the hiring credit claim cannot exceed the amount of the increase in payroll for the reporting period.

Total employee headcount on 30 September 2020 and payroll in the three months to



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30 September 2020 represent the baseline values for the employer.

The baseline headcount will be adjusted in the second year of the program to ensure an employer can only receive the JobMaker Hiring Credit for 12 months for each additional position created.

Employer eligibility

Employers are eligible to receive the JobMaker Hiring Credit if they:

- have an Australian Business Number (ABN);
- are up to date with tax lodgement obligations;
- are registered for Pay As You Go (PAYG) withholding;
- are reporting through Single Touch Payroll (STP);
- meet the additionality criteria;
- are claiming in respect of an eligible employee; and
- have kept adequate records of the paid hours worked by the employee they are claiming the hiring credit in respect of.

Newly established businesses

Newly established businesses and businesses with no employees at the reference date of 30 September 2020 are able to claim the JobMaker Hiring Credit where they meet the criteria. The minimum baseline headcount is one, so employers who had no employees at 30 September 2020 or who were created after this reference date will not be eligible for the first employee hired, but will be eligible for the second and subsequent eligible hires.

Ineligible employers

The following employers are not eligible for the JobMaker Hiring Credit:

- Commonwealth, state and local government agencies, and entities wholly owned by these agencies.
- Sovereign entities (foreign Governments, their agencies and wholly owned foreign resident subsidiaries). However, Australian resident entities owned by a sovereign entity that meet all other eligibility criteria are eligible.
- Entities in liquidation or who have entered bankruptcy.
- Employers who are claiming the JobKeeper Payment.
- Employers subject to the major bank levy.

Employee eligibility

To be an eligible employee, the employee must:

- be aged either:
 - 16 to 29 years old, to attract the payment of \$200 per week; or
 - 30 to 35 years old to attract the payment of \$100 per week at the time their employment started;
- have worked at least 20 paid hours per week on average for the full weeks they were employed over the reporting period;
- commenced their employment between 7 October 2020 and 6 October 2021;
- have received the JobSeeker Payment, Youth Allowance (Other), or Parenting Payment for at least one month within the past three months before they were hired;


- be in their first year of employment with this employer, reflecting that the hiring credit is only available for 12 months for each additional job; and
- must be employed for the period that the employer is claiming for them.

Employees may be employed on a permanent, casual or fixed term basis.

Ineligible employees

The following are not eligible employees for the JobMaker Hiring Credit:

- employees aged under 16 years or over 35 years at the time their employment started;
- employees for whom the employer is also receiving a wage subsidy under another Commonwealth program such as the Boosting Apprenticeship Commencements wage subsidy, Supporting Apprentices and Trainees subsidy and the Australian Apprentice Wage Subsidy Trial;
- employees that another employer is claiming the JobMaker Hiring Credit in respect of; and
- employees that worked on average less than 20 hours per week, for the full weeks they were employed during a reporting period will be ineligible for that period.



The JobMaker Hiring Credit is designed to support new employment. Employers do not need to satisfy a fall in turnover test

Lisa's Lamington Bakery

Lisa operates a bakery and baked goods catering business with two employees. She hires Angus on 7 October 2020. As at 30 September 2020, Lisa had two other employees and her quarterly payroll for July, August and September 2020 was \$30,000. Lisa's business is not receiving the JobKeeper Payment.

Lisa's employee baseline on 30 September 2020 is two employees and she had a quarterly payroll of \$30,000 in the September quarter 2020. To claim the JobMaker Hiring Credit, her employee headcount and payroll for the reporting period must exceed the baseline level. Employee headcount is the value observed on the final day of the reporting period, while payroll is the total for the reporting period.

Angus is 25 and was receiving JobSeeker Payments from 1 July 2020 to 31 October 2020. While Angus has no guaranteed hours, Lisa expects he will work 7 hours a day, three days a week (that is, more than 20 hours a week on average).

Following the end of the first reporting period for the JobMaker Hiring Credit, Lisa compares her situation to her baseline:

- On 30 September 2020 her baseline headcount was 2 and her quarterly payroll was \$30,000.
- On 6 January 2021 (the final day of the first reporting period), her headcount was 3 and her payroll is calculated to be \$39,000.

Lisa is therefore able to claim the JobMaker Hiring Credit in the December quarter reporting period of 7 October 2020 – 6 January 2021. Lisa's payment entitlement is calculated on a per day basis. She is entitled to \$200 per week for the entire December quarter reporting period for Angus.

The claim in respect of Angus is calculated as follows:

$$\frac{\$200 \text{ per week}}{7 \text{ days}} \times 92 \text{ days} = \$2,629$$

If the increase in quarterly payroll relative to the baseline was less than this amount, then Lisa would receive a payment equal to the value of the payroll increase instead.

The ATO will calculate Lisa's entitlement on her behalf, once she has provided the relevant information in her claim and as a part of her ordinary reporting requirements in STP enabled software.

Claiming after a change in employees

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.

As Emma is aged 28, she attracts the \$200 rate per full week, while Jessica attracts the \$100 rate.

Emma at \$200 per week =

$$\frac{\$200 \text{ per week}}{7 \text{ days}} \times 90 \text{ days} = \$2,571$$

Jessica at \$100 per week =

$$\frac{\$100 \text{ per week}}{7 \text{ days}} \times 90 \text{ days} = \$1,286$$

Lisa's total payment: \$3,857

If the increase in quarterly payroll relative to the baseline was less than this amount, then Lisa would receive a payment equal to the value of the payroll increase instead.

The ATO will calculate Lisa's entitlement on her behalf, once she has provided the relevant information in her claim and as a part of her ordinary reporting requirements in STP enabled software.

Claiming in the second year of the program

On 7 October 2021, the JobMaker Hiring Credit closes to new applications.

Employers can only claim a hiring credit for a new position for 12 months. The 12 month eligibility period for each new position begins when an eligible employee is hired and continues even if that employee departs.

7 October 2021 is 12 months from the date Lisa hired her first eligible employee Angus. The rule to limit claims for new jobs to 12 months means her baseline headcount will increase from 7 October 2021, in line with her access to hiring credits a year earlier.

Calculating the 20 hours per week

Dan is a 26 year old eligible casual employee that commenced working for Lisa on 7 July 2021. While Dan has no guaranteed hours, he typically works around 30 hours a week.

Dan was unable to work some of his shifts as intended.

While making a claim, Lisa will need to report whether Dan worked on average at least 20 hours per week (based on hours paid) for the full weeks he was employed in the period. Dan has on average only worked 19 hours. As a result, Lisa cannot claim in respect of Dan for the reporting period, but may claim for him in the next reporting period subject to meeting all other eligibility criteria.

Frequently Asked Questions

When will the JobMaker Hiring Credit commence?

The JobMaker Hiring Credit will commence on 7 October 2020. Eligible employers can receive the payment for up to 12 months for new jobs created for which they hire an eligible young person from 7 October 2020.

When will the JobMaker Hiring Credit end?

The JobMaker Hiring Credit will be available for each new job employers create over the next 12 months for which they hire an eligible young person. It will close to new entrants on 7 October 2021. An eligible employer who hires an eligible employee on 6 October 2021 (the last day that the scheme is open to new entrants) could be eligible for payments for the 12 months to 6 October 2022.

Eligibility criteria

What is the eligibility criteria for employers?

As an employer, you will be eligible to receive the JobMaker Hiring Credit if you:

- Meet the additionality criteria;
- Are claiming in respect of an eligible employee;
- Have kept adequate records of the hours worked (or paid for) by the employee you are claiming the JobMaker Hiring Credit for;
- Have an Australian Business Number (ABN);
- Are up to date with your tax lodgement obligations;
- Are registered for Pay As You Go (PAYG) withholding; and
- Are reporting through Single Touch Payroll (STP).



The JobMaker
Hiring Credit
will commence on
7 October 2020

Employers that are not reporting through STP can visit the ATO website for details on how to enrol:

www.ato.gov.au/Business/Single-Touch-Payroll/


The following employers are ineligible:

- Commonwealth, state and local government agencies, and entities wholly owned by these agencies (universities will not be considered government agencies).
- Sovereign entities (foreign Governments, their agencies and wholly owned foreign resident subsidiaries). However, Australian resident entities owned by a sovereign entity that meet all other eligibility criteria are eligible.
- Entities in liquidation or who have entered bankruptcy.
- Employers who are also claiming the JobKeeper Payment.
- Employers subject to the major bank levy.

Registrations and claiming the JobMaker Hiring Credit

How do I register for the JobMaker Hiring Credit?

Registrations will open for eligible employers through ATO online services from 7 December 2020. Employers do not need to be registered at the time that they hire an employee in order to be eligible. Registration can occur at any time before a claim is made.



The ATO
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Credit to you,
the employer

How and when do I lodge a claim for the JobMaker Hiring Credit?

Employers can submit claims from 1 February 2021 (for new jobs created in the first reporting period of 7 October 2020 to 6 January 2021). Employers will have three months to submit claims following the opening of the claim period.

When will I receive the JobMaker Hiring Credit?

The JobMaker Hiring Credit will be paid quarterly in arrears. Employers can claim the first payment when claims open on 1 February 2021 (for new jobs created between 7 October 2020 and 6 January 2021).

How much is the JobMaker Hiring Credit and who pays it?

For eligible employers who hire eligible employees aged 16 to 29 years old at the time of employment, the JobMaker Hiring Credit is \$200 a week. For eligible employers who hire eligible employees aged 30 to 35 years old at the time of employment, the JobMaker Hiring Credit is \$100 a week.

The ATO will pay the JobMaker Hiring Credit to you, the employer.

How do I calculate my baseline employee headcount and payroll?

For existing businesses operating before 30 September 2020, your employee headcount is the number of employees you have at 30 September 2020 and your payroll is your quarterly payroll for the three months to 30 September 2020.

If you are a new business or had no employees at 30 September 2020, you will not be eligible for the first employee hired, but will be eligible for the second and subsequent eligible hires.

For example, Jack starts a new business on 10 October 2020. His first employee is Jeremy aged 31 years old who he hires on

15 October 2020. On 15 November 2020, Jack hires Tim who is an eligible employee. Because Jack's headcount at 30 September 2020 was zero, he will not be able to claim the JobMaker Hiring Credit for Jeremy who was his first employee, but he may be eligible to claim for Tim.

Your headcount for each reporting period will be taken from the last day of the reporting period. For example, your employee headcount will be measured at 6 January 2021 for the first reporting period. Your payroll for each reporting period is your total payroll across the reporting period. Your payroll needs to be higher than the baseline payroll to meet the additionality criteria. If the increase in payroll for the reporting period was less than the total value of the credit that is being claimed, then you will receive the value of the payroll increase instead.

Does my baseline employee headcount always remain the same?

No. In the second year of the program, your baseline will increase in line with your access to hiring credits a year earlier. This is to ensure that the JobMaker Hiring Credit is only available for up to 12 months from the date a new job was created.

For example, if your baseline was 10 employees at 30 September 2020 and you hired one eligible additional employee on 15 October 2020, your baseline headcount would increase to 11 employees from the reporting period immediately following 15 October 2021. From that reporting period onwards, you could only claim for eligible employees who are above the new baseline (that is, if you have 12 or more employees).

You can only claim the JobMaker Hiring Credit for employees who were employed on or after 7 October 2020

Calculating Payments

Amount of payment

For eligible employees hired from 7 October 2020 until 6 October 2021 for up to 12 months, eligible employers will be able to claim a maximum of:

- \$200 a week for each eligible additional employee they hire aged 16 to 29 years old; and
- \$100 a week for each eligible additional employee aged 30 to 35 years old.

The amount will be the lesser of the amount of the claim and the increase in payroll for the reporting period relative to the baseline payroll.

Employees not employed for the whole reporting period

The amount claimed for the reporting period will be calculated on the number of days worked in the reporting period.

If an eligible employee leaves your business, and is replaced with another eligible employee, you will continue to be able to claim in respect of that position, up to a maximum of 12 months. Replacing an employee does not reset the maximum 12 month period.

Can I receive the JobMaker Hiring Credit for any of my existing employees?

No, you can only claim the JobMaker Hiring Credit for employees who were employed on or after 7 October 2020.

Adjustments to the baseline

The baseline is the employee headcount and quarterly payroll at 30 September 2020. The baseline headcount will increase in the reporting period immediately following 12 months from the date you receive the hiring credit for an additional job created. This will ensure the payment is only available for 12 months for each additional job created.

Interactions with other government programs

Can I receive the JobKeeper Payment and the JobMaker Hiring Credit at the same time?

No, you cannot receive the JobKeeper Payment and the JobMaker Hiring Credit at the same time. An employer receiving the JobKeeper Payment can be eligible for the JobMaker Hiring Credit once they have exited the JobKeeper Payment and are no longer receiving the JobKeeper Payment for any employees or business participants. Eligibility for the hiring credit will commence in the reporting period following their JobKeeper exit date.

For example, Rohana's Hair Salon in Melbourne is eligible for the JobKeeper Payment extension from 28 September 2020 to 3 January 2021, but is not eligible for the JobKeeper Payment extension from 4 January 2021 to 28 March 2021 as business improves in the December 2020 quarter. As the Hair Salon is no longer eligible for the JobKeeper Payment from 4 January 2021, Rohana can claim the JobMaker Hiring Credit for hiring Max, a 25 year old qualified hair stylist who had been receiving JobSeeker Payment, for the 7 January 2021 – 6 April 2021 reporting period.

Can I receive the JobMaker Hiring Credit and other Commonwealth Government wage subsidies for the same employee?

Employers cannot access more than one Commonwealth wage subsidy program for the same employee. This includes the Department of Education, Skills and Employment's wage subsidies, the Boosting Apprenticeships

Commencements Wage Subsidy, the Supporting Apprentices and Trainees Wage Subsidy, and the Australian Apprentice Wage Subsidy Trial.

Eligibility for young people looking for work

I am looking for work – am I eligible to attract the JobMaker Hiring Credit?

If you are aged 16 to 35 years old and you have received the JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the last three months at the time you are hired, you will be eligible to attract the JobMaker Hiring Credit. The JobMaker Hiring Credit will be paid to your employer.

I have been receiving an eligible income support payment and I am aged 16 to 35 years old – will every organisation be able to receive the JobMaker Hiring Credit if they hire me?

Employers need to meet certain eligibility criteria to receive the JobMaker Hiring Credit, so not all employers are eligible. For example, the employer needs to be able to demonstrate that they have increased their overall employment to receive this payment.

How much is the JobMaker Hiring Credit and who pays it?

For eligible employers who hire eligible employees aged 16 to 29 years old at the time of employment, the JobMaker Hiring Credit is \$200 a week. For eligible employers who hire eligible employees aged 30 to 35 years old at the time of employment, the JobMaker Hiring Credit is \$100 a week.

The ATO will pay the JobMaker Hiring Credit to your employer.

Will the JobMaker Hiring Credit impact my income?

Employers need to pay employees in accordance with the prevailing industrial relations arrangements. There is no specific

link between the income your employer is required to pay you and the payment the employer receives through the JobMaker Hiring Credit. However, to be an eligible employee for the JobMaker Hiring Credit you need to have worked for a minimum of 20 hours of paid work per week averaged over the full weeks worked in the reporting period for which the payment is being claimed.

I am eligible now but turn 36 years old soon – will I still be eligible to attract the JobMaker Hiring Credit when I turn 36?

To be eligible, you need to be aged 16 to 35 years old at the time you are hired by the employer who wants to apply for the JobMaker Hiring Credit. People aged 36 years or older at the time of employment are ineligible for the JobMaker Hiring Credit.

Employee eligibility

I am an eligible employee who has been hired by an eligible employer – what do I need to do?

Your employer will ask you to fill out a nomination form where you need to declare that you meet the employee eligibility for the JobMaker Hiring Credit - that is, at the time of hiring you:

- were aged 16 to 35 years old;
- had been receiving JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the three previous months; and
- have not filled in a JobMaker Hiring Credit nomination form for another employer who you are still working for.

How much will I receive from the JobMaker Hiring Credit?

The ATO will pay the JobMaker Hiring Credit to your employer to subsidise their cost of employing you. You will not receive the JobMaker Hiring Credit in your own salary, wages or other payment.

Employers need to pay you in accordance with the prevailing industrial relations arrangements. There is no specific link between the income your employer is required to pay you and the payment the employer receives through the JobMaker Hiring Credit. However, to attract the JobMaker Hiring Credit you need to have worked for a minimum of 20 hours of paid work per week averaged over the full weeks worked in the reporting period for which the payment is being claimed.

How many hours do I need to work to attract the JobMaker Hiring Credit?

You need to work at least 20 hours a week on average for the full weeks worked in the reporting period for your employer to be able to claim the JobMaker Hiring Credit. All paid hours, including paid leave, count towards your average hours, but unpaid leave does not count.

What happens if I work less than 20 hours per week on average in a reporting period, but more in the next reporting period?

Your employer will not be able to claim the JobMaker Hiring Credit for the reporting period where you did not work on average 20 paid hours per week but your employer may be able to claim the credit in the following reporting period, subject to other eligibility criteria.

I nominated to receive the JobMaker Hiring Credit through one employer. Can I get a second job?

Yes, you can have two (or more) jobs. However, you can only complete a nomination for the JobMaker Hiring Credit for one employer at any point in time, as two employers cannot be receiving the hiring credit for you at the same time.



I am on or have recently received one of the eligible income support payments and already have a job. Can I get another job and be an eligible employee for the JobMaker Hiring Credit?

Yes, as long as you meet the criteria by being aged between 16 and 35 years old and receiving the JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months before you are hired. You do not have to quit your first job, as you can have more than one job (as long as only one employer is receiving the JobMaker Hiring Credit for you at any point in time). The ability to be an eligible employee for the JobMaker Hiring Credit may make you more likely to gain additional employment as your employer can claim the hiring credit in respect of your employment with them.

I am an independent contractor - can an organisation I signed a contract to provide services to claim the JobMaker Hiring Credit for me?

No. You will need to be a permanent employee, a casual or an employee on a fixed term contract.

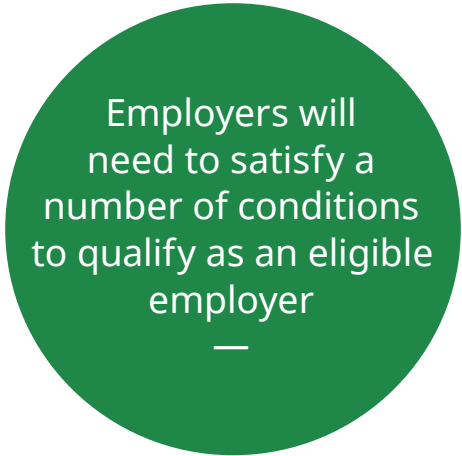
Integrity

What measures will ensure the integrity of the JobMaker Hiring Credit?

The JobMaker Hiring Credit will be paid by the Australian Taxation Office (ATO). The JobMaker Hiring Credit will contain robust integrity features that operate in a similar manner to the JobKeeper Payment drawing on the existing regulatory and enforcement infrastructure of the tax law. In addition to the existing administrative and civil penalties and criminal offences that apply in the taxation law, integrity features range from the eligibility requirements for employers and employees to specific rules to address contrived schemes and fraud.

These measures will not affect taxpayers that do the right thing, but will allow for swift and effective action to be taken against those that seek to abuse the scheme and obtain more than their entitlements.

Employers will need to satisfy a number of conditions to qualify as an eligible employer. These conditions will help ensure that the employers in receipt of the JobMaker Hiring Credit are carrying out genuine business



Employers will need to satisfy a number of conditions to qualify as an eligible employer

activities in Australia. An eligible employer must hold an ABN, be up to date with tax lodgement obligations, be registered for PAYG withholding and be reporting employee payroll information to the ATO through STP.

Employees will also need to satisfy a number of conditions to help ensure they are entering into a genuine employment relationship. For example, 'non-arms 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.