

COVID-19 BUSINESS STIMULUS INITIATIVE - UPDATE

14 May 2020

Job Keeper Initiative

Businesses eligible under the [Job Keeper Initiative](#) must show a turnover drop of at least 30%. Farm business can consider the year directly prior to drought and natural disaster declaration when looking at this drop under the “Alternative Test” method.

During recent COVID-19 business stimulus initiatives webinars, host Andrew Ellem of AE Consultancy, discussed the “Basic Test” under the above initiative. This relies on a relevant appropriate comparison period in 2019, being a calendar month that ends after 30 March 2019 and before 1 October 2019 or a quarter that starts on 1 April or on 1 July 2019 to compare turnover with the same period this year, which will be hard for dairy farms to achieve due to improved seasonal conditions in many areas and increased milk prices verses a year ago.

The government has identified that in some cases this basic test may disadvantage some businesses accessing the Job Keeper program and has listed several circumstances where an “Alternative Test” may be used in the assessment eligibility. Under the alternative test one of the measures in place is business affected by Drought or Natural Disaster declaration during the comparison period in 2019.

The alternative test could allow dairy farmers to use monthly or quarterly GST turnover in the year immediately before the Drought and Natural Disaster was declared in the test.

Whilst many dairy farms have had reasonably stable production patterns year in year out, and improvement in seasonal and milk pricing as mentioned previously, the requirement for a minimum 30% turnover reduction hurdle will still be hard to achieve. Andrew indicates that it is well worth considering this test if your farm business has had a fundamental change to the

business’ operation in the year prior to a declaration. Examples of this could be:

- a large reduction in cows or production
- those that do other activities like contracting or cattle trading which may still not have recovered to pre-declaration levels, or
- something like a large income transaction in one of the months in this prior period such as export heifer sales.

If this or any other activity may have impacted your business, talk to your accountant about your individual situation. Those wishing to look at the extended list of circumstances for the alternative test can visit the [ATO website](#).

Wages subsidies - available through Employment Service Providers for Jobseeker

Financial incentives of up to \$10,000 (GST inclusive) to help your business hire & keep new employees

What financial incentives are available?

Your business may be able to get up to \$10,000 (GST inclusive) when you hire an eligible new employee who is either:

- 15 - 24 years of age
- an Indigenous Australian
- 50 years of age and over

Your business may be able to get up to \$6,500 (GST inclusive) when you hire an eligible new employee who is either:

- 25 - 29 years of age
- a principal carer parent
- a person registered with an employment services provider for 12 months or more

Wage subsidies are paid by your employment services provider to your business over six months. You can set the payment schedule to suit your needs. Talk to your [employment services provider](#) to find out more about wage subsidies.