






JobKeeper Payment and Xero Payroll

Instructions for Week Ending 26/4/2020

Important Dates to Note

1. 1ST Payment Period 30/3/2020 to 12/4/2020
2. 2nd Payment Period 13/4/2020 to 26/4/2020
 -  Must have paid the Minimum of \$1,500 per fortnight Gross Wages per Period
 -  If you fail to process the payruns in these periods then you **WILL NOT** get the reimbursement by the ATO
 -  The ATO has granted an extension for this First Time whereby you need to ensure that from 30/3/2020 through to 26/4/2020 the **Minimum of \$3,000 Gross wages per Eligible Employee** has been processed for the two fortnights.

Practicalities of JobKeeper Payroll Processing

- The JobKeeper top up is to be taxed the same as any other wage item, however the employer does not have to pay Super on the top up amount IF the employee is NOT working any hours to receive the boosted up income.
- If the employer decides to engage the employee to work more hours due to the top up since the Employer will be getting the full reimbursement, then this time will be recorded as normal working hours and therefore subject to Super.
- The JobKeeper Top Up is not overtime. It is used in the pay period to ensure that the employer has fulfilled the obligation of the \$1,500 gross wages a fortnight to each employee before they can claim the reimbursement.

Processing JobKeeper through Xero Payroll

After the recent JobKeeper stimulus details were announced, Xero has released the new Pay Item in Payroll features aimed at recording the JobKeeper top up payment. You will need to attach this pay item to all Eligible Employee's Pay Templates. The payruns will be processed as per your usual pay period. From 30/3/2020 will now include the JobKeeper Top Up item to be utilised in order for your business to be eligible to claim the JobKeeper reimbursements.

We have outlined a step by step procedure to setup your Payroll for JobKeeper:

Step 1

Identify your eligibility as an employer for the JobKeeper Stimulus package and your eligible employees:

<https://www.ato.gov.au/general/jobkeeper-payment/employers/enrol-for-the-jobkeeper-payment/>

Step two

Collect each employee's JobKeeper Nomination Notice for their authorisation. These forms are NOT to be sent to the ATO, they are to be kept on file.

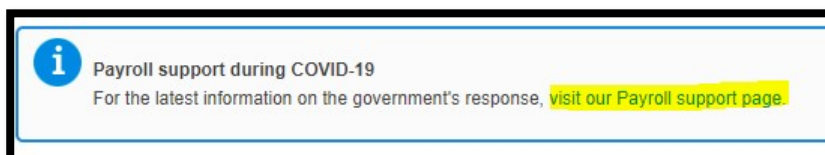
<https://www.ato.gov.au/uploadedfiles/content/cr/d1aab7f2-fbe8-44b8-9ec1-4885ded1088e.pdf>

Step 3

Before you file any STP Reporting that contains JobKeeper Top Up payments, you need to mark the those Eligible Employee's nominating to participate in the program under the JobKeeper Settings in Xero.

To do this, follow these steps:

- Payroll
- Check that all Eligible Employee Card Files are up to date with their personal information.
- Pay Employees
- Click on Payroll Employee Support Page



- Go To JobKeeper Settings

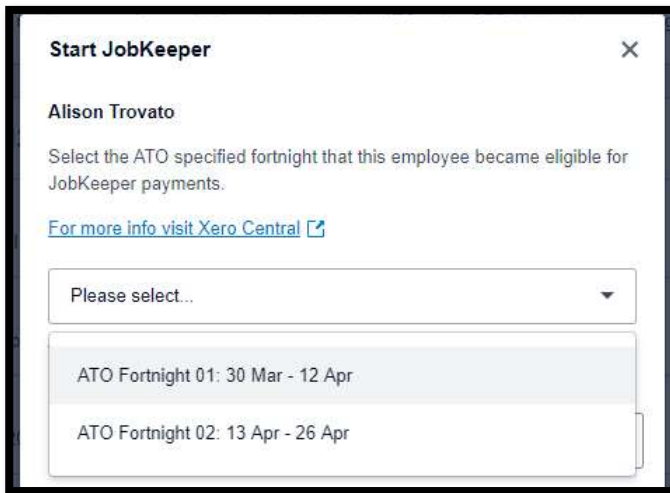


Here you will see a of all your employees with Xero’s assessment of possible eligibility.

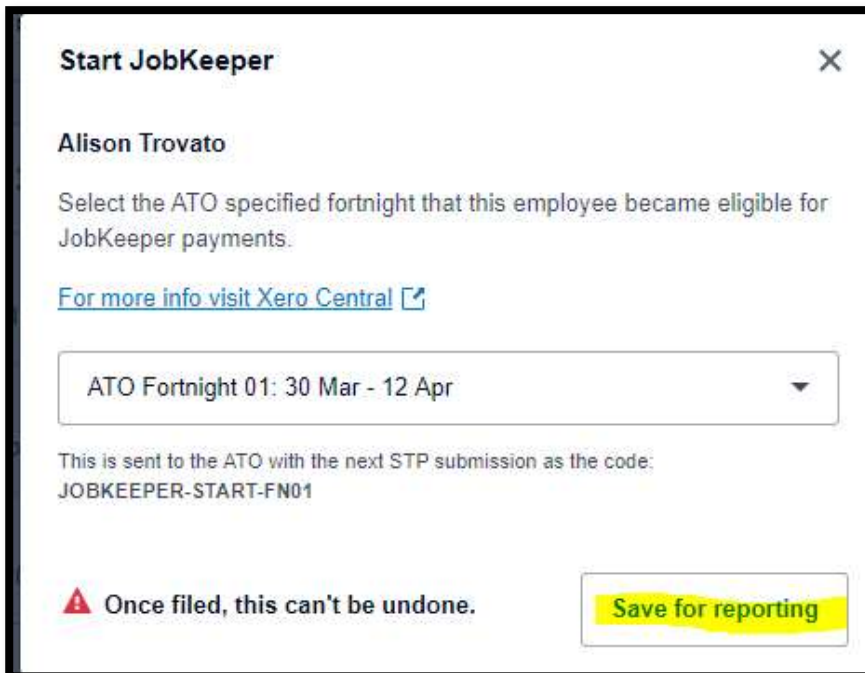
For all eligible employees that have nominated to take part:



- Go to the relevant employee line and click
- Select the Fortnight period in which the JobKeeper payments commenced – our advice unless we have specified otherwise is to choose ATO Fortnight 30 Mar – 12 Apr



- Save For Reporting



This employee is now recorded as commencing JobKeeper. You can now commence JobKeeper Top Up payruns if required and file your STP.

Step 4

Assign the “JobKeeper Top Up” Pay Item to all eligible employee pay templates:

Go to:

- Payroll
- Employees
- Open the eligible employee card file
- Go to Pay Template tab
- +Add Earnings Line underneath their normal paylines
- Select the Earnings Rate from the drop down list called “JobKeeper Payment Top Up”
- OK
- Save
- Repeat this process for all Eligible Employees

Step 5

For each Eligible Employee, review the payrun’s processed between the dates 30/3/2020 and today.
Calculate the Gross Wage for:

| | |
|---|-----------------|
| 1. Week Ending 5/4/2020 | \$ |
| Week Ending 12/4/2020 | \$ |
| Total for Fortnight ending 12/4/2020 | \$ _____ |
| Shortfall below \$1,500? | \$ |
| 2. Week Ending 19/4/2020 | \$ |
| Week Ending 26/4/2020 | \$ |
| Total for Fortnight ending 26/4/2020 | \$ _____ |
| Shortfall below \$1,500? | \$ |

If the Eligible Employee’s gross wage for each of these two fortnights is above \$1,500, no further action is required, you have met the minimum Gross Wages required.

If the Eligible Employee’s gross wage for either fortnight is below \$1,500 move on to Step five

Step 6

If a Shortfall is identified within the first fortnight ended 12/4/2020, run an Unscheduled Payrun to record the shortfall as the JobKeeper Top Up:

Example:

An identified shortfall payment for Eligible Employee #1 of \$600.00 in the first fortnight period. Employer chooses to record the shortfall in the Week ending 5/4/2020:

- Select Payroll
- Add Payrun
- Select **Unscheduled Payrun**



-
- Scroll to the week ended 5/4/2020 and select Next



-
- Click on the button next to the eligible employee line to open and record 0 hours next to the Ordinary Times Earnings.
- Add the fixed amount of \$600.00 next to the JobKeeper Payment Top Up line.
- The Gross should now record as \$600.00, it will calculate the tax and no super.
- **Post the payrun and File STP.**
- **Pay the Net amount to the employee.**

You now have met the first \$1,500 minimum Gross Wage

Step 7

Identify any shortfall in the second fortnight ended 26/4/2020.

As of this week, we are currently in the second fortnight period. If you identify a potential shortfall under the minimum \$1,500, you will be required to add this amount to your payrun for the Eligible Employee.

Before Sunday 26/4/2020:

- Process your normal payrun
- Record your Eligible employee's usual hours of work and add the Gross to the previous pay period in this fortnight.
 - For example, if you run a weekly payrun from Monday to Sunday. Add the Gross from the Week ending 19/4/2020 to the calculated gross for Week ending 26/4/2020. If the total does not meet \$1,500, the shortfall is to be recorded at JK top up.
- **Post the payrun and File STP.**
- **Pay the Net amount to the employee**

Example:

Eligible Employee #1 has been paid their 'usual' wage of \$450.00 for Week ending 19/4/2020.

At processing their payrun for Week Ending 26/4/2020, assuming their 'usual' gross wage will once again be \$450.00, the short fall for the fortnight is \$600.00.

| Earnings Rate | Hours | Rate | Total |
|-------------------------------------|---------|-----------|-----------------|
| Ordinary Hours | 25.0000 | 18.000000 | 450.00 |
| Earnings Rate | | | Fixed Amount |
| JobKeeper Payment Top Up | | | 600.00 |
| + Add Earnings Line | | | 1,050.00 |

The system will calculate PAYG Withholding on the Gross \$1,050.00, however superannuation is only calculated on \$450.00. There is no superannuation liability on the top up payment of \$600.00

You now have met the second \$1,500 minimum Gross Wage

By following these instructions and ensuring your **payments have been made** to your Eligible Employees BY NO LATER than 29 April 2020, you have fulfilled your minimum Gross Wages required under the JobKeeper Stimulus Package obligations.

We will release further instructions soon on the reimbursement claim procedure once the ATO issues these steps.

If you need any assistance with your JobKeeper Payruns during this week ended 26 April 2020, please contact:

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|-------------------|--|
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