



## 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.

The rules implementing the Hiring Credit were made on 4 December 2020 and the Australian Taxation Office (ATO) is now administering the Hiring Credit and information on eligibility is available at: [www.ato.gov.au/General/JobMaker-Hiring-Credit/](http://www.ato.gov.au/General/JobMaker-Hiring-Credit/)

## Key facts

From 7 October, 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 28 consecutive days within the 84 days prior to the start of employment.

The JobMaker Hiring Credit will be claimed quarterly in arrears by the employer from the ATO from 1 February 2021. Employers will need to report information about their entitlement quarterly.

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 from the reference date of 30 September 2020; and
- the payroll of the business for the JobMaker period, as compared to a three month baseline period to 6 October 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 a three month period up to and including 6 October 2020, which is equal to the number of days in the claim period, 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.



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## 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.

### Businesses hiring their first employee

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 from their first eligible employee.

### 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 or has been paid for at least 20 paid hours per week on average for the time the individual was employed during the JobMaker 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 28 consecutive days within the 84 days prior to starting employment;
- 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 in 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; or
- employees that on average worked or have been paid for fewer than 20 hours a week for the time the individual was employed during the JobMaker 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 payroll for 7 July to 6 October 2020 was \$30,000. Lisa's business is not receiving the JobKeeper Payment.

Lisa's baseline headcount on 30 September 2020 is two employees and she had a baseline payroll of \$30,000 for the 92 day period up to and including 6 October 2020. To claim the JobMaker Hiring Credit, her employee headcount and payroll for the JobMaker period must exceed the baseline level. Employee headcount is the value observed on the final day of the JobMaker period, while payroll is the total for the JobMaker period.

Angus is 25 and was receiving JobSeeker Payments from 1 June 2020 to 7 October 2020.

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

- On 30 September 2020 her baseline headcount was 2 and her payroll for the 92 day period prior to 6 October was \$30,000
- On 6 January 2021 (the final day of the first JobMaker period), her headcount was 3 and her payroll for the period is calculated to be \$39,000

Angus worked in excess of 20 hours per week on average over the period. Lisa is therefore able to claim the JobMaker Hiring Credit in the period of 7 October 2020 – 6 January 2021. Lisa's payment entitlement is calculated on a per day basis. Since Angus started on the first day of the JobMaker period Lisa is entitled to \$200 per week for the entire JobMaker period (92 days) 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 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 registration and 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 second JobMaker 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 baseline payroll was \$29,000 for the 90 days (the length of the second JobMaker period) up to 6 October 2020
- On 6 April 2021, her headcount was 4 and her payroll for the JobMaker period was \$52,000

For the second JobMaker 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 the second JobMaker period 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 employees.

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. An employer's baseline headcount for the final four JobMaker periods will be adjusted to reflect changes in their headcount in the first year of the scheme. The business will need to increase its baseline headcount by the aggregate number of eligible additional employees in the period 12 months prior or the increase of the previous period (from the fifth period), whichever is higher.

### **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 worked or paid) for the time he was employed during the JobMaker period. Dan has on average only worked 19 hours per week. As a result, Lisa cannot claim in respect of Dan for the JobMaker period, but may claim for him in the next JobMaker period subject to meeting all eligibility criteria.

## Frequently Asked Questions

### When will the JobMaker Hiring Credit commence?

The JobMaker Hiring Credit commenced on 7 October 2020. Eligible employers can receive the payment for up to 12 months for the 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 for which they hire an eligible young person from 7 October 2020. It will close to new employees after 6 October 2021. An eligible employer who hires an eligible employee on 6 October 2021 (the last day that the scheme is open to new employees) 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) for the employees 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).

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/](http://www.ato.gov.au/Business/Single-Touch-Payroll/)



The JobMaker  
Hiring Credit  
commenced on  
7 October 2020

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 where a liquidator or provisional liquidator or a trustee in bankruptcy has been appointed
- 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 are open for eligible employers through ATO online services. 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 the end of the claim period for which you want to claim the Hiring Credit. The ATO is administering the Hiring Credit and further information is available at: [www.ato.gov.au/General/JobMaker-Hiring-Credit/](http://www.ato.gov.au/General/JobMaker-Hiring-Credit/)





The ATO  
will pay the  
JobMaker Hiring  
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 eligible jobs created in the first JobMaker 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). You can generally expect to receive your payment within five days of your claim being processed.

### **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?**

Your baseline employee headcount is the number of employees you have at 30 September 2020. At registration you will be asked for a baseline payroll which is worked out by counting the payroll expenses in the three months up to and including 6 October 2020 (a 92 day period).

Your headcount for each JobMaker period will be taken from the last day of the JobMaker period. For example, your employee headcount will be measured at 6 January 2021 for the first

JobMaker period. Your payroll for each JobMaker period is your total payroll across the JobMaker period. Your payroll needs to be higher than the baseline payroll to meet the additionality criteria. If the increase in payroll for the JobMaker 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 7 October 2020, your baseline headcount would increase to 11 employees for the JobMaker period starting 7 October 2021. From that JobMaker period onwards, you could only claim for eligible employees who are above the new baseline (that is, if you have 12 or more employees).

## **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 paid will be the lesser of the amount of the claim and the increase in payroll for the JobMaker period relative to the baseline payroll.

### **Employees not employed for the whole JobMaker period**

The amount claimed for the JobMaker period will be calculated on the number of days they were employed in the JobMaker 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.

### **Interactions with other government programs**

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

No, you are not eligible for the JobMaker Hiring Credit if you have claimed a JobKeeper Payment for a JobKeeper fortnight that started during the JobMaker period.

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 JobMaker 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 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 Hiring Credit for at least 28 consecutive days within the 84 days prior to the start of employment, 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. Only one organisation can receive a JobMaker Hiring Credit in regards to you.

#### **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 or been paid for a minimum of 20 hours a week on average for the time you were employed during the JobMaker period.

### **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 28 consecutive days within the 84 days prior to starting employment; 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 completed a minimum of 20 hours a week of work on average for the time you were employed during the JobMaker period.

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

You need to complete at least 20 hours a week of work on average for the time you were employed during the JobMaker period for your employer to be able to claim the JobMaker Hiring Credit. This can include either hours the employee is paid for work done or hours the employee actually works.

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

Your employer will not be able to claim the JobMaker Hiring Credit for the JobMaker 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 JobMaker 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 28 consecutive days within the 84 days prior to the time 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 ATO. The JobMaker Hiring Credit contains 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 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-arm's 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.

The ATO has further information available on their compliance approach here: [www.ato.gov.au/General/JobMaker-Hiring-Credit/Keeping-JobMaker-Hiring-Credit-fair/](http://www.ato.gov.au/General/JobMaker-Hiring-Credit/Keeping-JobMaker-Hiring-Credit-fair/)