

## Article Information

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Service: Corporate & Commercial

Sector: Not-for-Profit

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## COVID-19 Stimulus Measures - How is the Federal Government assisting Not-for-Profits?

**As many not-for-profit organisations face the perfect storm of significantly increased demand for services, added risks to their employees, decreased volunteer numbers and reduced donations from the public caused by the Coronavirus, this article looks at key assistance measures made available by the Federal Government to eligible not for profits.**

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### JobKeeper Payment

A key assistance measure not for profits (**NFPs**) are likely to be able to use to support their organisations is the JobKeeper Payment, which is a proposed subsidy payable to employers to assist them to continue to pay their employees.

On 8 April 2020, the Federal Government passed the *Coronavirus Economic Response Package (Payments and Benefits) Act*. The rules that establish the JobKeeper Payment scheme will be made under section 20 of that Act and have yet to be released.

However, based on information previously provided by Treasury, the JobKeeper Payment rules will likely provide for charities registered with the Australian Charities and Not-for-profits Commission (**ACNC**) to be paid a subsidy for eligible employees if they estimate their turnover has or will likely fall by 15% or more relative to the corresponding month or three-month period in the prior financial year.

The subsidy is proposed to comprise a payment of \$1,500 per fortnight per eligible employee for up to six months.

Based on Treasury fact sheets and FAQs, employees will likely be eligible for JobKeeper payments if they:

- are currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the eligible employer at 1 March 2020;
- are full-time, part-time or long term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
- are at least 16 years of age;
- were a resident for Australian tax purposes on 1 March 2020; and
- are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa holder.

Subsidy payments are to be made to employers in respect of eligible employees monthly in arrears by the ATO commencing in the first week of May. The JobKeeper Payment rules are expected to be released in the coming days.

For more information regarding the JobKeeper payment see [Breaking news - The JobKeeper legislation: What it does and doesn't say](#).

### Boosting Cash Flow for Employers

A further measure that can be leveraged by NFPs is the Boosting Cash Flow for Employers initiative, which provides temporary cash flow support to eligible NFPs to retain employees during the economic downturn associated with COVID-19.

Eligible NFP entities will receive between \$20,000 and \$100,000 delivered in two separate cash flow boosts from 28 April 2020 through credits in the activity statement system when they lodge their activity statements. To be eligible for these cash flow boosts, NFPs must:

- employ staff;
- be registered with the ACNC;
- have aggregated annual turnover of less than \$50 million (based on prior year turnover); and
- have made eligible payments to employees or directors from which tax is required to be withheld (even if employee or director is under the tax-free threshold and therefore, the amount withheld is zero).

Eligible NFPs will receive a credit equal to 100% of tax withheld on their directors' and employees' salary and wages. The initial cash flow boost is to be made available as a credit in the NFP's activity statement and will be posted by the ATO to the account from 28 April 2020.

Eligible entities that received initial cash flow boosts will also receive an additional cash flow boost for the June quarter. Both the initial cash boost and the additional cash boost will be delivered in two or four instalments depending on whether the NFP reports quarterly or monthly. The initial minimum cash flow boost available is \$10,000 even if the amount required to be withheld by the entity is zero. The maximum credit available is \$50,000 per boost.

### **NDIS Provider Support**

On 21 March 2020, the Minister for the National Disability Insurance Scheme (**NDIS**) announced the following measures to support NDIS providers through the COVID-19 outbreak:

1. eligible registered NDIS providers will receive a one-off advance payment based on the monthly average supports delivered in the previous three-month period;
2. a 10 percent COVID-19 loading is to be added to price limits for certain support services for up to six months;
3. changes to the National Disability Insurance Agency cancellation pricing policy have been made to require participants to give 10 business days' notice to cancel a service to avoid paying the full fee for the cancelled service and to allow providers to charge 100 percent of the price of a cancelled service when a participant cancels a service at short notice; and
4. providers can continue to claim for the increased use of cleaning and personal protective equipment associated with COVID-19.

If you would like advice regarding any of these NFP assistance measures, please contact Sarah Johnson.