



# JobKeeper Payments

## Frequently asked questions May 2020 Non-Government schools

### *Calculation of decline in turnover under the basic test for non-government schools*

The [basic test](#) compares your projected GST turnover for a period this year, to your GST turnover for the same period last year. Generally, if your projected GST turnover is less than 30% of your GST turnover for the same period last year, the basic test is satisfied.

Your turnover test period must be:

- March 2020, April 2020, May 2020, June 2020, July 2020, August 2020 or September 2020), or
- a quarter that starts on 1 April 2020 or 1 July 2020.

You can choose to compare the relevant month or quarter, regardless of whether you report quarterly or monthly.

For qualification from the start of the scheme, the turnover test period month used can be either March 2020 or April 2020 or if you use a turnover test period quarter, you must use the one starting on 1 April 2020.

The relevant comparison period must be the period in 2019 that corresponds to the turnover test period.

- ▶ If you do not have an appropriate relevant comparison period in 2019 then you can consider an [Alternative test](#)

### *What do you include in each test period?*

As a non-government school your projected GST turnover and current GST turnover will likely include the following (GST exclusive) amounts:

- Government grants from Commonwealth, State, or Territory governments
- Schools Fees
- Additional amounts relevant to supplies made by the school, for example school excursions, musical lessons and uniform sales
- Unless received from an associate
  - The receipt of tax deductible donations by a deductible gift recipient
  - Gifts of money, property (with a market value of more than \$5,000) and listed Australian shares received by an ACNC-registered charity (that is not a deductible gift recipient).

Your turnover may also include other amounts not listed here.

Amounts you receive relating to input taxed supplies are not included. You do not include bank interest. You also do not generally include amounts relating to a school tuck shop or fundraising event where you have elected to treat those supplies as input taxed (see [GST concessions](#)).

## *Working out what supplies you made during the relevant period*

### ***When are your supplies made?***

When you recognise supplies (including relating to government grants) in your GST returns and financial reports may not necessarily align with **when** your supplies are made.

Supplies of goods, such as uniforms, are made when the goods are removed from your uniform shop or made available to the purchaser.

Education services and the supplies you make relating to government grants are generally supplied on a progressive basis throughout the year, or the period covered by the grant. They can be recognised:

- on a continuous and uniform basis throughout that period; or
- when you recognise the revenue for the education services in your financial reports (if they are prepared in accordance with relevant accounting principles which require the revenue to be recognised at the time the education services are supplied); or
- consistent with an alternative method you use to value all of your supplies made in a period.

### ***Alternative methods for allocating and valuing the supplies you made during a period***

The ATO will allow you to instead choose to recognise all of your supplies made for both the turnover test period and relevant comparison period:

- using the accrual accounting method: this recognises each supply when you would recognise the revenue for the supply in financial reports prepared in accordance with relevant accounting principles, or
- under the GST attribution method: this recognises each supply when you would allocate the supply for GST reporting purposes:
  - If you are registered for GST and account for GST on a cash basis, you can use either the cash or non-cash basis to calculate your GST turnover.
  - If you are registered for GST and currently use a non-cash (typically, time of invoice, or in some cases, time of instalment) basis to account for GST, we expect in most cases you would continue to use this method. However, if you choose to use the cash basis we may want to understand why the different approach is an appropriate reflection of turnover.
  - You should allocate any non-taxable supplies (for example, GST-free school fees) in the same way as you do for your taxable supplies. For example, for non-government schools who report GST on a non-cash basis, if school fees are paid by instalments, the GST-free supply should be recognised when each instalment payment is received or, if you issue an invoice for each instalment, the period in which the instalment invoice is issued (see [progressive or periodic sales and purchases](#)).

The ATO expects all entities, including schools, who use alternative methods for calculating their GST turnover to apply them in good faith. For example, the ATO would be concerned if in 2020 you changed the time you issued invoices or deferred payment of school fees (compared to 2019), or gave broad fee waivers not linked to existing school policy. In those cases, the ATO would seek to understand the reason for the change.

### ***Changes in the value of your supplies***

Any changes in the value of the supplies you have allocated to the test periods under any approach, can only be taken into account if they relate to amounts you have allocated to that period. For example, any fee waivers for instalment amounts due in February cannot be taken into account against the amounts you have allocated to April 2020.

► For detailed technical information see: [LCR 2020/1: JobKeeper payment – decline in turnover test](#)

## *Other Frequently asked questions*

### ***I am a non-government school, how do I take into account any grant funding?***

Where you receive a grant payment in return for a supply of services to the Government, the grant is included in your GST turnover calculation.

How you allocate this to your GST turnover will depend on the method that you use.

For example:

- If you determine the value of your supplies based on when the supply is made and the grant is for the performance of services, the grant payment would generally be spread across the period to which it relates. Depending on the way you prepare your financial reports, you may also be able to use the accruals accounting method you normally use.
- Alternatively, if you choose to allocate your supplies using the GST attribution method and
  - you report GST on a non-cash basis and choose to allocate on this basis, the grant would be allocated to the period it is invoiced. If you received a recipient created tax invoice (RCTI) it will be the period in which the government payer issued the RCTI.
  - you report GST on a cash basis and choose to allocate on this basis, it will be the period in which the grant is received.

Importantly, whichever basis you use must be used consistently in comparing the month or quarter in 2020 with the comparison month or quarter in 2019 and you will need to keep records that explain the method you used and how you applied it.

### ***When calculating my turnover, can I take into account the reduction or waiving of school fees?***

When calculating turnover for your 2020 test period, you can take into account reductions or waivers of fees that have been made or which are likely to be made within that period (to the extent they relate to supplies made in that period).

Schools may take into account a reduction or waiver of school fees in determining the value of the supplies they have allocated to a period, particularly where those reduction or waivers are in response to requests for assistance from parents who are experiencing financial difficulties as a result of the effects of COVID-19 restrictions or where your school is in a region where a large number of parents are likely to be experiencing financial difficulties (for example, your school is in a region impacted by drought or bushfires).

The ATO would be concerned if school fees are waived or deferred in circumstances where there is no demonstrated need within the school community. For example, where fees are waived or deferred for all parents regardless of their financial circumstances. In those circumstances, where you offer reductions, waivers or deferrals of school fees in 2020 and they have been taken into account in your calculation of turnover you should keep adequate records which explain the reason for the reductions, waivers or deferrals. For example, such reasons could include:

- application of an existing fees policy
- evidence that parents are experiencing a financial hardship; or
- decline in student enrolments.

***I am an ACNC registered charity, which also provides education activities. Which shortfall percentage can I use?***

An ACNC registered charity cannot apply the 15% turnover threshold if they are specifically a 'school' as defined in the GST law.

An ACNC registered charity that supplies pre-school courses, primary courses, secondary courses or special education courses will be a school for purposes of the GST law.

***My non-government school also provides child care services. The child care services have seen a significant down turn. Am I eligible for Job Keeper?***

You need to take into account your total supplies this will include the supplies of both the school and the childcare centre.

If your total supplies have decreased by the required percentage (generally 30%), you will be eligible for job keeper.

***I am a government school. Do the same rules apply to me?***

No. Government schools do not qualify for the JobKeeper scheme.