

Information Circular No: 95

Job Accelerator Grant Scheme

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As part of the 2016-17 State Budget (handed down on 7 July 2016), the Government has announced a Job Accelerator Grant Scheme to encourage South Australian (SA) businesses to employ additional full-time, part-time and casual employees, and maintain them for at least 12 months.

The Treasurer is the government party administering the Job Accelerator Grant Scheme and has appointed the Commissioner of State Taxation as his agent for the purposes of the Scheme.

A **Job Accelerator Grant** of up to \$10 000 (\$5000 each year for two years) per new Full-Time Equivalent (FTE) job created is available for businesses liable for payroll tax in SA with total Australian wages of \$5 million or less.

A **Job Accelerator Grant for Small Business & Start-ups** of up to \$4000 (\$2000 each year for two years) per new job created is available for most businesses that are not liable for payroll tax. This includes businesses with Australian wages below the payroll tax free threshold (currently \$600 000) and most organisations that are exempt from payroll tax (e.g. public benevolent institution).

Businesses that increase their number of SA employees will be eligible to receive a grant for each additional worker employed by them in a new position between 1 July 2016 and 30 June 2018. The grant will be paid at the first and second anniversary date of employment.

Businesses must register a new employee within 90 days of the employee's commencement date.

The number of employees in a business will comprise:

- ▶ for the **Job Accelerator Grant** the total number of full-time employees plus the total number of hours worked in the preceding pay week by all South Australian part-time and casual employees employed that week, divided by 35 (which is the full-time hours definition used by the Australian Bureau of Statistics); and
- ▶ for the **Job Accelerator Grant for Small Business & Start-ups** the total number of full-time employees plus the total number of South Australian part-time and casual employees that worked at least 22 hours in the preceding pay week.

Eligibility

What is an eligible employer?

An eligible employer is any business that meets the following criteria:

- ▶ has a valid Australian Business Number (ABN);
- ▶ pays wages, within the meaning of the *Payroll Tax Act 2009* (the "PTA"), nationally of \$5 million or less;
- ▶ is not the Crown in right of SA or in any of its other capacities;
- ▶ is not a public, local or municipal body or authority (whether Federal, State or local government); and
- ▶ is not a Group Training Organisation that is registered under the National Standards for Group Training Organisations.

What is eligible employment?

The employment of a person is included in the grant scheme if the employment meets all of the following conditions:

- ▶ the person is employed in a new job on a full-time, part-time or casual basis, but not on a seasonal basis;
- ▶ the employment commences between 1 July 2016 and 30 June 2018 inclusive;
- ▶ the employment is maintained for a period of at least two years to be eligible for the full \$10 000 or \$4000 grant, or a minimum of 12 months to be eligible for a partial grant;
- ▶ the services of the employee are performed wholly or mainly in SA; and
- ▶ the employee is a South Australian resident.

Eligible employment will also include a person working in a business where that person has been sourced from a Group Training Organisation as long as that person's role effectively represents a new position in the business.

What is a full-time job?

A full-time job is a position where an employee's standard or average hours of work per week is 35 hours or more. A casual or part-time employee that works a standard or average 35 hours or more per week will be considered a full-time employee for the purposes of the grant.

What is seasonal employment?

Seasonal employees hold contracts of employment where the timing and duration of the contract is significantly influenced by seasonal factors such as the climate or agricultural harvests. A seasonal employee will generally only work during a specified time period during the year but the worker could be expected to work intense periods during this time.

What is a new job?

For the **Job Accelerator Grant**, a new job is created if the number of your FTE employees increases and that FTE level is maintained over a 12 to 24 month period from the creation of the new position.

For the **Job Accelerator Grant for Small Business & Start-ups**, a new job is created if the number of your full-time employees plus the number of part-time and casual employees working at least 22 hours per week increases and that level is maintained over a 12 to 24 month period from the creation of the new position.

However, for both types of grant, if your employee level falls below the required number, for more than 60 days in total at any time during the year, the Commissioner of State Taxation will refuse to pay the grant.

What types of employment are excluded from the grant?

The employment of a person by an eligible employer is excluded from the grant scheme if:

- ▶ the person engaged is not considered a common law employee;
- ▶ the person was employed by the employer claiming the grant in the previous 12 months (including other group members where the business forms part of a group for payroll tax purposes);
- ▶ the job that has been registered as a new job existed in your business in the previous 60 days; or
- ▶ the organisation is exempt from payroll tax (e.g. charitable organisation) and the new job(s) is being funded from additional grant revenue provided by the State Government.

What is a common law employee?

Only workers engaged as employees will be eligible for the grant.

An employee works in your business and is part of your business, whereas a contractor is running their own business and provides services to your business. Contractors and employment agency workers are not considered to be employees.

What is the minimum employment period?

A partial grant is available for new jobs maintained for a minimum of 12 months. To receive the full grant, the minimum employment for the new job is two years starting on the date the employment commenced.

Does the same person need to stay in the new role for the business to receive the grant?

Employment is maintained if there is always a person employed in the position for which the grant is claimed.

A vacancy in a position can be disregarded if the number of days vacant does not exceed a total of 60 days in each year of employment for which the grant is claimed.

What happens if my company merges with or is taken over by another company?

Where businesses merge or are taken over, grants will be available to only those positions that were registered for a grant prior to the merger or takeover.

You may also be eligible for a grant for new employees that are hired after a company merger or takeover however you will need to provide sufficient evidence to prove that these are *bona fide* new employees.

Am I eligible for a grant if the wages of my employees are exempt under the Payroll Tax Act 2009?

Where you are not liable for payroll tax in SA because the wages of your employees are exempt under the meaning of the PTA, you are entitled to register and claim the Job Accelerator Grant for Small Business & Start-ups providing your total Australian wages in the financial year immediately prior to you claiming the grant are not more than \$5 million and the other eligibility criteria for this grant are satisfied.

Registration

How do I register for the scheme?

You are required to **register** the employment of a person in a position that is a new job and advise RevenueSA of the number of employees immediately before the position was filled.

A **registration must be made by an eligible employer within 90 days after each new job commences**. Please contact RevenueSA if you are unable to register within the 90 day time period.

You can provide documentation to substantiate the number of employees immediately before the position was filled at the time you register the position, alternatively, this information can be submitted at the time of claiming the grant. Supporting evidence should include you:

- ▶ most recent Business Activity Statement (BAS);
- ▶ personnel or wage records (for example pay slips or *bona fide* reports that document the number of hours worked by your employees); and
- ▶ ReturnToWorkSA records.

If you are registering a new person working in the business that has been sourced from a registered Group Training Organisation, you will also be required to provide documentation that reflects your agreement with the Group Training Organisation for this worker.

Where you subsequently wish to register additional new employee(s) you can do this by accessing your existing registration and adding the additional new employee(s).

Please note: any information provided as part of the registration process may also be used for payroll tax purposes.

Grant amounts, grant payments and how to claim

How much is the grant?

Anniversary	Job Accelerator Grant	Job Accelerator Grant for Small Business & Start-ups
First	\$5000 per new FTE	\$2000 per new employee
Second	\$5000 per new FTE	\$2000 per new employee

In the case of new part-time and casual employees that work less than 35 hours per week, the Job Accelerator Grant payable on each anniversary is:

Annual grant amount x C/35

Where:

C = the number of hours worked per week on average by the employee during the previous 12 months.

The Job Accelerator Grant for Small Business & Start-ups will be paid in full for each new employee created that worked at least 22 hours per week on average during the previous 12 months. No grant will be paid where a new employee works less than 22 hours per week on average during the previous 12 months.

How is the grant paid?

The grant is paid by Electronic Funds Transfer on the first and second anniversary of employment of an additional person in a new job.

How do I claim the grant?

You can claim through the [grant online claim form](#).

An application for a grant **must be lodged within 90 days after the first and/or second anniversary date of employment** if the employment is eligible employment. If you do not claim within this 90 day period you will be ineligible for a grant for this new employment.

Please note: any information provided as part of the application process may also be used for payroll tax purposes.

What supporting evidence do I need to provide?

You must provide supporting evidence when claiming the grant. Supporting evidence should include your:

- ▶ most recent Business Activity Statement (BAS);
- ▶ personnel or wage records (for example pay slips or *bona fide* reports that document the number of hours worked by your employees); and
- ▶ ReturnToWorkSA records.

If you are claiming a grant for a new person working in the business that has been sourced from a registered Group Training Organisation, you will also be required to provide documentation that reflects your agreement with the Group Training Organisation for this worker.

Are there any conditions for the payment of the grant?

There are certain conditions that apply to the payment of the grant, including:

- ▶ the Job Accelerator Grant will be pro-rated based on the FTE hours of employment for part-time and casual employees.

For example, if the number of hours worked by your new part-time or casual employee constitutes 0.6 of an FTE (21 hours per week) you will receive a grant of \$3000 (or 60 per cent of \$5000); and

- ▶ the Job Accelerator Grant for Small Business & Start-ups will be paid out as long as the new part-time or casual employee worked at least 22 hours per week over the qualifying employment period for part-time and casual employees.

Will I have to repay the grant if I am unable to maintain the employment for the second year?

If the increase in the employee level is not maintained for the second year, you will not be required to repay the grant for the first year of employment.

How will it be determined if I will receive the Job Accelerator Grant or the Job Accelerator Grant for Small Business & Start-ups?

The Job Accelerator Grant applies where you are liable for payroll tax in SA and your total taxable Australian wages in the financial year immediately prior to you claiming the first payment of the grant are not more than \$5 million.

If you are a member of a group of employers for the purposes of the PTA then any member of the group is eligible for the Job Accelerator Grant where the total taxable Australian wages of the group in the financial year immediately prior to the group member claiming the first payment of the grant are not more than \$5 million.

The Job Accelerator Grant for Small Business & Start-ups applies where you are not liable for payroll tax during the relevant 12 month employment period of the new person.

If your eligibility for the grant type has changed from Job Accelerator Grant for Small Business & Start-ups to Job Accelerator Grant since your initial grant application, you will be required to update details of your initial application when making your claim so that they are consistent with the calculations for the Job Accelerator Grant.

What happens if I am paid a grant and it is later determined that I do not satisfy all the eligibility criteria?

You will be required to repay a grant in full where it is determined that you did not satisfy all of the eligibility criteria.

You are obliged to contact RevenueSA within 90 days of receipt of the grant where you determine that you may not be eligible. RevenueSA will also undertake a range of compliance activities to ensure grants are only paid to eligible recipients.

Calculating the number of employees

For the Job Accelerator Grant:

To calculate your number of FTE employees, use the following formula:

$$\text{FTE} = \text{F} + \text{A}/35$$

Where:

FTE = Full-Time Equivalent

F = number of SA full-time employees (people who work 35 hours or more per week) on that date

A = total number of hours worked in the preceding pay week by all SA part-time and casual employees employed in that week

Note: You should also include persons working in your business where that person has been sourced from a Group Training Organisation. 3

For the Job Accelerator Grant for Small Business & Start-ups:

To calculate your number of employees, use the following formula:

$$\text{Employees} = F + B$$

Where:

F = number of SA full-time employees (people who work 35 hours or more per week) on that date

B = total number of SA part-time and casual employees that worked at least 22 hours in the preceding pay week

Note: You should also include persons working in your business where that person has been sourced from a Group Training Organisation.

To calculate the number of employees under both the Job Accelerator Grant and the Job Accelerator Grant for Small Business & Start-ups:

- ▶ on the date of appointment of a person in a new job, exclude the person employed in the new job; and
- ▶ on the first and second anniversaries of commencing the new job, include the person employed in the new job.

The Commissioner of State Taxation may agree to a different or compromise method of calculating the number of employees if it is too difficult or costly to determine using the above calculation.

Examples

The examples provided below assume that the business has **registered a new employee within 90 days of that employee's commencement date** and has **claimed the grant within 90 days of the position's anniversary** in accordance with the criteria set out in this Information Circular.

Example 1

Job Accelerator Grant

ABC Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant with Australian wages of less than \$5 million and is liable to payroll tax in SA pursuant to the PTA.

As at 30 June 2016, ABC Pty Ltd employed 20 FTE staff. On 1 July 2016, ABC Pty Ltd expanded their business and hired one new employee (Michael) on a full-time basis (35 hours per week) whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the periods 1 July 2016 to 30 June 2017, and 1 July 2017 to 30 June 2018, ABC Pty Ltd maintained an FTE level of 21 FTE positions and Michael was continuously employed.

ABC Pty Ltd is eligible for the full Job Accelerator Grant of \$10 000 (i.e. \$5000 grant for the period 1 July 2016 to 30 June 2017, and a further \$5000 grant for the period 1 July 2017 to 30 June 2018).

Example 2

Job Accelerator Grant for Small Business & Start-ups

DEF Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant for Small Business & Start-ups with Australian wages of less than \$600 000 and is not liable to payroll tax in SA pursuant to the PTA.

As at 9 August 2016, DEF Pty Ltd employed two full-time staff. On 10 August 2016, DEF Pty Ltd expanded their business and hired one new employee (John) on a part-time basis (25 hours per week) whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the periods 10 August 2016 to 9 August 2017, and 10 August 2017 to 9 August 2018, DEF Pty Ltd maintained an employee level of three (i.e. the number of SA full-time employees = 2, plus the total number of SA part-time and casual employees working at least 22 hours = 1) as John was continuously employed at 25 hours per week.

DEF Pty Ltd is eligible for the full Job Accelerator Grant for Small Business & Start-ups of \$4000 (i.e. \$2000 grant for the period 10 August 2016 to 9 August 2017, and a further \$2000 grant for the period 10 August 2017 to 9 August 2018).

Example 3

Job Accelerator Grant for Small Business & Start-ups

GHI Pty Ltd is a charitable organisation and an eligible employer for the purposes of the Job Accelerator Grant for Small Businesses & Start-ups due to being exempt from payroll tax and having a total annual Australian wages of less than \$5 million.

As at 30 November 2016, GHI Pty Ltd employed three full-time staff. On 1 December 2016, GHI Pty Ltd expanded their business and hired two new employees, Jack on a part-time basis (30 hours per week) and Molly on a full-time basis. Both whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the periods 1 December 2016 to 30 November 2017, and 1 December 2017 to 30 November 2018, GHI Pty Ltd maintained an employee level of five (i.e. the number of SA full-time employees = 4 (which included Molly), plus the total number of SA part-time and casual employees working at least 22 hours = 1) as Jack was continuously employed at 25 hours per week.

GHI Pty Ltd is eligible for the full Job Accelerator Grant for Small Businesses & Start-Ups of \$8000 (i.e. \$2000 grant for each employee for the period 1 December 2016 to 30 November 2017, and a further \$2000 grant for each employee for the period 1 December 2017 to 30 November 2018).

Example 4

Job Accelerator Grant

JKL Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant with Australian wages of less than \$5 million and is liable to payroll tax in SA pursuant to the PTA.

As at 14 January 2017, JKL Pty Ltd employed 50 FTE staff. On 15 January 2017, JKL Pty Ltd expanded their business and hired one new employee (Lisa) on a full-time basis (35 hours per week) on a 12 month contract and whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the period 15 January 2017 to 14 January 2018 JKL Pty Ltd maintained an FTE level of 51 FTE positions and Lisa was continuously employed.

JKL did not renew Lisa's contract and she ceased to be an employee of JKL Pty Ltd effective from 15 January 2018. JKL Pty Ltd did not employ any further staff and are only eligible for part payment of the Job Accelerator Grant (\$5000) relating to the period 15 January 2017 to 14 January 2018.

Example 5 Job Accelerator Grant for Small Business & Start-ups

MNO Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant for Small Business & Start-ups with Australian wages of less than \$600 000 and is not liable to payroll tax in SA pursuant to the PTA.

As at 30 June 2016, MNO Pty Ltd employed five full-time staff. On 1 July 2016, MNO Pty Ltd expanded their business and hired one new employee (Sandra) on a full-time basis (35 hours per week) on a 12 month contract and whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the period 1 July 2016 to 30 June 2017 MNO Pty Ltd maintained a level of six full-time SA employee positions and Sandra was continuously employed.

MNO Pty Ltd did not renew Sandra's contract and she ceased to be an employee of MNO Pty Ltd effective from 1 July 2017. MNO Pty Ltd did not employ any further staff and are only eligible for part payment of the Job Accelerator Grant for Small Business & Start-ups (\$2000) relating to the period 1 July 2016 to 30 June 2017.

Example 6 Job Accelerator Grant

PQR Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant with Australian wages of less than \$5 million and is liable to payroll tax in SA pursuant to the PTA.

As at 9 August 2016, PQR Pty Ltd employed 40 FTE staff. On 10 August 2016, PQR Pty Ltd expanded their business and hired one new employee (Kevin) on a part-time basis (21 hours per week) and whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the period 10 August 2016 to 9 August 2017 and 10 August 2017 to 9 August 2018, PQR Pty Ltd maintained an FTE level of 40.6 FTE positions (calculated as $F + A/35$, that is $40 + 21/35$) and Kevin was continuously employed.

PQR Pty Ltd is eligible for a partial Job Accelerator Grant of \$6000 i.e. \$3000 grant for the period 10 August 2016 to 9 August 2017 and a further \$3000 grant for the period 10 August 2017 to 9 August 2018 (based on the *pro-rata* amount of 0.6 FTE position over the relevant periods).

Example 7 Job Accelerator Grant for Small Business & Start-ups

STU Pty Ltd is an eligible employer for the purposes of the Job Accelerator Grant for Small Business & Start-ups with Australian wages of less than \$600 000 and is not liable to payroll tax in SA pursuant to the PTA.

As at 14 January 2017, STU Pty Ltd employed three full-time staff. On 15 January 2017, STU Pty Ltd expanded their business and hired one new employee (Sarah) on a part-time basis (14 hours per week) whose services were performed wholly and mainly in SA, in a newly created position.

For the duration of the periods 15 January 2017 to 14 January 2018, and 15 January 2018 to 14 January 2019, Sarah worked 14 hours per week in STU Pty Ltd.

STU Pty Ltd is not eligible for the Job Accelerator Grant for Small Business & Start-ups because Sarah was only employed for 14 hours per week on a regular basis which is under the threshold of 22 hours per week for eligibility of the Job Accelerator Grant for Small Business & Start-ups.

Graeme Jackson
COMMISSIONER OF STATE TAXATION

7 July 2016

Further Information

Further information can be obtained from RevenueSA.

Website www.revenuesa.sa.gov.au

Email jobsgrant@sa.gov.au

Telephone (08) 8226 2210