



Make big, profitable companies repay JobKeeper

Party:

Australian Greens

Summary of proposal:

The proposal would require certain companies who received JobKeeper payments while remaining profitable or paying executive bonuses to repay the total of JobKeeper payments received, over a 10-year period.

The proposal would apply to businesses that received JobKeeper payments and had an annual turnover of greater than \$50 million and meet one or more of the following criteria:

- The entity made a profit.
- The entity paid a bonus to an executive of an entity.

This policy would take effect from 1 July 2022.

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$1,514 million over the 2022-23 Budget forward estimates period. The proposal would also be expected to have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

Uncertainty

There are significant uncertainties associated with these estimates because the company tax data for the years in which the JobKeeper payments were paid and received was not available. The estimates of company profits over the JobKeeper period were based on 2018-19 company tax data and the level of overall decreases in income for different industry sectors. This is a high-level approach, and so, the financial implications presented in this response represent an **order of magnitude** rather than precise point estimates.

The Parliamentary Budget Office (PBO) was not able to provide analysis on the executive bonuses paid by entities as this information is not collected by the Australian Government.

The PBO has not assessed the legal grounds on which the proposal could be based, nor has it made a provision for the cost or delays associated with any potential legal disputes that may follow. Moreover, the PBO has not made an assessment on how the repayment of JobKeeper would affect the financial performance of these businesses in the present or their future viability should the proposal be implemented in its current form.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	377.0	379.0	379.0	379.0	1,514.0
Underlying cash balance	377.0	379.0	379.0	379.0	1,514.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- All affected companies would pay back the required amount of JobKeeper payments under the proposal. The repayments would be made equally over a 10-year period.
- The repayments would be collected by way of a non-deductible levy equivalent to approximately 70% of total JobKeeper payback due to the affected business entity size and their base entity tax rate.
- Reductions in profits for each company were in-line with the aggregate reduction in incomes all companies in that sector.

Methodology

- The value of JobKeeper repayments was based on the total value of JobKeeper payments made to entities with an annual turnover of greater than \$50 million, as reported in the Treasury's *Insights from the first six months of JobKeeper*¹ and the proportion of JobKeeper payments made to profitable entities.
 - Whether an entity was profitable was based on deidentified 2018-19 company tax data and data published by the Australian Bureau of Statistics (ABS) on business statistics in 2019-20 and 2020-21. Business profit was estimated by reducing the profit amount in 2018-19 by industry-specific decreases in incomes in 2019-20 and 2020-21.
- Financial implications have been adjusted to account for the tax deductibility of repayments of the previously taxable JobKeeper amounts. This treatment is consistent with rules set out by the Australian Tax Office (ATO) on voluntary JobKeeper repayments, where businesses are expected to repay the amount of JobKeeper that they received less any tax paid on that amount.²

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.³

¹ [Insights from the first six months of JobKeeper](#)

² JobKeeper payments were recognised by entities as income, so company income tax was paid on this amount.

³ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Data sources

The ATO provided de-identified JobKeeper records for the period from March 2020 to September 2020. The ATO also provided de-identified business activity statements (BAS) data for the 2018-19, 2019-20 and 2020-21 income years and income tax returns for companies, individuals, partnerships and trusts for 2018-19.

The ATO and the Australian Charities and Not-for-profits Commission provided the charitable status for de-identified JobKeeper recipients.

ABS (2022) [Australian industry by division](#), ABS website, accessed 24 June 2021.

The Department of the Treasury (2021) [Insights from the first six months of JobKeeper](#), accessed 24 June 2021.

Attachment A – Make big, profitable companies repay JobKeeper – financial implications

Table A1: Make big, profitable companies repay JobKeeper – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Tax revenue													
<i>Jobkeeper repayment</i>	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	-	1,516.0	3,790.0
Total – revenue	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	-	1,516.0	3,790.0
Expenses													
<i>Administered</i>													
<i>Departmental</i>													
<i>Australian Taxation Office departmental</i>	-2.0	-	-	-	-	-	-	-	-	-	-	-2.0	-2.0
Total – expenses	-2.0	-	-	-	-	-	-	-	-	-	-	-2.0	-2.0
Total (excluding PDI)	377.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	379.0	-	1,514.0	3,788.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Make big, profitable companies repay JobKeeper – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	4.0	13.0	22.0	31.0	41.0	51.0	63.0	76.0	91.0	107.0	120.0	70.0	619.0
<i>Underlying cash balance</i>	4.0	12.0	21.0	30.0	39.0	50.0	62.0	75.0	89.0	105.0	118.0	67.0	605.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in any tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary⁴.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

⁴ [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)