

**Senate Select Committee on COVID-19**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Australian Taxation Office**

Public Hearing 11 February 2021

**Department/Agency:** ATO

**Question:** 1

**Topic:** JobKeeper payments using incorrect turnover projections

**Reference:** Hansard Page 11-12

**Senator:** Gallagher

**Question:**

**CHAIR:** Can I ask some questions around JobKeeper and some of the data you're collecting on that program. Can you tell me what data you are collecting that you can share with the committee. Are you collecting information around firm size, numbers of employees and things like that—I presume you are, because you're reporting to Treasury—and are you looking at things like profits or increasing revenue?

**Mr Hirschhorn:** JobKeeper 1 was based on estimates of turnover effects. JobKeeper 2 is much more closely based on actual turnover, as per people's lodged activity statements. So we do monitor that.

**CHAIR:** When is that—for the December quarter?

**Mr Hirschhorn:** Yes. It is JobKeeper phase 2, which is from October, November, December. Even in JobKeeper 1 we monitored what people lodged with us as turnover, and we pay attention as well in situations where the disclosed turnover is very different from the estimated effect on turnover. Profits are trickier for us to monitor. We have the ability to monitor taxable income, which is almost like a sense of a tax law version of profit.

**CHAIR:** So you are monitoring that?

**Mr Hirschhorn:** We monitor that, but that is a very lag indicator because in the corporate sphere people lodge their tax returns six or seven months after the end of the year. So we will be expecting 30 June 2020 tax returns to come in now, and 30 June 2021 tax returns to come in a year after that.

**CHAIR:** Can you tell me anything, in what you're seeing from JobKeeper 2, in terms of the number of firms who are claiming JobKeeper but whose turnover has increased? Is there any information on that?

**Mr Hirschhorn:** For JobKeeper 2, you still have the condition in the JobKeeper scheme of your turnover having reduced by a percentage from the comparable period a year before. So, to get in, you have to have your turnover down. Of course, we do monitor to see if actual turnover—

**CHAIR:** Yes, I guess that's my question. So, they're in the scheme, and then how do you—

**Mr Hirschhorn:** By definition, if they're in the scheme, their turnover is down, and we check that. Maybe another way of looking at it is that in phase 1 of JobKeeper we had about a million businesses claiming JobKeeper, with about 3.8 million supported jobs. In phase 2 of JobKeeper we're down to about 500,000 supported businesses, with 1.6 million jobs. So, you can see that a lot of businesses that were eligible in JobKeeper 1 no longer meet the tests and are not claiming in JobKeeper 2.

**Ms Wilkinson:** Perhaps I could just add that in JobKeeper 2 the turnover test has to be applied for each quarter, so to get it in the December quarter—

**CHAIR:** Yes, so you could get booted off.

**Ms Wilkinson:** Yes, exactly. So, if you were eligible in the December quarter but your turnover in the December quarter didn't fall by 30 per cent, then you won't be eligible in the March quarter. Your eligibility depends on your turnover in the previous quarter.

**CHAIR:** Yes. So, you may get it for that quarter where your turnover didn't actually decrease—

**Ms Wilkinson:** You get it in that quarter because your turnover decreased by more than 30 per cent in the previous quarter

**CHAIR:** Okay. So, in JobKeeper 1—do you have any information on that? Of those one million businesses, how many got JobKeeper but increased turnover at the same time?

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**Mr Hirschhorn:** I don't have those figures with me. I'd have to take on notice what we could produce. I know that we do try to monitor—again, in JobKeeper 1, it was based on a reasonable estimate of what you expected to happen to your turnover—

**CHAIR:** But then did you have a look at what actually happened?

**Mr Hirschhorn:** I don't think we've done a population-wide analysis of that. We have done more of a compliance thing where it's one of our risk factors, where people's turnover differs greatly from their estimates. But I might pass to my colleague, Mr O'Halloran, who might have more detail.

**Mr O'Halloran:** Just to follow on from Mr Hirschhorn's comments, we have not done a population-wide analysis based on JobKeeper 1, if I could use that term. But certainly in the early stages and most of the way through JK1, where we did identify through various parameters, we did check, but probably more on a sampling basis, particularly larger corporates that had made their best endeavours or their estimates. I just don't have the number of instances that we've done that. But in checking the projection of the turnover that was made under the JobKeeper 1 rules, by and large we did find that they had a reasonable premise for the estimate they made. There were a small number of cases—I apologise; I don't have the numbers with me—where we did find that the estimate wasn't carried out. There might have been some other information that we felt would have influenced that judgement. But by and large we found that in the early stages of JK1 and throughout JK1 the estimates, particularly by the larger firms, were fair and reasonable and appropriate, given the conditions at the time, but when they had to make that judgement as to whether they had a reduction in turnover—

**CHAIR:** Perhaps you could take that on notice, and provide the committee with the information you have about that sampling.

**Mr O'Halloran:** Sure

**Answer:**

Through its rigorous compliance program the ATO found that 27 entities were ineligible for JobKeeper 1 (between June 2020 and October 2020) because their projection was not reasonable or their application of the modified test or the alternative tests was not appropriate.

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**Department/Agency:** ATO

**Question:** 2

**Topic:** Companies ceasing to claim JobKeeper

**Reference:** Hansard Page 15

**Senator:** Gallagher

**Question:**

**CHAIR:** Do either Treasury or the ATO know how many companies have returned JobKeeper?

**Mr Hirschhorn:** What I can say is that there are a large number of companies who claimed JobKeeper for particular periods and then didn't claim it in subsequent periods. We think a component of those are companies who decided, perhaps for the reasons that you've suggested, that they no longer needed it, so they wouldn't claim it anymore. We of course don't have great data on that because they don't lodge a form saying, 'We stopped claiming because we don't need it anymore,' but we've done some research, and it appears that there are a significant number of companies who just stopped claiming.

**CHAIR:** Do you know how many that is?

**Mr Hirschhorn:** I'd have to take that on notice, but we don't have good data on that.

**CHAIR:** But it reduced from one million to 500,000?

**Mr Hirschhorn:** I'm putting aside the one million to 500,000, which is really a law requirement. I'm saying, even within JobKeeper 1, because it's a 'once in, you're always in' rule, some firms stopped claiming—for example—

**CHAIR:** So they're within that one million?

**Mr Hirschhorn:** Within that one million, some stopped claiming.

**CHAIR:** You must be able to run a report on that, aren't you? You would have seen the kind of decline within JobKeeper 1.

**Mr Hirschhorn:** We should be able to get you some numbers on that.

**CHAIR:** Okay, thank you

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**Answer:**

- The ATO reports a monthly breakdown of the entities that stopped claiming from April 2020 to January 2021.
- It should be noted that some entities did not claim consistently for all monthly periods.
- The ATO does not hold data on the reasons why companies stopped claiming, although some companies anecdotally advised that they ceased claiming on the basis they no longer required the benefit of JobKeeper.
- Data is as at 15 February 2021.

JobKeeper Phase 1 – April to September.

Month	Entities (unique) with processed applications <sup>1</sup>	Stopped claiming <sup>2</sup>
April	855,087	0
May	906,553	18,791
June	925,698	23,359
July	940,196	22,369
August*	960,337	30,268
September	939,556	42,219

\* August was impacted by rule changes.

- From 20 July 2020, employees who worked for a child care subsidy approved provider were no longer eligible for JobKeeper payments.
- From 3 August 2020, there were changes to the rules on eligible employees for JobKeeper that allowed additional employees to be nominated.

JobKeeper extension first quarter – October to December.

Month	Entities (unique) with processed applications <sup>1</sup>	Stopped claiming <sup>2</sup>
October	506,745	446,862
November	502,402	16,754
December	490,579	20,313

<sup>1</sup>. Entities (unique) with processed applications

- Entity counts based on unique ABNs.
- Entities include employers and eligible business participants with a processed application.
- This also includes entities that have exited and restart within all phases.

<sup>2</sup>. Stopped claiming

- Entities that have previously had a processed application and are yet to claim for that month. There are circumstances where late claims may be accepted

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**Department/Agency:** ATO

**Question:** 3

**Topic:** January to March Quarter JobKeeper figures

**Reference:** Hansard Page 22-23

**Senator:** Gallagher

**Question:**

**CHAIR:** In terms of the next quarter, the January to March quarter, how many firms have submitted to you that they meet the decline-in-turnover test?

**Mr Hirschhorn:** I might defer a little bit to my colleague

**Mr O'Halloran,** but my understanding of the timing is that it's sort of right now, because it's February, because it's a lag—

**CHAIR:** Yes, I think submissions to the ATO were due by the end of the January.

**Mr Hirschhorn:** I might pass to my colleague as to whether we have any early data. I'm not sure if we do, but I'll pass to my colleague.

**CHAIR:** Okay.

**Mr O'Halloran:** Chair, you're right: the claims or the declarations were due at the end of January. To be honest, I'm just looking for the figures now; we can certainly provide them on notice. They have been coming in at a reasonable rate given that there was a bit of a Christmas hiatus, for want of a better word. I apologise; I just haven't got the figure handy. I may find it before we finish. But certainly the rate is effectively the same as for the previous months. There's been a mixture of some new registrants—picking up the point made by the senator who spoke previously about people who have, if you like, found that they thought it was beneficial and appropriate and that they were eligible to come forward. So that pattern is there. I can't just pick up the figure while sitting here at the moment, but I'm happy to take it on notice and provide it to you, of course. But, by and large, it's projected to be a bit lower coming out of December and January, but certainly it is well progressed even though it is after 31 January.

**CHAIR:** If you have the figure, you will provide it for us?

**Mr O'Halloran:** Yes, I am happy to.

**CHAIR:** Do you know how many employees have been supported by JobKeeper in January, in the first two fortnights of this quarter?

**Mr O'Halloran:** The cumulative figure is still in the order of 1.5 million or 1.6 million, as mentioned earlier.

**CHAIR:** So there hasn't been much movement in this early stage from the December quarter to the March quarter?

**Mr O'Halloran:** No. With rounding, it might be closer to 1.65 million or 1.66 million or something. But it's of the same order; that's correct.

**Ms Wilkinson:** I think that's the month of December. I think we're a bit confused.

**Mr Hirschhorn:** Yes. Can we just take this whole question about, let's say, this JobKeeper 3 phase on notice, because the numbers rolling in right now, the numbers that I have in front of me, show that we're midway through analysing the numbers. We don't have a firm position on January yet.

**CHAIR:** So you have numbers in front of you that are—

**Mr Hirschhorn:** I have mature numbers in front of me for the months of October, November and December.

**CHAIR:** What do you have for January?

**Mr Hirschhorn:** I have incomplete numbers for January.

**CHAIR:** But you still have them?

**Mr Hirschhorn:** I have some numbers.

**CHAIR:** Can I have your incomplete numbers for January, then?

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**Mr Hirschhorn:** Can I say these numbers are completely unreliable, because things are coming in.

**CHAIR:** Why have you got them? Why have they provided unreliable numbers to you in a brief for this hearing?

**Mr Hirschhorn:** They tell me what is the position at a date for the ones we've processed, but they are coming in.

**Ms Wilkinson:** I think it's more that they're incomplete. Our experience in recent months I think has been that about 90 per cent of the applications come in by about the 20th or 25th day of the subsequent month. So, we're only halfway there for the applications for the month of January. We're only halfway through, so we're getting the normal stream of applications come through.

**Mr Hirschhorn:** Senator, I suppose I can tell you these numbers, but they are not going to tell you how January is panning out. I think it would be much better for your purposes if you let us take it on notice and we gave you numbers in a week or two, when they mature for the month.

**CHAIR:** Okay. What I'm trying to get is whether you have an understanding in JK3 as to whether there's been any change between JK2 and JK3, and you're telling me that the data is not complete on that to give me an accurate picture.

**Mr Hirschhorn:** It's too early to tell—

**CHAIR:** I accept that.

**Mr Hirschhorn:** and in two weeks time we'll be able to give you a much better picture.

**Answer:**

As of 28 February 2021, Approximately 386,000 entities have lodged an eligibility form for the second half of the JobKeeper Payment extension, which includes the January monthly period claims.

Of claims commencing in February 2021 relating to the two JobKeeper fortnights in January:

- Around 366,000 entities have a processed application
- Around 357,000 entities have had a payment disbursed
- Nearly \$2 billion in net payments have been disbursed
- Around 1 million individuals are covered by the payments disbursed

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**Department/Agency:** ATO  
**Question:** 4  
**Topic:** ERS data by postcode  
**Reference:** Hansard Page 24  
**Senator:** Gallagher

**Question:**

**CHAIR:** I know. I understand. Alright. So, early-release super:

**Mr Hirschhorn,** I don't know whether it's you or one of your colleagues. Can you just give the committee an update on that scheme? We asked you a question on notice about the breakdown of early-release data by postcode, and I think the answer came back saying that you're not in a position to do that; you did it by jurisdictional level, by state level.

**Mr Hirschhorn:** Yes.

**CHAIR:** Can I just follow that up and ask why you don't have that by postcode? I would have thought you would have had that information. Or is it because the funds have that?

**Mr Hirschhorn:** We have the tax file numbers of everybody who's claimed. It is a theoretically possible datamatching task. It is just a very complex and time-consuming one.

**CHAIR:** Is it? Okay.

**Mr Hirschhorn:** So we made that decision not to do it, because we didn't see the value in it.

**CHAIR:** I don't think you said that in the answer to the question on notice. It just said, 'We don't have that available.' So, it's not just a matter of searching your database by postcode?

**Mr Hirschhorn:** No. And I'm not going to profess to be a data analysis expert, but my understanding in probing the team is that this is actually quite complex, the way our databases work, to meld them together.

**CHAIR:** It's quite interesting information, though, one would have thought—to get a picture of where the applications for early-release super were coming from. Treasury wouldn't have it, would you?

**Ms Wilkinson:** We don't have it.

**CHAIR:** You'd rely on ATO, and the ATO's saying it's too onerous.

**Mr Hirschhorn:** It's possible, but we've made the decision that—

**CHAIR:** You haven't done it.

**Mr Hirschhorn:** it's too complex for the benefit.

**CHAIR:** Okay. Can you just go back and assure me that it is an onerous—

**Mr Hirschhorn:** I can absolutely assure you now—

**CHAIR:** I would like to take you at your word, but I would like to get the information that we're after.

**Mr Hirschhorn:** Yes.

**CHAIR:** Okay, if you could do that—thank you

**Answer:**

The ATO does not report COVID-19 early release of superannuation (ERS) application data by postcode. A breakdown by state or territory has been provided previously.

Applicant residential address information was not specifically collected as part of the COVID-19 ERS application process.

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**Department/Agency:** ATO

**Question:** 5

**Topic:** ERS age and gender reconciliation

**Reference:** Hansard Page 25

**Senator:** Gallagher

**Question:**

**CHAIR:** On the final release super: do we have the final tallies of what's gone out in that program?

**Mr Hirschhorn:** Yes. We have what are effectively final tallies. I'll give you some numbers. These are what we approve, not what actually goes out of the super funds, but the two are correlated.

**CHAIR:** Yes.

**Mr Hirschhorn:** APRA gives data about what has come out of APRA related funds.

**CHAIR:** Out of the funds themselves, yes.

**Mr Hirschhorn:** As a rule of thumb, self-managed super funds seem to be about one per cent, so if you wanted to try to gross up their numbers—

**CHAIR:** Yes.

**Mr Hirschhorn:** We gave approval, or processed, about \$20 billion of withdrawal requests in round 1 and \$18 billion in round 2. About 950,000 people only claimed in round 1, about 600,000 people only claimed in round 2 and about 1.5 million people claimed in both. So in total, a little over three million people participated in the scheme.

**CHAIR:** Could we get a reconciliation of previous questions on notice where you've broken it down by age and gender? Could you update that?

**Mr Hirschhorn:** We can provide that. I think we are planning to do a summary report, which I think will be available relatively soon—not tomorrow and not next week—and which should have a lot of this data in it as well.

[...]

**CHAIR:** I appreciate that. Thank you for that update. This might form part of the report you're going to do, but how many applications were rejected?

**Mr Hirschhorn:** I've got some numbers there. In the phase 1 we received 2.54 million applications overall and we approved 2.45 million. So we rejected 90,000 applications in round 1.

**CHAIR:** Was the main reason for rejection not meeting the eligibility requirement?

**Mr Hirschhorn:** That was mainly self-assessed. It was probably more that people claimed a second time—you're only allowed to claim once—or other reasons.

**CHAIR:** Within that phase?

**Mr Hirschhorn:** Within that phase; you're only allowed to claim once per phase.

**CHAIR:** People were trying to get more out?

**Mr Hirschhorn:** Yes. In the second phase, we received 2.24 million applications and we approved 2.1 million. So that's 140,000 that we rejected.

**CHAIR:** For the same reason?

**Mr Hirschhorn:** I'd have to take on notice whether we have more detail on that, but I suspect it was mostly that.

**CHAIR:** Thank you very much, Mr Hirschhorn. I appreciate the numbers you've given me.



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**Answer:**

Approved applications by gender for total COVID-19 ERS program

Total Program				
Gender	No.	%	\$m	%
Male	2,566,800	56%	21,900	58%
Female	1,980,900	44%	15,915	42%
Unspecified	500	-	<1	-
<b>TOTAL</b>	<b>4,548,200</b>	<b>100%</b>	<b>37,820</b>	<b>100%</b>

Applications rounded to nearest 100 and value rounded to nearest \$5m

Data based on approved applications, not by unique individuals participating in the scheme.

Approved applications by age for total COVID-19 ERS program

Total Program				
Age	No.	%	\$m	%
20 and Less	75,800	1.7%	207	0.5%
21 – 25	485,800	10.7%	2,765	7.3%
26 – 30	760,500	16.7%	5,755	15.2%
31 – 35	777,900	17.1%	6,665	17.6%
36 – 40	677,500	14.9%	6,080	16.1%
41 – 45	547,700	12.0%	5,010	13.3%
46 – 50	507,600	11.2%	4,710	12.4%
51 – 55	393,600	8.7%	3,675	9.7%
56 – 60	243,700	5.4%	2,265	6.0%
61 – 65	71,800	1.6%	640	1.7%
66 – 70	5,200	0.1%	40	0.1%
71 and greater	1,100	-	5	-
<b>TOTAL</b>	<b>4,548,200</b>	<b>100%</b>	<b>37,820</b>	<b>100%</b>

Age is captured by reference to the applicant's age at the time of submitting their application.

Applications rounded to nearest 100 and value rounded to nearest \$5m

Data based on approved applications, not by unique individuals participating in the scheme.

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Applications submitted but not approved

	Rejected applications*	Cancelled applications**	<b>Applications not approved</b>
Phase 1 (2020)	66,000	20,000	86,000
Phase 2 (2021)	129,000	16,000	145,000
<b>Totals</b>	<b>195,000</b>	<b>36,000</b>	<b>231,000</b>

\*Applications were automatically rejected where the applicant lodged more than one application in the same financial year.

\*\*Applications were suspended before processing where certain errors or risk indicators were present. These indicators included circumstances in which we needed to confirm residency status for phase 2 applicants or where the amount requested for release was unusually low (e.g. \$10). In some cases, these applications were later cancelled, rejected or approved following a review of data and/or a discussion with the applicant.

Note: values in tables are rounded and slight variance to values provided in testimony is due to the impacts of rounding the different components of the data