

# How to Reconcile JobKeeper and Cash Flow Boost – Government Stimulus

## JobKeeper Payments

After completing the following steps, you should receive your JobKeeper subsidy.

1. Determine you are [eligible](#) for JobKeeper and calculate [GST turnover](#) (including donations)
2. Review your [eligible employees](#)
3. Inform those employees and get them to complete the [employee nomination form](#)
4. [Enrol](#) your business for JobKeeper in the ATO Business Portal
5. Enrol your employees in your accounting software – click here for the [guide in Xero](#)
6. Ensure you are [paying all enrolled employees at least \\$1,500](#) per fortnight
7. [Make the monthly business declaration](#) through the ATO Business Portal

Once all these steps are completed, a few business days after the monthly declaration you should receive the amount registered for in your nominated financial institution account.

There are two ways you can code the JobKeeper payment, it all depends on how you want to see your Profit and Loss.

The first method is to code all the received money to a new expense account that will sit directly with the Wages and Salaries expense account. The other method is to code it to a new other income account.

## Method 1 – New JobKeeper Subsidy Expense Account

### 1. Create new Chart of Account

Click the **Accounting menu** > click the **Chart of Accounts** option > click the **Expenses** tab, find a free code number we can use later

Click the **Add Account** button > choose the **Expense** account type > type that free code number > name it something like **Wages - JobKeeper Subsidy** (this way it sits beside the Wages and Salary account in the P&L) > make sure it is BAS Excluded > click Save

The screenshot shows the 'Add New Account' dialog box in Xero. The 'Account Type' is set to 'Expense'. The 'Code' field contains '476', with a green highlight and the text '476 is available'. The 'Name' field contains 'Wages - JobKeeper Subsidy'. The 'Description (optional)' field is empty. The 'Tax' section shows 'BAS Excluded' selected. There are checkboxes for 'Show on Dashboard Watchlist', 'Show in Expense Claims', and 'Enable payments to this account'. On the right, there are two preview panels: 'Profit & Loss' and 'Balance Sheet'. The 'Profit & Loss' panel shows 'Income', 'Revenue', 'Sales', 'Less Cost of Sales', 'Direct Costs', 'GROSS PROFIT', 'Plus Other Income', 'Other Income', 'Less Expenses', 'Expenses', 'Depreciation', 'Overheads', and 'NET PROFIT'. The 'Balance Sheet' panel shows 'Current Assets', 'Current Assets', 'Inventory', 'Prepayments', 'Plus Bank', 'Bank Accounts', 'Plus Fixed Assets', 'Fixed Assets', 'Plus Non-current Assets', 'Non-current Assets', 'TOTAL ASSETS', 'Less Current Liabilities', 'Current Liabilities', 'Less Non-current Liabilities', 'Liabilities', 'Non-current Liabilities', 'NET ASSETS', 'Equity', 'Equity', 'Plus Net Profit', and 'TOTAL EQUITY'. At the bottom, there are 'Save' and 'Cancel' buttons. A note at the bottom right says 'You can also modify where accounts appear in your reports using Customised Report Layouts'. A small note at the bottom left says 'Fees charged by your bank for transactions regarding your bank account(s)'.

2. **Code the received money**

When the subsidy hits your bank account through the bank rec, code the contact as you like (maybe ATO JobKeeper, or just ATO) and choose that expense account you just created. We suggest in the description type the month of payroll it relates to.

3. **Check the Profit and Loss**

You should now be able to see that transaction in the Profit and Loss and see it under close to your default Wages and Salaries account. If you know how to create Custom Layouts, it would be good to group these items to create a sub-total if you want to see the total amount spent on wages YTD.

Wages - JobKeeper Subsidy	(2,000.00)
Wages and Salaries	6,700.00
Total Operating Expenses	10,252.95
<b>Net Profit</b>	<b>(9,160.85)</b>

If you do a custom layout of the Profit and Loss, this would be a good example to follow:

Which will give you this result:

<b>Wages and Salaries</b>	
Wages and Salaries	6,700.00
Wages - JobKeeper Subsidy	(2,000.00)
<b>Total Wages and Salaries</b>	<b>4,700.00</b>
Total Operating Expenses	10,252.95
<b>Net Profit</b>	<b>(9,160.85)</b>

But please be aware that the JobKeeper subsidy is paid in arrears, so in May's Profit and Loss you will see the subsidy for April's payroll. This will still give you a good YTD guide.

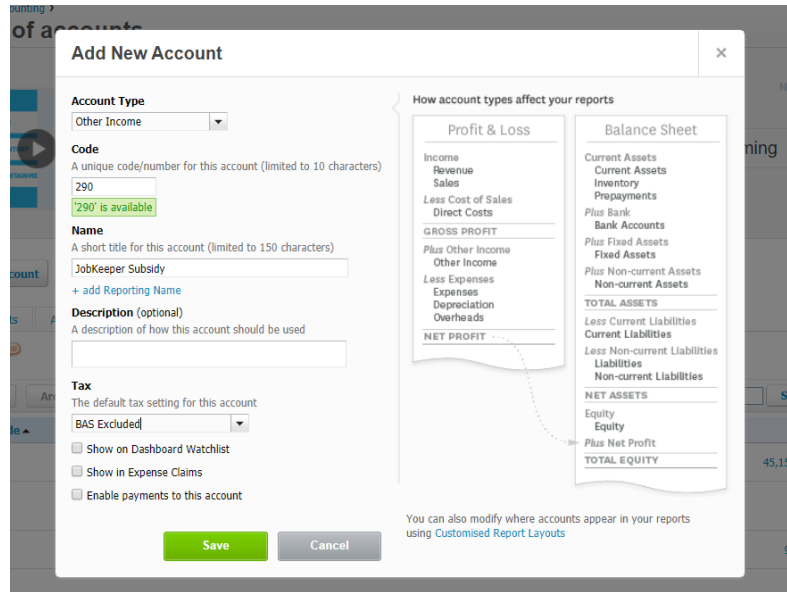
**Method 2 – New JobKeeper Subsidy Other Income Account**

This method will show your JobKeeper subsidy payments in the 'Other Revenue' part of your Profit and Loss.

1. **Create new Chart of Account**

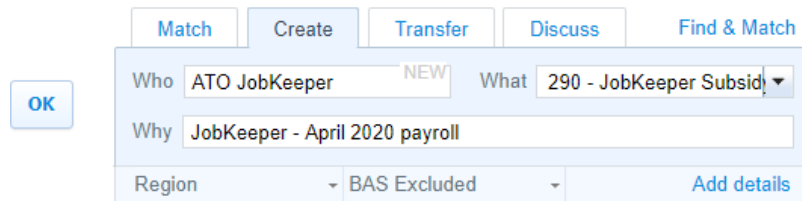
Click the **Accounting menu** > click the **Chart of Accounts** option > click the **Revenue** tab, find a free code number we can use later

Click the **Add Account** button > choose the **Other Income** account type > type that free code number > name it something like **JobKeeper Subsidy** > make sure it is BAS Excluded > click Save



## 2. Code the received money

When the subsidy hits your bank account through the bank rec, code the contact as you like (maybe ATO JobKeeper, or just ATO) and choose that other income account you just created. We suggest in the description type the month of payroll it relates to.



## 3. Check the Profit and Loss

You should now be able to see that transaction in the Profit and Loss and see it under the 'Other Income' heading – which shows that it doesn't relate to normal operations of the business.

### Profit and Loss

Demo Company (AU)  
For the month ended 31 May 2020

	May 2020
<b>Trading Income</b>	
Offering	795.05
<b>Total Trading Income</b>	795.05
<b>Gross Profit</b>	795.05
<b>Other Income</b>	
Interest Income	97.05
<b>JobKeeper Subsidy</b>	200.00
<b>Total Other Income</b>	297.05
<b>Operating Expenses</b>	

## Boosting Cash Flow for Employers

The Australian Government has passed a legislation to provide temporary cash flow support to certain businesses and not-for-profits that employ at least 1 staff. All eligible businesses will receive two tranches of \$10,000-\$50,000, totalling \$20,000-\$100,000 for the year. These cash flow boosts will be delivered as credits through the submission of your Activity Statement. To find out more, go to this ATO webpage: [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/)

Reconciling the cash flow boost will be very similar to Method 2 of the JobKeeper Subsidy reconciliation.

### **1. Create new Chart of Account**

Click the **Accounting menu** > click the **Chart of Accounts** option > click the **Revenue** tab, find a free code number we can use later

Click the **Add Account** button > choose the **Other Income** account type > type that free code number > name it something like **Cash Flow Boost** > make sure it is **BAS Excluded** > click **Save**

**Edit Account Details**

**Account Type**  
Other Income

**Code**  
A unique code/number for this account (limited to 10 characters)  
295

**Name**  
A short title for this account (limited to 150 characters)  
Cash Flow Boost  
[+ add Reporting Name](#)

**Description (optional)**  
A description of how this account should be used

**Tax**  
The default tax setting for this account  
BAS Excluded

Show on Dashboard Watchlist  
 Show in Expense Claims  
 Enable payments to this account

**How account types affect your reports**

Profit & Loss	Balance Sheet
Income	Current Assets
Revenue	Current Assets
Sales	Inventory
Less Cost of Sales	Prepayments
Direct Costs	Plus Bank
<b>GROSS PROFIT</b>	Bank Accounts
Plus Other Income	Plus Fixed Assets
Other Income	Fixed Assets
Less Expenses	Plus Non-current Assets
Expenses	Non-current Assets
Depreciation	<b>TOTAL ASSETS</b>
Overheads	Less Current Liabilities
<b>NET PROFIT</b>	Current Liabilities
	Less Non-current Liabilities
	Liabilities
	Non-current Liabilities
	<b>NET ASSETS</b>
	Equity
	Equity
	Plus Net Profit
	<b>TOTAL EQUITY</b>

You can also modify where accounts appear in your reports using Customised Report Layouts

**Save** **Cancel**

### **2. Code the received money**

When the subsidy hits your bank account through the bank rec, code the contact as you like (maybe ATO Cash Flow Boost, or just ATO) and choose that other income account you just created. We suggest in the description type the month of payroll it relates to.

**Match** **Create** **Transfer** **Discuss** **Find & Match**

**OK**

Who **ATO Cash Flow Boost** NEW What **295 - Cash Flow Boost**

Why **Cash Flow Boost #1**

Region **BAS Excluded** **Add details**

### **3. Check the Profit and Loss**

You should now be able to see that transaction in the Profit and Loss and see it under the 'Other Income' heading – which shows that it doesn't relate to normal operations of the business.

<b>Trading Income</b>	<b>May 2020</b>
Offering	795.05
<b>Total Trading Income</b>	<b>795.05</b>
<b>Gross Profit</b>	<b>795.05</b>
<b>Other Income</b>	
Cash Flow Boost	1,000.00
Interest Income	97.05
JobKeeper Subsidy	200.00
<b>Total Other Income</b>	<b>1,297.05</b>
<b>Operating Expenses</b>	