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## Public Ruling Payroll Tax Act—Harmonised: PAID PARENTAL LEAVE

*A public ruling, when issued, is the published view of the Commissioner of State Revenue (the Commissioner) on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue(s) it addresses. Where a change in legislation or case law (the law) affects the content of a public ruling, the change in the law overrides the public ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant or exemption, as the case may be, in accordance with the law.*

### What this ruling is about

1. The Commonwealth Government's Paid Parental Leave (PPL) scheme was introduced by the *Paid Parental Leave Act 2010*. The scheme provides eligible working parents of children born or adopted on or after 1 January 2011 with a maximum of 18 weeks of government funded paid parental leave at the National Minimum Wage. Where an eligible parent has worked for the same employer for at least 12 continuous months, the employer must make the PPL payments to the employee.
2. PPL payments, made by an employer, are made with funds the employer has received from the Commonwealth Government and are not payable to an employee unless the Commonwealth has provided sufficient funds in advance. In addition, employers are not required to make superannuation payments in relation to PPL payments and employees do not accrue leave entitlements during the period of the PPL.
3. This public ruling clarifies how PPL payments are to be treated for payroll tax purposes.

### Ruling and explanation

4. The *Payroll Tax Act 1971* (the Payroll Tax Act) prescribes that wages are liable for payroll tax if they are paid or payable to an employee for or in relation to services provided by the employee (or in anticipation of future services to be provided by the employee).

5. Even though PPL payments are paid by employers, the Commissioner is of the view that they do not constitute wages under the Payroll Tax Act and are therefore not liable to payroll tax as they are not paid by the employer in respect of services provided by the employee (or in anticipation of future services to be provided by the employee). Rather, PPL payments are Commonwealth Government payments that employers are asked to pay on behalf of the Commonwealth Government.

## **Date of effect**

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6. This public ruling takes effect from the date of issue.

David Smith  
Commissioner of State Revenue  
Date of issue: 21 March 2011

## **References**

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<b>Public Ruling</b>	<b>Issued</b>	<b>Dates of effect</b>	
		<b>From</b>	<b>To</b>
PTA037.1	21 March 2011	21 March 2011	29 May 2024