

PAID PARENTAL LEAVE (EMPLOYERS)

If the family assistance office (FAO) is satisfied that the eligibility requirements for PPL are satisfied (upon lodging a PPL claim), the FAO will advise the eligible parent of their eligibility and the period for which PPL payments will be made. **The FAO will also determine whether the FAO will make payments directly to the parent, or whether payments will be made to the parent indirectly via their employer.**

WHEN WILL PPL PAYMENTS BE MADE BY AN EMPLOYER

Employers are not required to participate in the PPL scheme between 1 January 2011 and 30 June 2011 (ie. participation in the scheme up until this date is voluntary)

From the 1 July 2011, Employers will be responsible for making PPL payments to eligible employees where the following conditions exist:

- The employee has been employed with the employer for at least 12 months prior to the expected date of birth or adoption
- The employee is likely to be an Australian-based employee for the PPL period
- PPL payments are likely to be payable to the employee for at least 8 weeks

Even if these requirements do not exist, an employee can still agree to make PPL payments.

CONSEQUENCES FOR EMPLOYERS

The employer will be provided with written notification advising them that the employee is eligible for PPL . In these circumstances the following consequences will arise:

- A) Payments funded by the FAO** – The FAO will ensure that funds are provided to the employer in advance of their obligation to make PPL payments. The employer should not be out of pocket at any time as a result of the PPL scheme.
- B) Funding amounts are assessable to the employer** – The funding amounts received by the employer from the FAO must be included in the assessable income of the employer .
- C) PPL payments are deductible to the employer & included in the employee's salary** – PPL payments are deductible to the employer and PPL payments received by an employee are included in the employee's usual pay cycle. The PPL payments are combined with the employee's normal salary on their payment summary and not included separately. The employer is required to provide some form of notification of the PPL amounts, so that the employee is able to identify them, for example, provided on pay slips.
- D) PAYG Withholding** – The employer is required to withhold PAYG withholding from PPL payments under normal withholding arrangements.
- E) Other considerations** – PPL payments are not
 - Included for the super guarantee surcharge
 - Included in the calculation for additional accrual of leave entitlements
 - Do not give rise to additional workers compensation
 - Not subject to payroll tax

For a comprehensive explanation of the Paid Parental Scheme please visit the Family Assistance website or click on the following link

<http://www.familyassist.gov.au/payments/family-assistance-payments/paid-parental-leave-scheme/>