



REVENUE CIRCULAR PTA037.2

Commonwealth Paid Parental Leave Scheme - *Payroll Tax Act 2011*

Issue Date: 17 June 2024

Status: Current – Effective 1 July 2023

Previous Circular: PTA037

1. The *Payroll Tax Act 2011* (the Act) operates as part of harmonised payroll tax legislation across the Australian jurisdictions.
2. 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 period 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.
3. 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.
4. This circular clarifies how PPL payments are to be treated for payroll tax purposes.

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5. The 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).
6. Even though PPL payments are paid by employers, the Commissioner for ACT Revenue is of the view that they do not constitute wages under the Act. Rather, PPL payments are Commonwealth Government payments that employers are asked to pay on behalf of the Commonwealth Government.

7. Therefore, PPL payments are 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).
8. This circular is taken to have effect from 1 July 2023.

SIGNED

Kim Salisbury
Commissioner for ACT Revenue
14 June 2024