



PAYROLL TAX **Paid Parental Leave**

Introduction

1. The *Pay-roll Tax Assessment Amendment Act 2010* amended the *Pay-roll Tax Assessment Act 2002* (the Act) with effect from 1 July 2009 to harmonise the legislation of Western Australia's payroll tax system with the legislation of other 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 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.
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 ruling clarifies how PPL payments are to be treated for payroll tax purposes.

Ruling

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 of State Revenue is of the view that they do not constitute wages under the 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.
7. Please note that rulings do not have the force of law. Each decision made by the Commissioner of State Revenue is made on the merits of each individual case having regard to any relevant ruling.

Ruling History

Revenue Ruling	Issued	Effective Dates	
		From	To
PTA 037.1	8 April 2011	8 April 2011	30 June 2023