

## Special points of interest:

- Employee eligibility criteria.
- Current employee leave entitlements and paid maternity and paternity leave
- Items an employer is NOT responsible for

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## PAID PARENTAL LEAVE

As you may be aware, the Government introduced the Paid Parental Leave Scheme ("PPL") on 1 January 2011. This scheme was introduced to provide an entitlement for working parents of children born or adopted from 1 January 2011 a government funded paid parental leave pay at the National Minimum Wage for maximum period of 18 weeks.

For the first 6 months (i.e. to 30 June 2011) the Government will be responsible for administering this scheme. However, from 1 July 2011 it will be the employer's responsibility to administer PPL to eligible employees and therefore imperative that procedures and registrations are in place by employers prior to this date to ensure a smooth transition of the same.

### EMPLOYEE ELIGIBILITY CRITERIA

All working parents, including full-time, part-time, self employed, casual, contract and seasonal employees will be entitled to PPL, if they meet the eligibility criteria. This criterion is as follows:

- The employee is to be the primary carer of a newborn child or the initial primary carer of a recently adopted child.
- The employee must be an Australian Resident
- The employee must have met the PPL scheme work test before the birth or adoption occurs.
- The employee has to have

received an individual taxable income of \$150,000 or less in the financial year prior to the date of birth or date of claim (whichever is earlier), and

- The employee is on leave or not working from the time they become the child's primary carer.

For an employee to satisfy the PPL work test as stated above they must have:

- Worked at least 10 of the 13 months prior to the birth or adoption of the child.
- Worked at least 330 hours in that 10 month period (just over 1 day a week) with no more than an eight week gap between 2 consecutive days. A working day is a day you have worked at least on hour.

### CURRENT EMPLOYEE LEAVE ENTITLEMENTS AND PAID MATERNITY/PATERNITY LEAVE

It is important to note that the PPL scheme provides the employee with Parental Leave Pay but does not give them an entitlement to leave and therefore does not change any of the existing leave entitlements for your employees.

However, if you currently provide your staff with paid maternity or paternity leave through an industrial agreement or employment contract, this entitlement cannot be withdrawn during the life of that agreement.

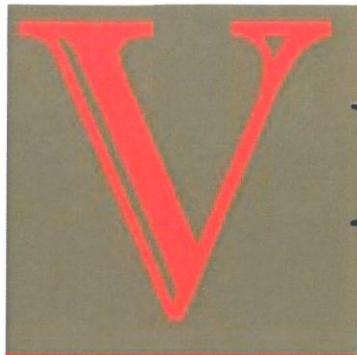
### ITEMS AN EMPLOYER IS NOT RESPONSIBLE FOR

When one of your employees is eligible for PPL, Centrelink will determine if you are required to provide their PPL. If you are responsible, Centrelink will provide the PPL funds to you and then you will provide the PPL to your employee.

Items that Employers do NOT need to do are as follows:

- Employers do not have to work out an employees eligibility. That is done by Centrelink. It is the employees responsibility to lodge a claim with Centrelink.
- Employers do not have to provide PPL pay to employees until funds have been received from Centrelink.
- Employers will not be required to separately identify PPL pay in financial statements. However, amounts of PPL need to be identifiable from other amounts that attract superannuation guarantee, payroll tax or workers compensation premium liabilities.





# ICCA NEWS

February 21 2011

## Special points of interest:

- **Items an Employer IS responsible for**
- **How to Prepare for the Paid Parental Leave Scheme**

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## PAID PARENTAL LEAVE CONT...

- Employers are not required to make superannuation contributions in respect of PPL.
- Employers will not be subject to additional workers compensation premium liabilities in respect of PPL.
- Employers will be required to pay payroll tax in respect to PPL.
- PPL will not result in the accrual of any additional leave entitlements for your employees.
- Employers will not be required to provide regular reports to Centrelink in relation to PPL.

### ITEMS AN EMPLOYER IS RESPONSIBLE FOR

Some of the responsibilities of an employer under the new PPL scheme are as follows:

- Provide bank account details and your employee's usual pay cycle details to Centrelink so that you can receive PPL funds ahead of your employees pay cycle. This information can be provided through Centrelink Business Online Services when you log in.
- When PPL funds have been transferred to your nominated account, these funds are paid to your employee as part of their usual pay cycle and within the period advised by Centrelink.
- Withhold tax from PPL

under an employees annual payment summary.

- Provide a record of the PPL for you employee. This is usually done in the form of a payslip.
- Keep written financial records of receipt of PPL funds from Centrlink and the PPL provided to your employee.
- Notify Centrelink:
  1. If and when you employee returns to work before or during their paid parental leave period.



### HOW TO PREPARE FOR THE PAID PARENTAL LEAVE SCHEME

To prepare for the PPL scheme, employers can do the following:

- Register for an AUSKey on the ABR website.
- Register with Centrelink Business Online Services. This will enable you to receive letters and payment advices online from them to support your role in the PPL scheme.
- If you manage multiple companies, you will need to register with Centrelink Business Online Services for each company's ABN.

If you require assistance in preparing your entitlements for the implementation of PPL as of 1 July 2011, please contact Kim Macaranas of this office.

2. If and when an employee is no longer your employee
  3. If you change your bank account details or your employees pay cycle, or
  4. If you receive an incorrect PPL funding amount.
- Return any unpaid PPL funds to Centrelink.
  - Notify Centrelink in advance if you are ceasing to trade.