



## **PAID PARENTAL LEAVE – IMPACT ON EMPLOYERS**

Although the Government's paid parental leave (**PPL**) scheme will not apply until 1 January 2011, employers should be aware of the impact this scheme will have on them.

The PPL scheme is designed to assist new parents of children born or adopted after 1 January 2011. An eligible person will receive PPL payments at the Federal minimum wage level (which is currently \$543.78 per week) for a maximum period of 18 weeks.

Many employers may think that this scheme will not impact them as it will be Government funded. Although the scheme will be Government funded, employers will be the "paymaster" of the PPL payments (i.e. employees will receive their PPL payments through their employers).

Employers will be responsible for receiving PPL payments from the Government and passing these amounts on to eligible employees where the employee has completed 12 months continuous service prior to the date of birth or adoption.

Not only will employers be the paymasters but they will also be responsible for providing certain information in relation to their employees to the relevant Government agencies. This will place an administrative burden on employers (particular those involved in small businesses). Employers need to be aware of the impacts of the new PPL regime on their businesses.

It should be noted that employers will not be obliged to make superannuation contributions, pay payroll tax or insurance or accrue leave in respect of the PPL payments.

### **WHO IS ELIGIBLE?**

To be eligible for the PPL scheme, a person must be in paid work and have:

- Been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and
- Have undertaken at least 330 hours of paid work in the 10 month period.

The scheme will cover employees including casual employees, self employed persons and contractors.

The PPL scheme will be income tested. To be eligible the person's adjusted taxable income in the previous financial year cannot exceed \$150,000.

If you would like further information or require assistance in relation to the above please do not hesitate in contacting our office on 02 9555 1309.

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