

PAID - Parental Leave starts on 1 July 2011

From 1 July 2011, employers will be responsible for providing Parental Leave Pay to their eligible long-term employees.

Under the Fair Work Act 2009 if an employee has been employed by your business for 12 months or more, they may be entitled to access up to 12 months unpaid parental leave associated with the birth or adoption of a child. Where families prefer one parent to take a longer period of leave, that employee has the right to request up to an additional 12 months of unpaid parental leave.

During the period the employee may be entitled to payments from you. If you are required to make payments you will receive payments from Centrelink.

Payments are determined by Centrelink and you have a role to play in providing Parental Leave Pay to an employee, you will receive a letter advising you of your employer determination.

Your employees may receive the taxable equivalent of the National Minimum Wage (of \$570 per week), paid for up to 18 weeks.

The rules are:

From 1 July 2011, you must provide Parental Leave Pay to an eligible employee who:

- has a child born or adopted from 1 July 2011, and
- will have been your employee for 12 months or more prior to the expected date of birth or adoption
- will be your employee for the period of their Parental Leave Pay
- is an Australian-based employee, and
- is expected to receive eight weeks or more of Parental Leave Pay.

To meet the Paid Parental Leave scheme work test you must have:

- worked for at least 10 of the 13 months prior to the birth or adoption of your child, **and**
- worked for at least 330 hours in that 10 month period (just over one day a week), with no more than an eight week gap between two consecutive working days.

You do not need to be working full-time to be eligible for Parental Leave Pay.

Your Requirements

- When Centrelink has transferred the Paid Parental Leave funds into your nominated bank account, you will then provide Parental Leave Pay as part of your employee's usual pay cycle. You will receive these funds fortnightly throughout the 18 weeks, or you may choose to receive them in 3 six-weekly instalments.
- will need to withhold the usual pay as you go (PAYG) tax
- will not have to make super contributions on Parental Leave Pay, so it will need to be quarantined from other amounts that attract a super guarantee liability
- do not have to pay payroll tax on Parental Leave Pay
- will not incur increased workers compensation premiums due to the Parental Leave Pay.
- Any costs your employer clients incur in administering the scheme are tax deductible.

To get a better understanding of your requirements please contact us on 9525 8788.