

# Revenue Ruling

Ruling Number	:	PTA037
Title	:	Paid Parental Leave
Tax Line	:	Payroll Tax
Legislative Reference	:	<i>Payroll Tax Act 2008</i>
Previous Ruling	:	-
Date of Ruling	:	1 January 2011
Attachments	:	-

## Preamble

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.

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.

This ruling clarifies how PPL payments are to be treated for payroll tax purposes.

## Ruling

The *Payroll Tax Act 2008* 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).

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 *Payroll Tax Act 2008* 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.

**Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling.**

### **More Information**

Enquiries about this Revenue Ruling should be directed to the Legislation, Communication and Review Section on telephone (03) 6166 4400 or e-mail at [revenuereview@treasury.tas.gov.au](mailto:revenuereview@treasury.tas.gov.au).

All rulings must be read subject to Revenue Ruling, PUB-GEN-2014-5, "[Explanation and Status of Revenue Rulings](#)".



**W K Sawford**  
**COMMISSIONER OF STATE REVENUE**

Telephone: (03) 6166 4400  
Facsimile: (03) 6173 0217  
E-mail: [taxhelp@treasury.tas.gov.au](mailto:taxhelp@treasury.tas.gov.au)  
Internet: [www.sro.tas.gov.au](http://www.sro.tas.gov.au)

**By Correspondence:**

The Commissioner of State Revenue  
GPO Box 1374 HOBART TAS 7001

**In Person:**

Ground floor  
Salamanca Building Parliament Square  
4 Salamanca Place HOBART TAS 7000



**Tasmania**