



## **PAYROLL TAX**                      **Paid Parental Leave**

### **Introduction**

1. This ruling is based on legislation and interpretation that has been harmonised with other jurisdictions.
2. The Commonwealth Government's Paid Parental Leave scheme was introduced by the *Paid Parental Leave Act 2010* (Cth). The scheme provides eligible working parents of children born or adopted on or after 1 January 2011 with a period of government funded paid parental leave at the National Minimum Wage.
3. In circumstances where an employer is required to provide the parental leave pay to an eligible employee, the payments are made with funds the employer has received from the Commonwealth Government. Parental leave pay is not payable to an employee until the Commonwealth Government has provided sufficient funds in advance. The [Australian Taxation Office](#) (ATO) will pay superannuation contributions (calculated based on the superannuation guarantee rate) on the Commonwealth Government funded parental leave pay for a child born or adopted on or after 1 July 2025. These superannuation contributions are paid by the ATO directly to the employee's superannuation fund (in most circumstances, to the fund that is currently receiving superannuation contributions). Employers are not required to make superannuation contributions in relation to parental leave pay but may make voluntary superannuation contributions if they so choose.
4. This ruling clarifies how parental leave pay and superannuation contributions paid by the ATO are to be treated for payroll tax purposes.

### **Ruling**

5. The *Pay-roll Tax Assessment Act 2002* (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 parental leave pay may be paid by employers, the Commissioner is of the view that they do not constitute wages under the Act. They 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, parental leave payments are Commonwealth Government payments that employers are asked to pay on behalf of the Commonwealth Government.
7. Similarly, superannuation contributions paid by the ATO on parental leave pay are not considered wages under the Act. Voluntary superannuation contributions paid by the employer on parental leave pay, however, are wages for the purposes of payroll tax. For details on the Western Australian exemption for parental leave related payments, see [Revenue Ruling PTA 012](#).
8. 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
PTA037.2	10 June 2024	1 July 2023	30 June 2025
PTA037.3	23 April 2026	1 July 2025	Current