Paid Parental Leave

Background

The Paid Parental Leave scheme is an entitlement for working parents of children born or adopted from 1 January 2011. You are required to provide Parental Leave Pay from 1 July 2011. The scheme provides government funded Parental Leave Pay at the National Minimum Wage, currently $570 a week before tax, for a maximum period of 18 weeks. Parental Leave Pay is calculated on the basis of a week of 38 ordinary hours at $15 per hour. Refer to website
http://www.centrelink.gov.au/internet/internet.nsf/businesses/ppl_toolkit_11.htm
for general details on the scheme and for details on how to provide it, see
http://www.centrelink.gov.au/internet/internet.nsf/businesses/ppl_business_how_to_provide_post1july2011.htm

All working parents, including full-time, part-time, self-employed, casual, contract and seasonal employees, will be entitled to Parental Leave Pay, if they meet the eligibility criteria.

You will not be required to make superannuation contributions in respect of Parental Leave Pay.

You will not be subject to additional workers compensation premium liabilities in respect of Parental Leave Pay.

You will not be required to pay payroll tax in respect of Parental Leave Pay.

Parental Leave Pay will not result in the accrual of any additional leave entitlements for your employees.

Parental Leave Pay is taxable. You should withhold PAYG amounts from an employee's Parental Leave Pay at the appropriate rate, consistent with general PAYG withholding obligations for wages and allowances paid to the employee.

You must include Parental Leave Pay in the total amounts on your employee's annual or part-year payment summary (statements produced and given to employees for tax purposes). Parental Leave Pay must be included on payment summaries, however it does not need to be separately identified on payment summaries.

You will not be required to separately identify Parental Leave Pay in your annual financial statements. However, amounts of Parental Leave Pay need to be identifiable from other amounts that attract a superannuation guarantee, payroll tax or workers compensation premium liabilities.

Infoware Setup

When an employee is to be paid parental leave then the following setup is required.

1. The employee needs to be on an award that accrues leave entitlements by the allowance method not the award method (if they aren't already on such an award), i.e. the accruals are based on the accrual figures in the allowances not the award, and calculated by the hours/units worked by the employee on these allowances.

2. A new Paid Parental Leave allowance (e.g. PPL) needs to be created. It should be an Hourly allowance type at a rate of $15 an hour. The employee should get 38 hours of this allowance per week to get the required $570.00 per week amount. By having an hourly allowance it is possible to pay a part week easily based on the hours to be paid. Alternatively the allowance may be setup as a

Weekly or Unit type with an amount of $570.00 but this will require a fraction to be entered if only part of a week is to be paid (e.g. 0.5 if only half a week is being paid).

3. The PPL allowance should be setup so that it doesn't accrue any leave entitlements, is not superannuation applicable, is taxable, has payment summary category G but has Include in Gross set to N. Its General Ledger Account should be a clearing account that is also used when receipting paid parental leave funds from the govt.

Below is a sample of the paid parental leave allowance setup:-

```
              A L L O W A N C E   C O D E    M A I N T E N A N C E
Award Code...........: 1.                    Company.............:   .
Allowance Code.......: PPL.                  Creditor............:         .
Description..........: Paid Parental Leave              .
Standard Amount......:    15.000.            Hourly Accrual Figures
per week/hour etc....: H.                    Holiday.............:          .
Hour Rate Factor.....:         .             Sick................:          .
Clause...............:          .            L.S.L...............:          .
Taxable..............: Y.                    R.D.O...............:          .
Allowance Code Type..:        .              Hol. Leave Loading..:          .
Payment Sum Category.: G.
Payslip Sort Code....: 10 .                  Default Cost Centre.:      .
Super Applicable.....: N.                    Default Sub Cost Ctr:   .
Include In Gross $'s.: N.
Print on Emp Info Rep: Y.
On Cost Code.........:      .    ←━━━━━  Leave blank – no on costs


G/L Payroll Expense Account
  Br  PC  Acct Sub  Cat        ←━━━━━  Use your Paid Parental Leave Clearing Account
  SY. PP. 1001.  .    .
```

```
              P A Y R O L L   T A X   E X E M P T I O N S
Award Number....:  1
Allowance Code..: PPL        Name..: Paid Parental Leave
Exemption    $          %
 | Qld....:          . | 100. | ------------    NOTE   ---------------------
 | NSW....:          . | 100. | set % value to 100 to fully exempt an allowance
 | VIC....:          . | 100. | from the payroll tax calculation (eg. Tax)
 | WA.....:          . | 100. | -----------------------------------------------
 | SA.....:          . | 100. |
 | TAS....:          . | 100. |
 | NT.....:          . | 100. |
 | ACT....:          . | 100. |
```

```
                    ALLOWANCE  CODE  MAINTENANCE (Cont)
Award Code............:  1
Allowance Code........: PPL   Paid Parental Leave

 Report settings
Exclude from Lab Sales:  .

 Browser Report Settings
Budget Status(E,W,S,X): W.
Timesht Display Order.:   .
Exclude from Timesheet:  .
Excl. Qty from Summary:  .
```

Payrun Processing

The paid parental leave for the employee in a payrun can be entered manually via the {6,6,2} Transaction Maintenance option or it can be setup in the {6,6,1} Enter Autopay Adjustments option. It is best to enter it in the Autopay option if you normally enter pay details using the autopays. E.g.

```
                    U P D A T E   A U T O   P A Y
Employee Number...:   6                Code   Perm   Units   Amount
Name..............: John               PPL.   Y.   38.000.      .
                  : Smith                .      .       .      .
Normal Hours......:    .  40.00          .      .       .      .
Time & Half Hours.:    .                 .      .       .      .
Double Time Hours.:    .                 .      .       .      .
Sick Hours........:   .00.               .      .       .      .
Holiday Hours.....:   .00.               .      .       .      .
Weeks of Pay......:  1.00.               .      .       .      .
Profit Centre.....:   .                  .      .       .      .
Select For Payment: Y.                   .      .       .      .
Extra Tax.........:      .
Manual Tax........:   .
Taxable Gross.....:
Portable LSL No...:          .
Payroll Tax FBT...:          .
Group Cert. FBT...:          .
CDEP..............:          .
Other Income......:          .
```

Then process the pay as normal. At the end of the paid parental leave payment term remove the PPL line from the autopay screen of the employee.

Receipt of Paid Parental Leave Payment

When you are reimbursed for the Paid Parental Leave from government this should be processed to the Paid Parental Leave Clearing Account through either:

1. Non Debtor Banking {2, 6, 4}

2. Cash Book Journal {4, 6, 1} as "Bank" deposit type

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