

LEGAL ALERT

CHECKLIST – PREPARATION FOR THE INTRODUCTION OF THE PAID PARENTAL LEAVE SCHEME

In preparation for the commencement of employer obligations under the *Paid Parental Leave Act 2010* on 1 July 2011, employers should undertake the following:

- STEP 1:** Register your details as an employer for the PPL scheme through the Centrelink Business Online Services accessible through Centrelink's website at www.centrelink.gov.au/internet/internet.nsf/businesses/register.htm. You will need an AUSkey or current ATO digital certificate before you can register.
- STEP 2:** Create a procedure to ensure that written financial records are ready to be kept for the receipt of parental leave pay from the Family Assistance Office (FAO) and the amounts paid to employees from those funds. Records of parental leave pay which is not paid to the employee will also need to be kept so that these may be paid back to the FAO.
- STEP 3:** Ensure that the payroll system can be used to make parental leave payments to employees in the usual pay cycle. The employee must also be given a written record of any paid parental leave paid to them (this can be included on the employee's payslip). Note that tax must be withheld from any parental leave pay under the usual PAYG withholding arrangements, however, the payment is not taken into account for superannuation, payroll tax or workers compensation purposes.
- STEP 4:** Create a procedure to record the following so that the FAO can be notified:
- when the employee takes the paid leave;
 - if the employee ceases employment;
 - of any changes to the employer's bank account details or pay cycle;
 - if incorrect paid parental leave funding has been provided; and
 - if the employee returns to work.
- STEP 5:** Review any existing parental leave policies (and, if applicable, any entitlement to paid parental leave under a contract of employment, award or enterprise agreement). If an existing policy requires you to pay an employee for a period of parental leave, you cannot use funds received from the FAO to meet that obligation, however, it may be possible to amend the policy to reduce your obligation to make parental leave payments. Also, you may wish to amend the existing policy so that its interaction with the PPL scheme is clear.

If you require advice or any further information, please contact:

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