

| Contents | Page |
|---------------------------|------|
| What this Ruling is about | 1 |
| Ruling and explanation | 2 |
| Date of effect | 2 |
| References | 2 |

Public Ruling Payroll Tax Act:

EXEMPTION FOR PARENTAL, ADOPTION OR SURROGACY LEAVE PAY— ADMINISTRATIVE ARRANGEMENT— PART-TIME EMPLOYEES

A Public Ruling, when issued, is the published view of the Commissioner of State Revenue (the Commissioner) on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue(s) it addresses. Where a change in legislation or case law (the law) affects the content of a Public Ruling, the change in the law overrides the Public Ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant or exemption, as the case may be, in accordance with the law.

What this Ruling is about

1. Section 14A of the *Payroll Tax Act 1971* (the Payroll Tax Act) exempts from payroll tax, wages paid or payable to employees on parental, adoption or surrogacy leave. The exemption:
 - (a) applies to wages paid or payable to employees taking parental, adoption or surrogacy leave
 - (b) applies to all wages other than fringe benefits
 - (c) is limited to a maximum of 14 weeks' pay
 - (d) applies irrespective of whether the leave is taken
 - (i) before or after the birth
 - (ii) before or after the adoption or
 - (iii) before or after the child starts residing with the employee under a surrogacy arrangement and
 - (e) must be supported by keeping relevant records.¹
2. For any one pregnancy, adoption or surrogacy arrangement, the exemption is limited to wages for a maximum of 14 weeks' full-time leave for a full-time employee or the equivalent amount if taken over a longer period.²

¹ See Public Ruling *PTA012—Exemption for parental and adoption leave pay* and Public Ruling *PTAQ014A.1—Exemption for surrogacy leave pay*.

² Section 14A(4)(a) of the Payroll Tax Act

PTAQ014A.2.1

2 of 2

Example 1

Stella is a full-time employee and elects to take adoption leave at half pay over a period of 28 weeks. Wages relating to the 28-week period are exempt.

3. For a part-time employee, the exemption is limited to wages for a maximum of 14 weeks' leave at the employee's part-time rate of pay.³ In contrast to the exemption for full-time employees, the Payroll Tax Act restricts the exemption for a part-time employee to a maximum 14-week period, regardless of whether or not the employee takes leave over a longer period at less than their normal rate of pay.
4. To allow for the equal treatment of full-time and part-time employees, the Treasurer approved an administrative arrangement on 16 April 2011, pending amendment to the Payroll Tax Act, enabling the exemption for a part-time employee to apply for a period equivalent to 14 weeks' leave at the employee's part-time rate of pay.
5. This Public Ruling sets out the terms of the administrative arrangement.

Ruling and explanation

6. From 16 April 2011, the Payroll Tax Act will be administered on the basis that, in relation to a part-time employee, the exemption for parental, adoption or surrogacy leave may apply for a period equivalent to 14 weeks' leave at the employee's part-time rate of pay.

Example 2

John is a part-time employee and elects to take parental leave at half pay over a period of 28 weeks. Wages relating to the 28-week period are exempt.

Date of effect

7. This Public Ruling takes effect from 16 April 2011.

David Smith
Commissioner of State Revenue
Date of Issue: 12 December 2012

References

| Public Ruling | Issued | Dates of effect | |
|---------------|------------------|-----------------|--------------|
| | | From | To |
| PTAQ014A.2.1 | 12 December 2012 | 16 April 2011 | 25 June 2013 |

³ Section 14A(4)(b) of the Payroll Tax Act