

Government paid parental leave has started!



What does it mean for your business?

The paid parental leave scheme commenced on 1 January 2011, however, the role of employers is being phased in to help employers transition to the new arrangements. This means that an employer's role in providing Parental Leave Pay will be voluntary until 30 June 2011. From 1 July 2011, employers will be required to make paid parental leave payments to certain employees.

An employer can if they wish 'opt in' and assist the government with facilitating the payments from 1 January 2011 by electing this at the time of registration.

What should employers do?

Employers should ensure that they are ready to provide Parental Leave Pay to any eligible employees by 1 July 2011. This can be done by registering for the Paid Parental Leave scheme through Centrelink Business Online Services (<http://www.centrelink.gov.au/internet/internet.nsf/businesses/index.htm>) or calling the Centrelink Business Hotline on 13 11 58 to register.

An Employer Business Requirement Statement is available on the family assistance office website (www.familyassist.gov.au) to assist employers, human resources staff, accountants and tax practitioners to prepare for this new scheme.

Information required to register for paid parental leave

The following information is required to successfully register for Business Online Services:

- Organisation's ABN
- AUSKey for the organisation - recommended for a faster registration
- Organisation's name and business address
- Name and contact details of the applicant
- Name and contact details of the organisation's primary business contact/user (if that is not the

applicant) who will be the main contact for Centrelink, the main user of the service(s) and advise Centrelink on the access requirements of other users to the service(s).

- Name and contact details of the authorised Person (if not the applicant) designated to accept the terms and conditions to use Centrelink Business Online Services on its behalf.

Centrelink will use the Australian Business Register to validate information provided during your application. Registration will generally take less than 10 minutes.

Record keeping obligations

Employers will be required to keep proper financial records of both the receipt of Paid Parental Leave funding amounts and the Parental Leave Pay paid to an employee. These records must be retained for seven years.

The Family Assistance Office may request these where there is a dispute about the Paid Parental Leave funding amount that has been paid by the Family Assistance Office to the employer, or about the Parental Leave Pay provided by the employer to the employee.

To ensure businesses meet the record keeping requirement it is recommended that employers retain the payment notice provided by the Family Assistance Office about each payment and they retain records of payment notices provided by the employer to the employee (on pay slips or on separate notices).

Affect on other payroll matters

Paid parental leave is not subject to payroll tax, superannuation and workers compensation, and leave entitlements will not accrue during a period of paid parental leave.

If you have any questions regarding the paid parental leave scheme or any other tax or accounting matters, contact Darren Yates at BMG today for an obligation free consultation.