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Public Ruling Payroll Tax Act—Harmonised: PAID PARENTAL LEAVE

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. This public ruling clarifies how parental leave pay and superannuation contributions paid by the Australian Taxation Office (ATO) are to be treated for payroll tax purposes.
2. The Commonwealth Government's Paid Parental Leave scheme was introduced by the *Paid Parental Leave Act 2010*. 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.
4. The 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.

Ruling and explanation

5. The *Payroll Tax Act 1971* (Payroll Tax 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 Payroll Tax 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 payments are not considered wages under the Payroll Tax Act. Voluntary superannuation contributions paid by the employer on parental leave pay are wages for the purposes of payroll tax. However, for details on the Queensland-specific exemption which may apply to certain parental leave related payments, refer to [Public Ruling PTAQ014A.3](#).

Date of effect

8. This public ruling takes effect from 1 July 2025.

Simon McKee
Commissioner of State Revenue
Date of issue: 4 December 2025

References

Public Ruling	Issued	Dates of effect	
		From	To
PTA037.3	4 December 2025	1 July 2025	Current
PTA037.2	30 May 2024	30 May 2024	30 June 2025
PTA037.1	21 March 2011	21 March 2011	29 May 2024