

Answer ID: 33014

Paid Parental Leave scheme

Question

What is the Paid Parental Leave scheme and how do I setup my software for it?

Answer

Introduction

The Paid Parental Leave scheme is an offer from the government whereby up to 18 weeks paid parental leave is offered to eligible working parents of children born or adopted on or after 1 January 2011. The government is paying the money to the employer to then pass on to the employee. This support note explains how to setup and record paid parental payments within your software.

What is the current rate of parental leave?

The rate is paid at the National minimum wage. For more information go to <http://www.familyassist.gov.au/>

Create an account to track parental leave

1. Go to the **Accounts** command centre and click **Accounts List**.
2. Click the **Liability** tab.
3. Click **New**.

The screenshot shows the 'Accounts List' window with the 'Liability' tab selected. The table below represents the data shown in the window:

Account Name	Type	Tax	Linked	Balance
2-0000 Liabilities	Liability			\$74,190.07
2-1000 Current Liabilities	Liability			\$61,932.40
2-1100 Credit Cards	Liability			\$0.00
2-1110 American Express	Credit Card	N-T		\$0.00
2-1120 Bank Card	Other Liability	N-T		\$0.00
2-1130 Master Card	Other Liability	N-T		\$0.00
2-1140 Visa Card	Other Liability	N-T		\$0.00
2-1335 New Account	Other Liability	N-T		\$0.00
2-1500 Payroll Liabilities	Liability			\$30,662.62
2-1510 PAYG Withholdings Payable	Other Liability	N-T		\$19,972.00
2-1520 Payroll Deductions Payable	Other Liability	N-T		\$0.00
2-1530 Superannuation Payable	Other Liability	N-T		\$10,690.62
2-1540 Union Fees Payable	Other Liability	N-T		\$0.00

4. Enter an **Account Number** and **Account Name** as shown in the following example.

The screenshot shows the 'Edit Accounts' window with the 'Profile' tab selected. The details for a new account are as follows:

2-1560 New Account Current Balance ⇄: \$0.00

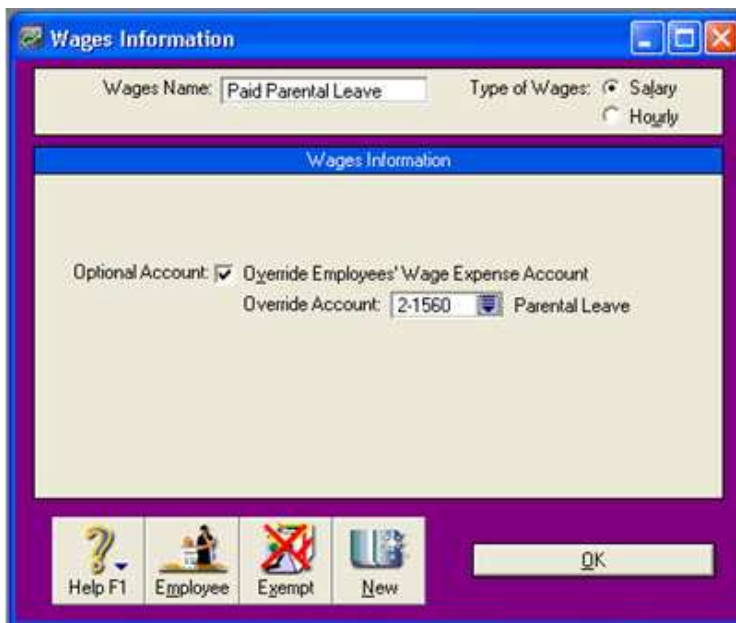
Header Account Inactive Account
 Detail Account

Account Classification: Liability
 Account Type: Other Liability
 Account Number: 2 - 1560
 Account Name: Parental Leave
 Opening Balance: \$0.00

5. Click **OK**.

Create a new wages category

1. Go to the **Payroll** command centre and click **Payroll Categories**.
2. Click **New** to create a new payroll category.
3. Change the **Wages Name** field to **Paid Parental Leave**.
4. For the **Type of Wages**, select the **Salary** option.
5. Select the option to **Override the Employees' Wage Expense Account**.
6. In the **Override Account** field specify the account that you created earlier. This will allow you to balance the account to zero at the end of the period.



7. Click **Employee** to select the relevant employees as shown in the following example.



8. Click **OK**.

Exempt Paid Parental Leave from calculating superannuation

Note: For information regarding Superannuation and Paid Parental Leave follow the link below.

http://www.fahcsia.gov.au/sa/families/progserv/paid_parental/parental_leave/Pages/ppl_qanda.aspx#9

1. Go to the **Payroll** command centre and click **Payroll Categories**.
2. Click the **Superannuation** tab.
3. Click the zoom arrow next to your superannuation category.
4. Click **Exempt**.
5. Select the **Paid Parental Leave** category to exempt from the superannuation calculation.
6. Click **OK**.

Exempt Paid Parental Leave from accruing entitlements

Hourly employees

For hourly employees the entitlement will not accrue as there are no hours to calculate the percentage.

Salary Employees

1. Go to the **Card File** command centre and click **Cards List**.
2. Click the **Employee** tab.
3. Click the zoom arrow next to the relevant employee.
4. Click the **Payroll Details** tab and choose **Entitlements**.
5. Deselect any entitlements that should not be calculated during the Paid Parental Leave period.

Note: When the employee finishes the Paid Parental Leave you will need to select these entitlements again so that the leave entitlements will accrue.

What do I need to do when my employee is taking paid parental leave?

1. Go to the **Card File** command centre and click **Cards List**.
2. Click the zoom arrow next to the applicable employee.
3. Click the **Payroll Details** tab.
4. Click the **Standard Pay** option from the lefthand side.
5. Set all wage category amounts (except the **Paid Parental Leave** category) to zero.
6. Set the **Paid Parental Leave** category to the amount that is to be paid each pay period. See our example below.

Card Information

Profile Card Details **Payroll Details** Payment Details Contact Log Jobs History

Jones, Mary EMP00001

Personal Details ▶ Pay Frequency: Weekly
Wages ▶ Hours per Pay Frequency: 40
Superannuation ▶
Entitlements ▶
Deductions ▶
Employer Expenses ▶
Taxes ▶ **Standard Pay ▶**
Pay History ▶
Time Billing ▶

Payroll Category	Hours	Amount	Job
⇨ Holiday Pay	0		
⇨ Sick Pay	0		
⇨ Base Salary		\$0.00	
⇨ Paid Parental Leave		\$570.00	
⇨ Union Fee		<Calculated>	
⇨ Salary Sacrifice		<Calculated>	
⇨ PAYG Withholding		<Calculated>	
ENTITLEMENTS			
⇨ Holiday Leave Accrual	<Calculated>		
⇨ Sick Leave Accrual	<Calculated>		
EMPLOYER EXPENSES			
⇨ Superannuation Guarantee		<Calculated>	

Actions:

Help F1 New

7. Click **OK**.
8. Repeat steps 2-7 for all other employees for whom parental leave is applicable.

You are now ready to process Paid Parental leave payments for your employees.

When you have finished paying the paid parental leave payments, you can use the **Reset to Original Amounts** button on the **Payroll Details** tab of the employees card (as shown above) to restore the values back to the standard hours.

Receiving the payment from the government

When the employer receives parental leave payment from the government, this needs to be recorded as a **Receive Money** transaction into the Liability account created above.

1. Go to the **Banking** command centre and click **Receive Money**. The **Receive Money** window is displayed.
2. Specify the **Amount Received**.
3. On the first line, specify the applicable Liability account in the **Acct #** field. In our example this is **2-1560 Parental Leave**. See our example below.

Receive Money

Deposit to Account: 1:1110 General Cheque Account 1 Balance ⇄: \$97,272.82
 Group with Undeposited Funds: Tax Inclusive

Payor: ID #: CR000041
 Amount Received: \$570.00 Date: 10/01/2011
 Payment Method: Details...
 Memo:

Acct #	Name	Amount	Job	Memo	Tax
2-1560	Parental Leave	\$570.00			N-T

Total Allocated: \$570.00
 Tax ⇄: \$0.00
 Total Received: \$570.00
 Out of Balance: \$0.00

Save as Recurring Use Recurring Currency: AUD

Help F1 Journal Register Record Cancel

4. Click **Record**.

Need additional support?

MYOB offer a number of support options:

- [Help Centre](#) - Search all versions of MYOB online help (including previous versions) and view all current videos.
- [Training Courses](#) - Whether you're a long time user or just starting out, MYOB training can take your skills to another level.
- [Live Chat](#) - An instant messaging service where you can ask questions relating to our products and services without having to pick up your phone. This is free for MYOB Cover Clients, so grab your serial number and check it out.
- [Ask a Question](#) - Submit your technical support query and instantly receive 5 related Support Notes to help you resolve your issue.
- [MYOB Community Forums](#) - Access the expertise of MYOB professionals and other specialists on-line via the MYOB Community Forums.
- Call us - our Technical Support team can help you, call us on 1300 555 123 or 1300 555 115 (Retail POS)

Disclaimer: This information is of a generic nature. For specific advice regarding your particular circumstances, please seek assistance from your Accountant, the Australian Taxation Office or your IT consultant as appropriate.