

The Clock is Ticking on Payday Super – What You Need to Know to be Ready



From **1 July 2026**, Australia's superannuation system will undergo one of the biggest changes in decades. Known as **Payday Super**, the new rules will change *when* and *how* employers must pay super for their employees.

If you employ staff, this change will directly affect your **cash flow, payroll processes, compliance risk, and penalties**. Below is a simple explanation of what's changing and what you should be doing now.

What is Payday Super?

Currently, employers are required to pay superannuation guarantee (SG) **at least quarterly**, with payments due 28 days after the end of each quarter. Under **Payday Super**, this changes.

From **1 July 2026**, employers must:

- Pay super **at the same time as salary and wages**, and
- Ensure the super contribution is **received by the employee's super fund within 7 business days of payday**

This applies regardless of whether employees are paid weekly, fortnightly, or monthly.

Key changes employers need to understand:

Super must be paid on payday – not quarterly

Super will no longer be something you “catch up on” at quarter-end. Each payroll run will create a **new super payment obligation**

New term: “Qualifying Earnings” (QE)

Super will be calculated as **12% of Qualifying Earnings**, not just ordinary time earnings (OTE).

Qualifying Earnings broadly include:

- Ordinary time earnings
- Commissions paid to an employee
- Salary sacrifice amounts to super that would qualify as QE had they not been sacrificed to super
- Other payments currently treated as salary or wages for SG purposes

Payroll settings under Single Touch Payroll (STP) will need to be correctly mapped to avoid errors

Much tighter payment deadlines

Super must be **received by the super fund within 7 business days of payday**.

This is critical:

- It's not enough to *send* the payment on time
- Delays caused by clearing houses or processing issues may still expose employers to penalties

Strong penalties for late or missed payments

If super is paid late:

- The **Superannuation Guarantee Charge (SGC)** applies (this will require forms to be prepared and lodged directly with the ATO, and will not be tax deductible)
- Interest is charged (calculated daily and also not tax deductible)
- Penalties can be significantly higher than under the current rules

Small Business Superannuation Clearing House (SBSCH) is closing penalties for late or missed payments

The ATO-run SBSCH:

- Closed to new users from **1 October 2025**
- Will be fully retired from **1 July 2026**

Small businesses using the SBSCH must transition to a commercial clearing house or alternative payment solution before the start date. Your existing accounting and payroll software (such as MYOB or Xero) may already have the functions that can be used in place of the clearing house. It is worthwhile to see if you need to upgrade your subscription to be able to access these functions.

Practical issues you should be aware of

With the introduction of the changes, there is going to be implications that effect every employer that pays super. The most common impacts include:

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- The impact on your business's cash flow
- Ensuring that your payroll software is ready for the changes
- If you have previously used a clearing house in your business, make sure you have alternative arrangements in place

With more frequent payments, there is the potential for things to go wrong. This can result in a higher compliance risk, and penalties.

What should you do now?

Even though Payday Super starts on **1 July 2026**, the ATO strongly encourages employers to prepare early.

Key steps include:

1. Model the cash flow impact
2. Understand your clearing house payment timelines – some software such as MYOB and Xero will eliminate the need for a clearing house.
3. Review payroll and super processes
4. Confirm your software provider's readiness
5. Consider paying super more frequently now to ease the transition

Final Word

Payday Super is not just a timing change – it is a **fundamental shift in employer obligations**.

Businesses that prepare early will reduce compliance risk and disruption. Those that don't may face **unexpected penalties, cash flow pressure, and administrative stress, including the risk of a potential audit from the ATO**.

If you'd like help with cash flow management, or understanding how Payday Super affects your business please contact our office to make an appointment.

Call us on 03 9879 7500 or email us at admin@jaspartners.com.au

Disclaimer: The information contained is general in nature.