PAYDAY SUPER: WHAT YOUR BUSINESS NEEDS TO KNOW

From 1 July 2026, employers must comply with the new Payday Super regime. The reforms require superannuation contributions to be paid much earlier and frequently, replacing the current quarterly system. This factsheet outlines the key changes and requirements.

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WHEN SUPER MUST BE PAID

- Super must be paid within 7 business days of each payday, not quarterly.
- This applies regardless of whether wages are paid weekly, fortnightly or monthly.
- For an employee's first contribution to a new fund, you have 20 business days from payday.
- Late payments can still be made, but interest and penalties apply from day 8 onwards.
- Employers will need to manage more frequent payments and faster cash flow cycles.

CHANGES TO PENALTIES

A two-stage warning process applies, but the ATO will have no ability to waive penalties.

If super remains unpaid 28 days after the due date, the ATO may issue a notice allowing a further 28 days.

If payment is still not made, automatic penalties apply:

- 25% for a first breach; or
- 50% for repeat breaches within two years.

REPORTING AND DISCLOSURES

- You no longer need to lodge a Superannuation Guarantee Statement to trigger an assessment, as the ATO can assess at any time.
- Making a voluntary disclosure before ATO action can reduce penalties.
- If you disclose the payment date, the ATO assumes the fund received it 7 business days later, which may reduce interest.
- Early, cooperative disclosure is favourable.

WHAT EARNINGS SUPER IS PAID ON

- Super will be calculated on 'qualifying earnings', rather than ordinary time earnings.
- This broader definition includes base wages, shift loadings, over-award payments, commissions, director fees, and some contractor payments.
- Salary sacrifice amounts are included, meaning super is payable on those amounts.
- The maximum contribution base applies annually, not quarterly, and must be tracked cumulatively.
- Payroll systems will need updating to reflect changes.

SUPERANNUATION GUARANTEE CHARGE

- Shortfalls are assessed per payday, not quarterly.
- Daily interest accrues from day 8 after payday.
- A 60% administrative uplift applies to the shortfall and interest, replacing the former $20-per-employee fee.
- Late payments no longer fully offset liability. Interest and the 60% uplift will still apply.
- Failing to meet the choice-of-fund rules may trigger an additional 25% loading, capped at $1,200 per employee per notice period.

WHAT EMPLOYERS SHOULD DO NOW

- Review payroll systems to ensure super can be paid within 7 business days from 1 July 2026.
- Assess cash flow impact, as super will be paid more frequently.
- Update super calculations, particularly for salary sacrifice and variable pay.
- Understand the higher penalty exposure, as errors will be harder to rectify after the event.

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