

Important notice

This session provides general information about Payday Super and is not tailored to your individual circumstances.

It is not financial, tax, legal, or workplace relations advice, and you should not rely on it as such.

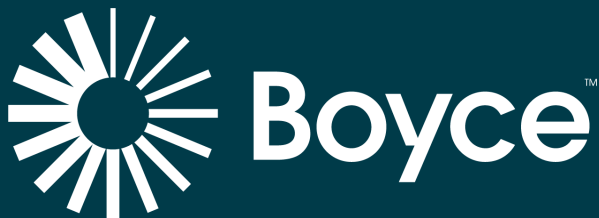
Examples are simplified and may not fit your awards, contracts, industries, seasonal/casual work, or contractor/employee situations.

You are responsible for meeting your payroll and super obligations and for ensuring compliance with current requirements.

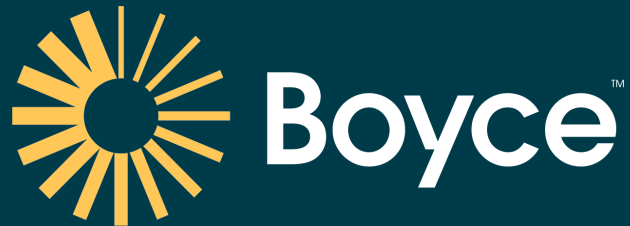
Before applying any information, verify the latest requirements with the ATO, Fair Work, and your super fund or clearing house.

We recommend speaking with your accountant, bookkeeper, or payroll provider before changing payroll or super settings.

Rules and requirements can change, and this information may not be current when you apply it.



Preparing for Payday Super



Welcome

What we'll cover today:

1. Why payday super is happening
2. What's changing and what's staying the same
3. Qualifying Earnings
4. Penalties for paying super late
5. Maximum contribution base
6. Your Payday Super Checklist



Why is Payday Super happening?



Why the rules are changing

\$6.25 billion

Per year in unpaid super
estimated by ATO

\$6,000

25y/o median income earner
could be \$6K better off in
retirement



What's changing

- Super must be paid at the same time as wages
- Super must **reach the fund** within 7 business days
- More time for new employees and rejected contributions (up to 20 days)
- The ATO's Small Business Superannuation Clearing House will be retired.
- New term – Qualifying Earnings (QE)

What's staying the same

- Super rate will still be 12%
- Who super applies to is unchanged
- Ordinary time earnings still matter

The changes



You'll calculate super based on "Qualifying Earnings"

Qualifying Earnings includes:

- Ordinary Time Earnings (OTE)
- Commissions and bonuses
- Payments referred to in SGA s12 – includes directors fees and contractors engaged for labour
- OTE that has been salary sacrificed to super

Qualifying Earnings does not include:

- Overtime payments
- Reimbursements
- Termination payments
- Non-cash fringe benefits
- Paid parental leave

The changes



Example – salary sacrifice

Salary sacrificed super

- Employee earns a salary of \$100K
- Enters into an agreement to salary sacrifice \$10K to **superannuation**
- Employee receives SG of 12.0% on the full \$100K and is paid \$90K
- For single touch payroll - employee should have SG of \$12K and RESC of \$10K

Salary sacrificed novated lease

- Employee earns a salary of \$100K
- Enters into an agreement to salary sacrifice \$10K for a **novated lease**
- Employee receives SG of 12% on the \$90K rather than the \$100K



Example – do I need to pay super to a shearing contractor?

YES, if they are deemed an employee...

- You are paying a shearer mainly for their labour (e.g. per hour, day or per head)
- The shearer is personally doing the work
- You are not paying for a specific result (e.g. “shear the mob for \$5,000”)
- They are engaged under a verbal or written labour-based contract

(It doesn't make a difference if the shearer has an ABN or invoices you)

NO, if they are a deemed a contractor...

- The contractor can send anyone they choose to do the work
- You are paying for a result (e.g. “shear the mob for \$5,000”)
- You contract with a shearing company, partnership or trust

The changes



Payday Super in practice



Don't wait until 1 July to get ready – start now



Take note: Super is not considered paid until the fund receives it

The changes



“Able to be allocated”

Means the super fund can identify the employee and successfully match the payment to an active account within 3 business days of receipt.

Prevents rejections

Accurate employee data (TFN, name, DOB) in payroll is crucial. If a fund rejects a payment (e.g. due to a wrong TFN), it is not "able to be allocated" and results in a Superannuation Guarantee (SG) shortfall.

Timing

While the employer should pay on payday, the legal deadline is for the fund to receive and be able to allocate the contribution within 7 business days.

Exceptions

A 20-business-day window applies for the first payment for a new employee or when an employee changes funds.

The changes



New employees get a bit more time



Up to 20 business days for the first super payment for a new employee or when an employee changes funds

This does not remove the need for good onboarding

Most super errors happen in the first few weeks of employment



Reporting updates

Single Touch Payroll

- You'll need to report **qualifying earnings** and **total super liability** in Single Touch Payroll.
- Keep an eye out for information from your payroll software provider.

Error reports are quicker

- If there's a problem with a super payment, you'll find out much faster.
- Super funds now have only 3 business days to allocate or return contributions (instead of 20).
- That means you can fix issues quickly and avoid penalties.



Technology changes to improve turnaround times

SuperStream version 3

- Reduces the likelihood of employees' contributions being rejected by a super fund
- Provides clearer error messages when a contribution is rejected by a super fund
- Enables faster payment of contributions by reducing banking delays
- Knows sooner when important super fund details are changing.

New Member verification request (MVR)

- Allows software to confirm employee super account number and other details are correct before the first contribution to prevent rejection cycles
- Only permitted in certain situations – new employee, change events, prior rejection

Penalties – Super Guarantee Charge



Component	Details
Super Guarantee Shortfall	<ul style="list-style-type: none"> Based on Qualifying Earnings, rather than all salary and wages Choice liability capped at \$500 per employee per notice period
Notional earnings	<ul style="list-style-type: none"> SG Shortfall will incur daily interest from the due date based on GIC – currently around 10.6% per annum
Administration fee	<ul style="list-style-type: none"> Up to 60% of shortfall – May be part/fully remitted in some cases. Voluntary disclosure statement can reduce admin uplift charge
Additional interest and penalties after assessment of SG charge	
General Interest Charge	<ul style="list-style-type: none"> GIC will continue until amounts are paid
SG charge payment penalty	<ul style="list-style-type: none"> Additional penalties for those assessed for SGC who don't pay within 28 days – Up to 50% of unpaid SGC



Employers can lodge a voluntary disclosure statement to reduce penalties.

Employers always pay late contributions directly to employee's super fund. Only SGC interest and administration fees are paid to the ATO.

Penalties - Example of where you might get caught




Jenny's employer still owes \$1000 in super from the April-June 2026 quarter

Jenny's July pay runs

Pay date	Gross pay	Super required	Super due by
1 July	\$1000	\$120	10 July
8 July	\$1000	\$120	17 July
15 July	\$1000	\$120	24 July
22 July	\$1000	\$120	31 July

What the employer pays

8 July: \$120
15 July: \$120
22 July: \$120
27 July: \$1000
29 July: \$120
Total paid in July: \$1480

 All super paid between 1 July and 28 July is applied to the oldest unpaid amount first. This means the first payments are used to clear April-June shortfall and Jenny's July super is late.

Transition period



Aim to have June quarter super paid before 30 June



Cleaning up old issues before payday super starts will make life easier. Contributions made in early July may be applied to April to June shortfalls. Overpayments can be carried forward, with a 12-month limit. There will be a grace period during the transition for late payments.



Aim to have June quarter super paid before 30 June

The changes



High income earners and max contributions base

The maximum contributions base is now assessed annually (when an employee reaches \$250K salary) rather than quarterly (\$62,500)

Once an employee hits the annual cap, Superannuation Guarantee law obligations can stop:

- Employment contracts and awards still matter
- This is most relevant for higher income earners

For a \$30,000 concessional cap - \$250,000
For a \$32,500 concessional cap - \$270,833

The changes



Other things to note

1. Immediate SG liability on payday for commissions and bonuses
2. Back pay or correction to OTE creates SG liability immediately
3. Small or irregular payments outside the normal pay cycle still create a QE day but can be included in the next regular payday
4. Employees who are terminated must have super paid with their final pay
5. Super is paid at the time leave is taken
6. Super is paid to casual employees regardless of hours earned over 18 years of age, including loading
7. Super payable to children under 18 years of age if working 30 hours per week (no longer \$450 per month)
8. Allowances tied to skills, qualifications or duties are QE, expense reimbursements are not

Practical steps to take now



Payday Super Checklist



- I have set a start date to begin Payday Super
- I have reviewed my cash flow
- I have checked super fund details are up to date
- I have reviewed and corrected error messages from funds
- I have confirmed when my software will be ready

[See more > Payday Super Checklist](#)

Questions?



Partnering with generations to thrive.