HALL CHADWICK

PAYDAY SUPER

Strategic Reforms & Compliance Framework

NATIONAL EMPLOYER UPDATE

IMPLEMENTATION GUIDE | COMMENCING 1 JULY 2026

SUMMARY

This outlines the key features of Payday Super, which commences on 1 July 2026, and provides recommendations for actions to consider in preparation of the new superannuation payment requirements.

OVERVIEW OF PAYDAY SUPER REFORMS

From 1 July 2026, the superannuation guarantee (SG) system will undergo its most significant change in decades, moving from a quarterly payment cycle to one aligned with employees' paydays. The reforms, known as "Payday Super", are designed to strengthen the retirement savings of employees by ensuring super is paid more frequently and visibly.

This article is general in nature and does not constitute financial or technical advice. It is not intended as professional advice.

KEY CHANGES AT A GLANCE

ASPECT OF SG SYSTEM	CURRENT RULES (BEFORE 1 JULY 2026)	NEW PAYDAY SUPER RULES (FROM 1 JULY 2026)
Payment Frequency	At least quarterly	Super must be paid for each payday (e.g., weekly, fortnightly, or monthly)
Payment Deadline	Due 28 days after the end of each quarter	Contributions must be *received* by the employee's super fund within 7 business days after the payday
Calculation Base	12% of an employee's Ordinary Time Earnings (OTE)	12% of an employee's 'Qualifying Earnings' (QE), a new, broader definition
Reporting	Generally reported quarterly to super funds	Both the super liability and Qualifying Earnings amounts must be reported through Single Touch Payroll (STP) for each payday
ATO Clearing House	The Small Business Superannuation Clearing House (SBSCH) is available for eligible small businesses	The SBSCH will be permanently closed from 1 July 2026. All users must find an alternative payment method
Penalties	Superannuation Guarantee Charge (SGC) applies, with penalties up to 200% of the SGC	SGC still applies for late payments. New penalty regime of 25% or 50% of the unpaid SGC, depending on prior penalties
System Processing	Payments can take several days to be processed and allocated by funds	SuperStream standards will be revised for near real-time payments, improved error messaging, and a new member verification service to reduce payment rejections

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Core Legislative Framework

BREAKDOWN OF NEW RULES

1. Calculation Base: 'Qualifying Earnings' (QE)

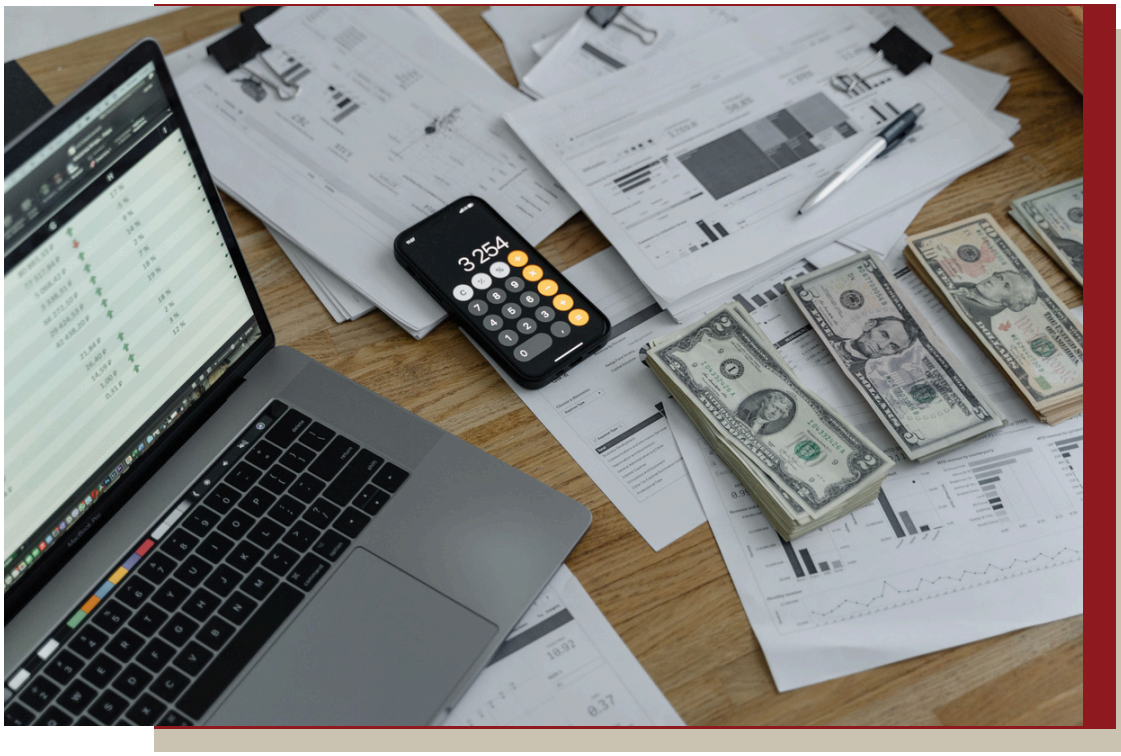
The basis for calculating the 12% SG contribution will change from OTE to the new concept of 'Qualifying Earnings' (QE). QE is a broader measure designed to capture more types of payments.

WHAT IS INCLUDED IN QE?

- Ordinary Time Earnings (OTE) remains the core component
- All commission payments, even those related solely to work outside ordinary hours
- Salary sacrifice amounts diverted for super contributions
- Payments to 'extended definition' contractors, MPs, and directors

WHAT IS EXCLUDED FROM QE?

- Overtime payments performed outside ordinary hours
- Expense allowances paid with expectations to be fully spent
- Reimbursements for expenses incurred on behalf of employers
- Termination, redundancy, unfair dismissal, and workers' compensation payouts



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2. LATE PAYMENTS & THE SUPER GUARANTEE CHARGE (SGC)

The operational parameters surrounding late processing change significantly once the framework begins on 1 July 2026.

Current Framework (Before 1 July 2026)

The super guarantee charge applies when amounts aren't received within 28 days of the end of a quarter. Under these rules, the charge is self-assessed by lodging a super guarantee statement, calculated based on salary and wages, includes interest at 10% per annum plus flat admin fees, and is strictly not tax deductible.

New Framework (From 1 July 2026)

The charge triggers if amounts aren't received within 7 business days after payday. It is directly assessed by the ATO (removing the manual statement task), calculated on qualifying earnings, and carries interest that compounds daily at the general interest charge rate.

It also includes an administrative uplift amount to encourage early disclosure, which can be mitigated via voluntary filings, and crucially transitions to a **tax-deductible** status.

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3. SMALL BUSINESS CLEARING HOUSE SUNSET

A critical change for many small businesses is the permanent closure of the ATO's free SBSCH service on 1 July 2026.

ACTION REQUIRED FOR SBSCH USERS

Find an Alternative: Businesses must transition to a new method before closure. Options include payroll-integrated software options, commercial clearing houses, or portals provided by default super funds.

Transition Early: The ATO recommends making the January–March 2026 quarterly payment (due 28 April 2026) your final transaction through the platform. The April–June payment cannot be processed inside SBSCH past 30 June 2026.

Download Historical Records: Archive all employee and payment transaction ledgers from the SBSCH before 11:59 PM AEST on 30 June 2026, as data becomes permanently inaccessible after this time.

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Action Plan & Checklist

4. COMPLIANCE & PRACTICAL BUSINESS STEPS

Failure to pay the correct amount of super to the right fund on time will result in the SGC. The ATO has indicated a supportive compliance approach for the first year, focusing on employers who are genuinely trying to meet their new obligations.

Checklist for Businessess

Review Cash Flow and Payroll: Adjust business processes to manage paying super with each pay cycle, rather than holding funds quarterly.

Engage Software Providers: Confirm with your payroll or software provider when their systems will be updated and ready for Payday Super reporting and payments.

Validate Employee Data: Check that all employee superannuation details (fund name, USI, member number) are up-to-date and correct to prevent payment rejections.

Transition from SBSCH & Understand QE: Select a new payment provider well before 30 June 2026, and familiarize teams with 'Qualifying Earnings' rules to ensure correct calculations.

FURTHER RESOURCES

- The Australian Taxation Office website, specifically the pages dedicated to 'Payday Super' (ato.gov.au/paydaysuper).
- Treasury Laws Amendment (Payday Superannuation) Regulations 2026 and associated legislative instruments.
- Draft Law Companion Ruling LCR 2026/D1, which provides detailed guidance on the definition and components of 'Qualifying Earnings'.

If you would like to discuss how the new Payday Super changes will impact you, please consult your Hall Chadwick contact.

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