PAYDAY SUPER REFORMS

What Employers Need to Know Before 30 June 2026

June 2026 | Bacchus Advisory

What Is Payday Super?

From 1 July 2026, the way Australian employers pay superannuation guarantee (SG) changes fundamentally. Instead of quarterly payments, SG must be paid **at the same time as wages**—whether that is weekly, fortnightly, or monthly.

This is one of the most significant changes to employer super obligations in decades and requires **active preparation before 30 June 2026**.

What You Need to Do Before 30 June 2026

1. Clear All Outstanding Super Obligations

Reconcile and pay **all super owed up to and including 30 June 2026**. This includes the full June quarter (April–June 2026). Do not leave any arrears to roll into the new system.

Why*: From 1 July, payments are allocated to the* ***oldest outstanding liabilities first****. If any pre-transition super remains unpaid, every payday super payment you make will be applied to those old debts—leaving current pay cycles technically unpaid triggering immediate shortfall penalties.*

2. Confirm Payroll System Readiness and Clean Up Employee Data and Pay Items

Check that your payroll software (Xero, MYOB, Employment Hero, QuickBooks, etc.) is configured for payday super. Most platforms have released updates, but **you need to enable the functionality and test it** before go-live. Ensure all employee TFNs, super fund details (including USIs), and contact information are accurate as Payday super relies heavily on clean data. You should also review your '**pay items**' to ensure they are correctly included or excluded as '**qualifying earnings**' under the new rules. While the superannuation guarantee is still calculated on Ordinary Times Earnings (OTE), under payday super the terminology has shifted to 'qualifying earnings' to reflect what must be included in each pay cycle calculation, see table below.

Why*: If your system is not ready, your first payday super payment may fail or be delayed—triggering non-compliance from day one.*

Until 30/6/26

From 1/7/26

Qualifying earnings

Payments	Salary and Wages	OTE (Ordinary Times Earnings)	Qualified Earnings (QE)
Hours and Loading			
Ord hours of work	Yes	Yes	Yes
Casual loading	Yes	Yes	Yes
Shift penalties	Yes	Yes	Yes
Overtime	Yes	No	No
Leave Types			
Annual Leave	Yes	Yes	Yes
RDOs	Yes	Yes	Yes
Sick, personal, carer's leave	Yes	Yes	Yes
Salary Sacrifice			
SS amount that would otherwise be OTE if paid to the employee	Yes	Yes	Yes
SS amount that would not otherwise be OTE – i.e. PPL or overtime	Yes	No	No
Commissions			
Commission payments	Yes	Yes	Yes
Commission for work performed entirely outside ordinary hours	Yes	No	Yes

3. SBSCH Users Must Switch Providers

The **Small Business Superannuation Clearing House** (**SBSCH**) will close on 30 June 2026. If you currently use SBSCH, you must transition to an alternative payment method (most modern payroll platforms include integrated super payments).

We also recommend downloading and retaining **all historical SBSCH reports**, as this information will not be available after closure.

***Why**: SBSCH will no longer be available from 1 July 2026.*

4. Model the Cashflow Impact

Moving from quarterly to payday super compresses cashflow. For example, a business paying fortnightly wages will move from **4 super payments per year to 26**. If your cash management is tight, this can create stress in liquidity, especially in low revenue periods.

Model the impact on working capital and confirm your banking facilities can support the change.

***Why**: Many businesses may experience cashflow tightening in the first **6–12 months** of the new regime.*

5. Consider Outsourcing Payroll

Payday super significantly increases payroll complexity. If your internal team is already stretched, now is the time to assess whether outsourcing payroll or super compliance makes commercial sense.

***Why**: Errors attract immediate penalties, and director exposure is real under the new regime.*

What Changes from 1 July 2026

Obligation	What It Means
Pay super at the same time as wages	SG must be paid on the same day (or before) you pay salaries and wages
7-business-day receipt rule	Contributions must be received by the fund within 7 business days of payday (20 business days for new employees).
SG rate: 12%	Calculate SG at 12% of **qualifying earnings**, not OTE
Real-time STP reporting	SG liability and payments reported each pay cycle through Single Touch Payroll (STP)
Immediate ATO visibility	No quarterly grace periods—shortfalls are visible immediately
Super Guarantee Charge (SGC) changes	The SGC now contains four components instead of three, with daily compounding interest (notional earnings) replacing the flat 10% nominal interest. Plus, a new 60% administrative uplift (subject to voluntary disclosure reductions) replacing the $20 flat fee.

Important notes:

- Late SG contributions and associated notional earnings are now **tax deductible**, however **general interest charges and penalties remain non-deductible**.
- Contractors who are not deemed common law employees but are considered employees for SG purposes will be subject to the same payday super rules. This means the payment date of these contractor invoices will trigger the 7 business day payday timeline.
- If you miss a payment or pay late, the ATO will know immediately. Repeat breaches attract higher penalties, and **director penalty notices can be issued much faster** than under the old quarterly system.
- If a super fund rejects a contribution (for example, due to incorrect member details), you still owe the SG and interest starts accruing immediately. You will not have the quarterly buffer to catch and fix errors. We strongly recommend you stress to employees that they will need to provide details of a change in their super fund providers well in advance of a payrun. To help communicate the importance of employees notifying you if they change super fund providers the ATO have a *Payday Super – easier to read* information sheet for employees on their Payday Super Resources page.

How We Can Help

At Bacchus Advisory, we can provide tailored support to help your business prepare for the transition to Payday Super.

If you would like assistance in any of the following areas, please contact us for a quote:

• Payroll system readiness reviews
• Cashflow modelling and scenario planning
• Outstanding super reconciliation support (helping identify and address issues before 30 June)
• Contractor versus employee classification reviews
• Outsourced payroll and super compliance services
• Ongoing monitoring and ATO liaison

Get in Touch

Contact us today to review your Payday Super readiness and ensure a smooth transition.

Phone: (02) 8572 5000
Email: connect@bacchus.net.au
Web: www.bacchus.net.au

Bringing life to numbers