Payday Super

What Small Businesses Need to Know

Seven essential guides to help you prepare for the changes starting 1 July 2026

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Payday Super: 6 Things Every Small Business Needs to Know Before 1 July 2026

If you employ staff, one of the biggest changes to hit your business in years is coming on 1 July 2026. It's called Payday Super, and it fundamentally changes how and when you pay superannuation.

Under the current system, you have until 28 days after the end of each quarter to pay your employees' super. That's about to end. From 1 July, you'll need to pay super at the same time as wages, with contributions reaching your employees' super funds within seven business days of each payday.

The total amount you owe doesn't change. But the timing, the systems, the compliance rules, and the consequences of getting it wrong all do. Here are the six key areas you need to understand.

1. Your Cash Flow Will Be Affected

This is the change most businesses will feel first. Instead of four quarterly super payments, you'll be making 26 (fortnightly) or 52 (weekly) payments per year. The quarterly buffer that many businesses have relied on to manage short-term cash flow simply disappears.

The cash flow impact is real. Under the current system, you might hold two or three months' worth of super in your account before it's due. Under Payday Super, that money leaves every pay cycle. For a business with 10 employees on average salaries, that could mean tens of thousands of dollars you no longer have as a buffer. Employment Hero's modelling of over 300,000 businesses put the average working capital shift at $124,000 — though the actual impact on your business will depend on your team size, pay levels, and pay cycle. Either way, the time to model this for your business is now, not in June.

2. Your Payroll System Needs to Keep Up

Going from 4 super submissions a year to 26 or 52 is a massive jump in processing volume. Your payroll system will need to calculate, submit, and track super contributions with every single pay run — automatically and accurately.

If you're still relying on manual processes, spreadsheets, or disconnected systems, those gaps will be exposed quickly under Payday Super. One missed step on one pay run could trigger penalties. Check with your payroll software provider now to confirm their system is Payday Super-ready, and start testing before July.

3. The ATO's Free Clearing House Is Closing

If you use the ATO's Small Business Superannuation Clearing House (SBSCH) to process super, it's closing on 1 July 2026. It stopped accepting new registrations in October 2025, and existing users have until 30 June to transition to an alternative.

The SBSCH was built for quarterly batch processing and simply can't support the speed and frequency Payday Super demands. You'll need to move to a commercial clearing house or an integrated payroll solution that can handle real-time payments. Don't wait until the last minute — migrating takes time, and you'll want to test your new setup before the old one switches off.

4. The Penalties Are Tougher

Under the new rules, the Superannuation Guarantee Charge (SGC) is assessed per payday, not per quarter. If a contribution doesn't reach an employee's fund within seven business days, you'll face the shortfall amount, interest, and an administrative uplift of up to 60%.

Here's the catch many businesses miss: even if you initiate the payment on time, bank transfers can take up to three days. Add clearing house processing time, and you could breach the seven-day rule without realising it. The ATO has said it will take a measured approach in the first year for businesses making a genuine effort — but that's not a free pass.

5. How Super Is Calculated Is Changing

Super will now be calculated on "qualifying earnings" (QE) instead of "ordinary time earnings" (OTE). QE is a broader measure that includes salary sacrifice contributions and other amounts. For most employees on simple pay arrangements, there will be no difference. But if you have staff on salary sacrifice, variable pay, or earnings near the maximum contribution base, it's worth reviewing.

The maximum super contribution base is also moving from a quarterly to an annual threshold. This means one-off bonuses that previously pushed an employee over the quarterly cap may now attract super if total annual earnings stay below the annual limit. For some businesses, this will mean paying more super for certain employees.

6. Directors Face Greater Personal Risk

If you're a company director, Payday Super raises the governance stakes. The Safe Harbour provisions under the Corporations Act — which protect directors pursuing a restructuring plan — require that employee entitlements are paid on time. Under the new rules, every missed payday super payment could disqualify you from Safe Harbour protection.

The director penalty regime also becomes more immediate. With the ATO receiving per-payday data instead of quarterly reports, shortfalls are identified faster, and Director Penalty Notices can follow sooner. Treasury has openly acknowledged the reform may trigger an increase in insolvencies among businesses that have been using quarterly super as an informal cash flow tool.

What You Should Do Now

The 1 July 2026 deadline is firm, and the businesses that prepare early will transition smoothly. Those that don't risk cash flow surprises, system failures, and penalties that are far more punishing than under the current rules.

We recommend every business take these steps now: model the cash flow impact of per-payday super payments, confirm your payroll system is ready, migrate off the SBSCH if you use it, and review your employee pay structures for any calculation changes.

If you'd like help preparing for Payday Super, we're here for you. Whether it's a cash flow forecast, a payroll review, or simply a conversation about what these changes mean for your specific situation, reach out to our team. A small investment of time now will save you from a much bigger headache later.

Cash Flow & Financial Impact

How Payday Super Will Change the Way Your Business Manages Money

If you run a small business with employees, you're probably used to paying superannuation once a quarter. You set aside the money, lodge it by the due date, and move on. It's a rhythm most businesses have followed for years.

That rhythm is about to change significantly.

From 1 July 2026, the new Payday Super rules require you to pay super at the same time as your employees' wages. Not quarterly. Every single payday. And the money must reach your employees' super fund within seven business days.

For small businesses, this is one of the most impactful changes in years — and the biggest area it will hit is your cash flow.

What This Means in Practice

Under the current system, if you pay staff fortnightly, you only need to settle super four times a year. That gives you up to three months of breathing room between payments. Many businesses use that buffer to manage seasonal dips, cover unexpected expenses, or simply keep operations running smoothly.

Under Payday Super, that buffer disappears. Instead of four lump-sum payments, you'll be making 26 (fortnightly) or even 52 (weekly) super payments per year. The total amount you owe doesn't change, but the timing does — and timing is everything when it comes to cash flow.

Industry modelling suggests the average small-to-medium business paying staff fortnightly could need an additional $124,000 in working capital from day one just to manage the transition. That's not extra money you're paying — it's money you need available sooner than before.

Which Businesses Will Feel It Most?

Not every business will be affected equally. If your revenue is steady and predictable, you may adjust without too much difficulty. But if your business experiences seasonal fluctuations, irregular income, or operates in industries like hospitality, retail, or construction, the shift could create real pressure.

Research suggests that more than one in five small and medium businesses could struggle with the cash flow impact of these changes. Businesses that have historically relied on the quarterly super cycle as an informal cash flow tool will feel the pinch the hardest.

Treasury has been transparent about this. They've acknowledged that the reform may trigger financial difficulties for some businesses — particularly those already operating on tight margins.

How to Prepare

- Start modelling now. Map out what your super obligations will look like on a per-pay-run basis, not quarterly. Understand the dollar impact across a full year.
- Build a cash buffer. If possible, begin setting aside super with every pay run now, even though it's not yet required. This helps you adjust gradually rather than facing a sudden shift in July 2026.
- Review your payment terms. If you invoice clients on 30 or 60-day terms, consider whether your collection cycle aligns with more frequent super payments.
- Talk to your accountant. A cash flow forecast tailored to your business can identify potential shortfalls early, before they become a problem.

Don't Wait Until July

The businesses that will navigate this transition smoothly are the ones that start planning now. Cash flow surprises are the kind of problem that's far easier to prevent than to fix.

If you're unsure how Payday Super will affect your business financially, **get in touch with our team today**. We can help you build a clear cash flow plan so you're ready well before the 1 July deadline. A 30-minute conversation now could save you a lot of stress later.

Payroll & Systems

Your Payroll Is About to Get a Lot Busier — Here's How to Get Ready

When Payday Super kicks in on 1 July 2026, it won't just change when you pay super. It will change how much your payroll system has to do, how often it has to do it, and how little room there is for error.

For many small businesses, payroll has been relatively straightforward: process wages each pay cycle, then batch super contributions quarterly. Payday Super turns that into a continuous obligation — super must be calculated, submitted, and tracked with every single pay run.

The Scale of the Shift

Consider the numbers. If you currently pay super four times a year and you pay your staff fortnightly, you're about to go from 4 super submissions to 26. Pay weekly? That's 52.

Each of those submissions needs to be accurate, timely, and properly recorded. Industry analysis suggests this could represent a 60% increase in administrative overhead for the average small business. That's not an exaggeration — it's the reality of processing super at the same frequency as wages.

What Your Payroll System Needs to Do

Under Payday Super, your payroll system will need to handle several things seamlessly:

- Calculate super contributions for each employee on every pay run, based on "qualifying earnings" (the new term replacing ordinary time earnings).
- Submit contributions electronically through SuperStream with every pay cycle.
- Track payment status to confirm that funds have reached each employee's super fund within seven business days.
- Generate proof-of-payment records in case of an ATO audit or dispute.

If your current system can't do all of this automatically, you're at risk of manual errors, missed deadlines, and penalties.

The Danger of Manual Processes

If you're still managing super contributions through spreadsheets, manual uploads, or disconnected systems, Payday Super will expose those gaps quickly. Manual processes that worked fine for quarterly payments become unsustainable when they're required 26 or 52 times a year.

One missed step, one overlooked employee, one delayed upload — and you could be facing a Superannuation Guarantee Charge with interest and penalties. The margin for error shrinks dramatically under the new rules.

How to Prepare

- Audit your current payroll setup. Can it process and submit super with every pay run without manual intervention? If not, it's time to upgrade.
- Contact your payroll software provider. Most major providers (Xero, MYOB, QuickBooks, and others) are updating their systems for Payday Super. Find out what changes are coming and whether you need to activate new features.
- Automate wherever possible. The fewer manual steps in your super process, the lower your risk of errors and late payments.
- Test before July. Run a few pay cycles as if Payday Super is already in effect. Process and submit super with each pay run and see how your system handles it. Better to find problems now than after the deadline.

Get Ahead of the Curve

Payroll changes sound unglamorous, but getting this wrong will be expensive. The businesses that invest a little time now in checking and upgrading their systems will save themselves significant headaches later.

Not sure if your payroll system is ready? **Reach out to our team** and we'll help you assess your setup, identify any gaps, and make sure you're fully prepared before Payday Super begins.

Clearing House Closure

The ATO's Free Super Clearing House Is Closing — What You Need to Do Now

If your business uses the ATO's Small Business Superannuation Clearing House (SBSCH) to process super payments, this is important: the service is shutting down on 1 July 2026, and it's not coming back.

Since 1 October 2025, the SBSCH has already stopped accepting new registrations. Existing users can continue using it until 30 June 2026, but after that date, no new contributions will be processed. Any payments attempted through the system after closure simply won't go through — putting you at immediate risk of missed deadlines and penalties.

Why Is It Closing?

The SBSCH was designed for a world where super was paid quarterly. It processed payments in batches, which worked fine when employers only needed to submit four times a year.

Payday Super changes that equation entirely. Super now needs to be paid with every pay cycle and received by funds within seven business days. The SBSCH simply cannot support the speed, frequency, and real-time tracking that the new rules demand. It wasn't built for this, and the ATO has confirmed it won't be upgraded — it will be retired.

What This Means for Your Business

If you're one of the many small businesses that have relied on the SBSCH as your go-to super payment method, you now have two challenges happening at once:

- **You need a new clearing house solution** that can handle payday-frequency super payments and confirm receipt within the seven-day window.
- **You need to be set up and tested before 1 July 2026** — not scrambling on the day the old system goes dark.

This isn't just a change of provider. It's a change in how your entire super payment process works. The new solution will need to integrate with your payroll, process payments in real time, and give you visibility into whether contributions have been received on time.

Your Options

The good news is there are a number of commercial clearing house and integrated payroll solutions available that are specifically designed for Payday Super compliance. Many of the major payroll software providers — including Xero, MYOB, and Employment Hero — offer built-in super payment features that handle everything from calculation to submission to tracking.

When evaluating your options, look for a solution that:

- Integrates directly with your payroll system so super is processed as part of your normal pay run.
- Supports SuperStream-compliant electronic payments to multiple funds.
- Provides real-time tracking so you can confirm contributions have reached employees' funds within seven business days.
- Is already Payday Super-ready, or has a clear roadmap for compliance before July 2026.

Don't Leave This Until the Last Minute

Migrating from one payment system to another takes time. You need to set up the new provider, test it with a few pay runs, train your team (or yourself), and make sure everything is working before the SBSCH closes. The worst-case scenario is finding out in July that your new system doesn't work as expected and you have no fallback.

If you're not sure which solution is right for your business, **talk to us**. We can help you evaluate your options, coordinate the transition, and make sure you're set up and confident well before the deadline. The earlier you move, the smoother this will be.

Compliance & Penalties

The New Penalty Framework Is Stricter Than You Think — Here's What's at Stake

One of the most important things to understand about Payday Super isn't just that you need to pay super more often. It's that the consequences of getting it wrong are more severe than under the current system.

Under today's rules, if you miss a quarterly super deadline, you face the Superannuation Guarantee Charge (SGC). It's not pleasant, but the quarterly cycle means you have larger windows and fewer deadlines to manage.

From 1 July 2026, the compliance framework tightens significantly. And for small businesses, the risks are real.

How the New Penalties Work

Under Payday Super, the SGC is assessed per payday, not per quarter. Every time you pay wages, you trigger a super obligation. If that contribution doesn't reach the employee's super fund within seven business days, the SGC clock starts ticking.

The new SGC includes:

- **The shortfall amount** — the super you should have paid.
- **Interest (notional earnings)** — calculated on the unpaid amount.
- **An administrative uplift of up to 60%** — this is the real sting. It's a penalty applied on top of the shortfall and interest, and it can vary depending on your compliance history.

If you've been consistently paying on time and make a genuine mistake, the uplift may be reduced. But if you have a pattern of late payments, expect the full force of the penalty.

On top of the SGC, additional penalties may apply if you don't pay the charge within 28 days of receiving an ATO notice. Unlike regular super contributions, SGC amounts and penalties are generally not tax-deductible.

The Hidden Risk: Processing Delays

Here's something many small businesses don't realise yet: even if you initiate a super payment on time, it might not arrive at the fund within seven business days.

Standard bank transfers can take up to three business days. If your clearing house or payment gateway adds another day or two for processing, you're already eating into your seven-day window. A rejection or error could push you over the line entirely — and you may not even know it happened until the ATO flags it.

This is one of the trickiest aspects of Payday Super for small businesses. You can do everything right on your end and still be caught out by the payment infrastructure.

The First-Year Grace Period (With Conditions)

The ATO has said it will take a “measured approach” to compliance during the first 12 months. In practice, this means they’ll differentiate between businesses that are genuinely trying to comply and those that aren’t.

If you can show that you’ve updated your systems, are making payments on time, and are actively addressing any issues, you’re likely to be treated as low risk. But this is not a free pass. The ATO will still be monitoring, and repeated or careless non-compliance will be met with enforcement action.

How to Protect Yourself

- Understand the seven-day rule inside out. Know how long your payments take from initiation to fund receipt, and build in a buffer.
- Automate your payments. The less manual intervention required, the lower your risk of delays and errors.
- Keep records. Maintain clear proof-of-payment documentation for every pay run. If the ATO comes knocking, you want a clean paper trail.
- Monitor your compliance history. A strong track record may reduce penalties if something goes wrong.

Take This Seriously

The penalty framework under Payday Super is designed to be taken seriously. A 60% administrative uplift on top of shortfall amounts can turn a small oversight into an expensive problem.

If you’re unsure about your exposure under the new rules, **speak with us sooner rather than later**. We can review your current super processes, identify potential compliance risks, and help you put the right safeguards in place before Payday Super begins.

Calculation Changes

SG Calculations Are Changing — What “Qualifying Earnings” Means for Your Business

Payday Super doesn’t just change when you pay super. It also changes how super is calculated. If you’re a small business owner, it’s important to understand these shifts — because they could affect how much you owe and for which employees.

From OTE to Qualifying Earnings

Under the current system, super guarantee is calculated as 12% of an employee’s “ordinary time earnings” (OTE). OTE generally includes base salary, commissions, shift loadings, and some allowances, but excludes overtime.

From 1 July 2026, the calculation shifts to “qualifying earnings” (QE). QE is a broader concept that brings together OTE, salary sacrifice contributions, and certain other amounts that are currently part of an employee’s salary or wages for super guarantee purposes.

For most employees on straightforward pay arrangements, the practical difference may be minimal. But if you have staff on salary sacrifice arrangements, complex pay structures, or variable earnings, QE could change your super liability. It’s worth understanding exactly which payments are now captured.

The Maximum Contribution Base Is Going Annual

Here’s a change that could affect businesses with higher-income employees.

Currently, there’s a maximum super contribution base (MSCB) applied quarterly. If an employee’s earnings exceed the quarterly cap, you’re not obligated to pay SG on the amount above it.

Under Payday Super, the MSCB moves from a quarterly threshold to an indexed annual threshold. This smooths out the calculation across the full year.

Why does this matter? Consider an employee who earns a steady salary but receives a large one-off bonus in one quarter. Under the current system, that bonus might push them over the quarterly cap, meaning you don’t owe super on the excess. Under the annual threshold, that same bonus is spread across the year’s cap. If the employee’s total annual earnings stay below the annual limit, you’ll owe SG on the full amount — including the bonus.

For some businesses, this will mean paying more super for certain employees than they do today. For others, it may simplify things by removing the need to monitor quarterly caps.

Per-Payday Calculations

Another practical shift is that SG will be calculated on a per-payday basis rather than accumulated quarterly. This means your payroll system needs to correctly determine QE for each pay run, apply the 12% rate, and submit the contribution — all within the seven-day window.

If you have employees with variable hours, fluctuating earnings, or irregular payment schedules, this adds complexity. Each pay run becomes its own SG event, and errors compound faster when you're processing 26 or 52 times a year instead of four.

How to Prepare

- Review your employee pay structures. Identify anyone on salary sacrifice, variable pay, or earnings near the MSCB. These are the areas most likely to be affected by the calculation changes.
- Update your payroll system. Ensure it can calculate SG based on qualifying earnings (not just OTE) and apply the new annual MSCB threshold correctly.
- Understand the QE definition. Work with your accountant to confirm which payments are included in qualifying earnings for each employee.
- Plan for the annual cap. If you've been monitoring quarterly caps for high-income employees, you'll need to adjust your approach.

Get Clarity Before July

The shift from OTE to qualifying earnings might sound like a technicality, but it can have real dollar implications for your business. The annual MSCB change could also affect your super obligations for certain employees.

If you're unsure how these calculation changes apply to your workforce, **contact our team**. We can review your payroll, identify any employees affected by the changes, and make sure your calculations are correct from day one of Payday Super.

Director & Governance Obligations

Why Payday Super Raises the Stakes for Company Directors

If you're a director of a small business, Payday Super isn't just an HR or payroll issue. It's a governance issue that could directly affect your personal legal exposure.

The new rules don't just change how super is paid — they change the legal landscape around director responsibilities, insolvency protections, and personal liability.

The Safe Harbour Problem

Under Australian insolvency law, directors have a duty to prevent a company from trading while insolvent. The Safe Harbour provisions under the Corporations Act provide some protection — they allow directors to continue trading while pursuing a restructuring plan, provided certain conditions are met.

One of those conditions is that employee entitlements are being paid on time. And from 1 July 2026, super is front and centre.

Under Payday Super, if your company is not paying super contributions within seven business days of each payday, you may not be eligible for Safe Harbour protection. This is a significant change. Previously, with quarterly deadlines, there was more flexibility. Now, every missed payday super payment could undermine your ability to rely on Safe Harbour if your business faces financial difficulty.

For directors of businesses with fluctuating revenue or tight cash flow, this creates a much narrower path. You need to be meeting super obligations in real time to maintain your legal protections.

Personal Liability for Directors

Directors should also be aware of the director penalty regime. Under existing law, the ATO can issue Director Penalty Notices (DPNs) to recover unpaid super. If super goes unreported or unpaid for more than three months, the penalty becomes "lockdown" — meaning it can only be discharged by paying the full amount. It cannot be avoided through voluntary administration or liquidation.

With Payday Super, the shift from quarterly to per-payday obligations means shortfalls can accumulate faster and become visible sooner. The ATO will have much more frequent data points to identify non-compliance, and the window for DPN lockdown is tighter.

In plain terms: if your company falls behind on super under the new rules, the personal risk to you as a director escalates more quickly than it did before.

Treasury's Frank Acknowledgement

It’s worth noting that Treasury has openly acknowledged the reform is likely to trigger an increase in insolvencies. Many businesses have historically used the quarterly super cycle as an informal cash flow tool — holding contributions until the due date to manage short-term liquidity.

That practice is no longer viable under Payday Super. Businesses that can’t fund super with every pay run will need to either restructure their operations or face the consequences. For directors, this means having honest conversations about your company’s financial position — now, not in July.

How to Protect Yourself

- Know your obligations. Understand how the Safe Harbour provisions interact with Payday Super and what you need to do to maintain eligibility.
- Monitor cash flow closely. Build cash flow forecasts that incorporate per-payday super obligations and flag potential shortfalls early.
- Stay current on super payments. Even one missed payment could have consequences. Ensure your payroll and payment systems are automated and reliable.
- Document your decision-making. If your business faces financial difficulty, keeping clear records of your efforts to comply and restructure can support a Safe Harbour defence.
- Get professional advice early. If you’re concerned about your company’s ability to meet Payday Super obligations, speak to your accountant and a restructuring advisor before problems escalate.

This Is Not One to Ignore

Payday Super raises the governance bar for company directors. The stakes are personal, the timelines are tighter, and the consequences of non-compliance are more immediate.

If you’re a director and you’re unsure how these changes affect your legal position, **book a time to speak with us**. We can help you understand your obligations, review your company’s readiness, and put a plan in place that protects both your business and you personally.