

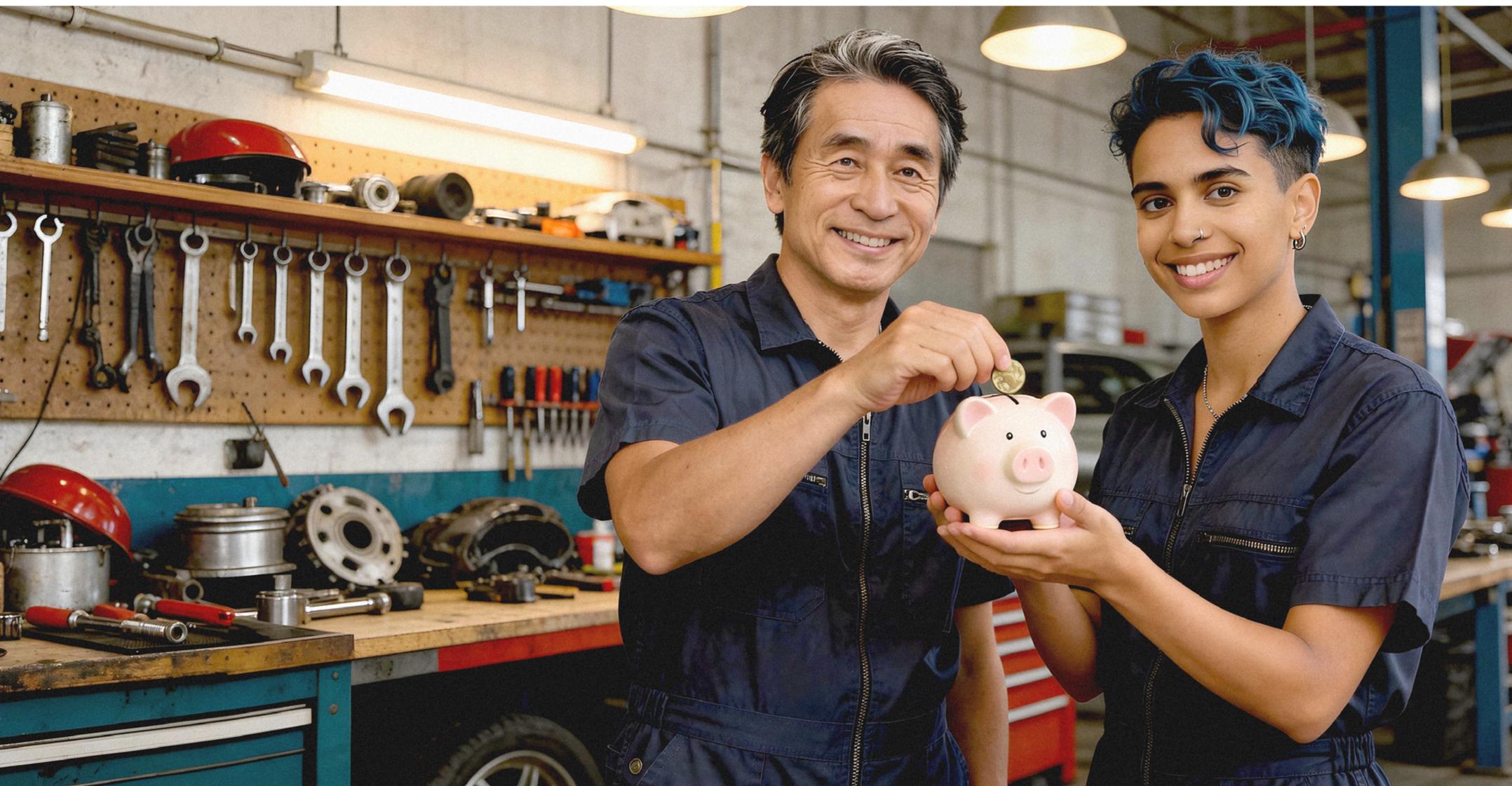
Payday Super Guide for Small Business



A comprehensive guide on Payday Super and what it means for Aussie small businesses.

What is inside...

| | |
|--|----|
| What is Payday Super? | 3 |
| What Payday Super means for employers | 4 |
| What are qualifying earnings? | 5 |
| Payday Super process explained | 6 |
| Payday Super process timeline | 7 |
| Late and missed superannuation contributions | 8 |
| Payday Super key takeaways | 10 |
| Glossary | 11 |



What is Payday Super?

Payday Super is new legislation that requires employers to pay their employees' super guarantee on 'payday' – the same time as salary and wages. Super contributions must be received by an employee's super fund within 7 business days* of qualifying earnings (QE).

The law comes into effect 1 July 2026.

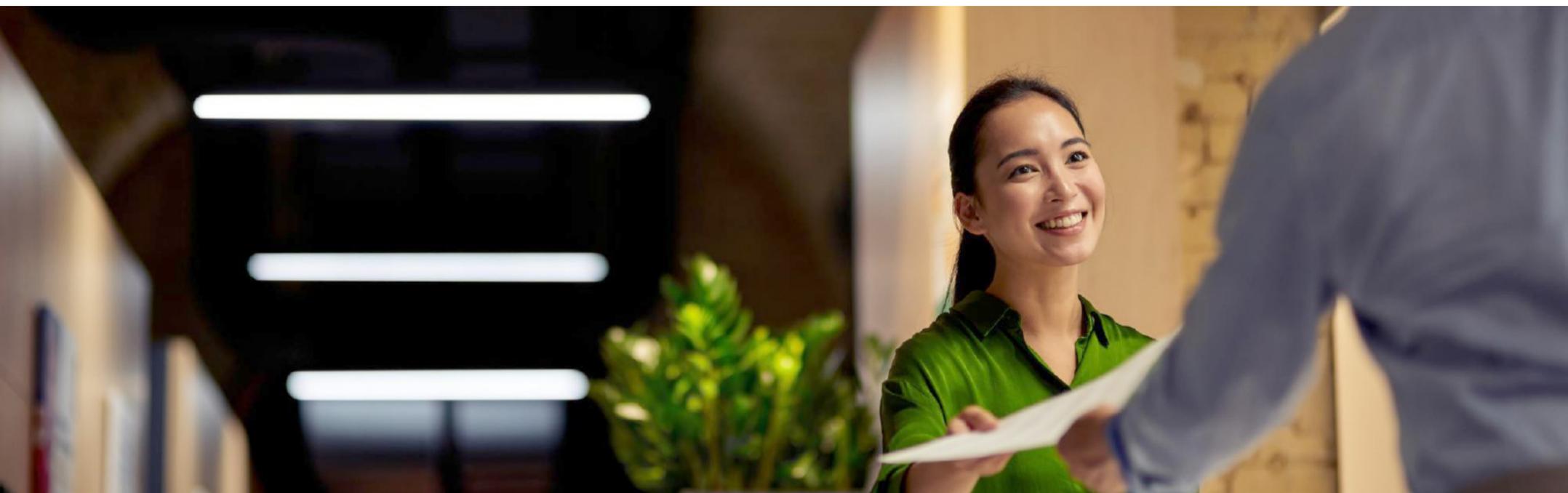
**7 business days unless there is an exception for example a change of fund or a new employee. You have 20 business days in these scenarios.*

What Payday Super means for employers

This change requires employers to adjust their payroll activities to include more frequent superannuation payments. Under the old process, quarterly payments were mandatory. Under Payday Super, businesses go from paying super at a minimum of 4 times a year to potentially 52 times, if they have a weekly payroll.

Employers must report both qualifying earnings (QE) and super contributions in Single Touch Payroll (STP). The New Payments Platform (NPP) will be implemented for Payday Super to ensure super funds receive super contributions on the same day that they are paid by the employer.

Missed, late or underpaid super contributions may result in the superannuation guarantee charge (SGC). SGC can be reduced if a business realises it has paid late or not at all, and proactively discloses this to the ATO. For more information please see [Page 7](#).



What are qualifying earnings?

Qualifying earnings (QE) are the amounts earned by employees for which the superannuation guarantee is calculated. QE is a new term that combines ordinary time earnings (OTE) and other payments.

✓ **Qualifying earnings is comprised of several components:**

Base salary and wages: Payments for ordinary hours of work.

Lump sum payments: Payments in arrears and return-to-work payments.

Commissions and bonuses: All commission payments and bonuses, except for bonuses earned from work performed outside ordinary hours.

Paid Leave: This includes most leave types, such as annual, personal and long-service leave.

Allowances: Most allowances that cover skilled work, on-call, adverse conditions and retention. Does not include expense allowances.

✗ **What qualifying earnings don't include are:**

Overtime payments: Payments for earnings made outside of ordinary hours.

Termination payments: Payments received, such as redundancy and unused annual leave.

Expense Allowances: Where money is expected to be paid by the employee (meal allowances).

**Some awards may differ*

Payday Super process explained

With Payday Super, your payroll process will look different.

Here's an example of a small business and how it conducts its payroll under the Payday Super requirements.

Example 1: Marty the Cafe owner

Work & Earnings

Marty is a cafe owner with two part-time employees. Marty pays his staff fortnightly. Over two weeks, his two staff members work 56 hours each and earn \$30.00/hr. On payday, both employees have qualifying earnings of \$1,680.00. The superannuation guarantee (SG) of 12% against their qualifying earnings is \$201.60.

Pay runs & super calculations

Marty generates a pay run in his payroll software. When Marty finalises and actions his pay run, he downloads his SAFF file from his payroll software and uploads it to his Super Clearing House, declaring both qualifying earnings and total super liability as required to the ATO.

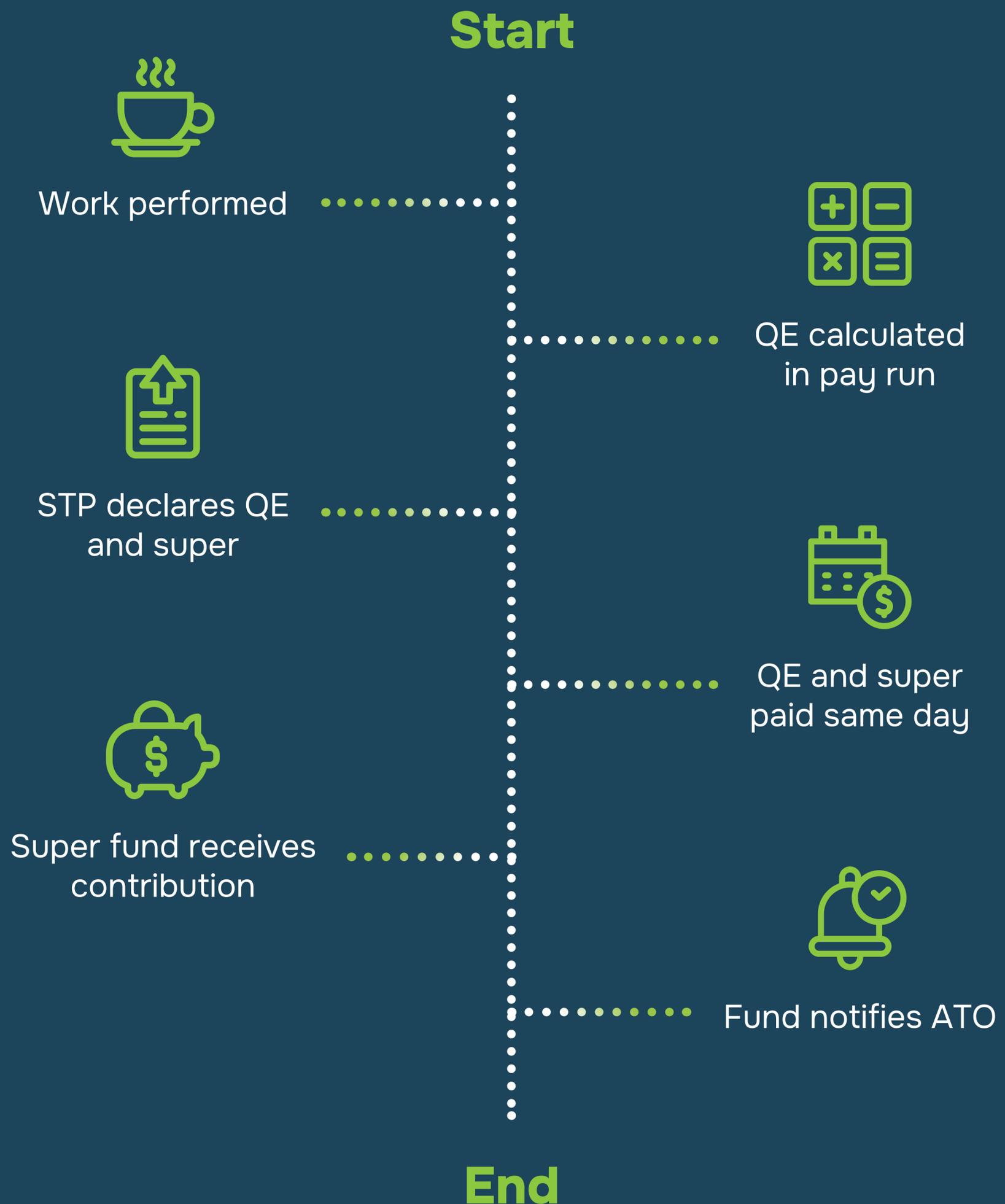
Payment processing

After completing the pay run and finalising his STP, Marty sends payment for his employee's wages and salary. In the same session, Marty pays his employees' super contributions via a super clearing house service. **Please note Cashflow Manager is not a Super Clearing House.** In order to process super payments using Cashflow Manager you will need to download the SAFF and upload to your Default Fund clearing house or other chosen clearing house solution.

Payday Super compliant

Marty's employees' super funds receive the contributions within 7 business days and notify the ATO of payment with a receipt. Marty's business is compliant under Payday Super.

Payday Super process timeline



Late and missed superannuation contributions

The superannuation guarantee charge (SGC) is the penalty for missed, late, or underpaid superannuation contributions. Under Payday Super the SGC is calculated under four components:

The total of your individual SG shortfalls

The contribution calculated on qualifying earnings that is either missed, late or underpaid.

The sum of all individual notional earnings accrued

Interest charged rate of 10% against the base SG shortfall, compounded daily.

Administrative uplift

60% of the SG and the sum of individual notional earnings.

Voluntary reporting of Super Guarantee (SG)

Shortfalls to the ATO is a crucial process for employers who have missed, underpaid, or made late superannuation payments. By making a voluntary disclosure (or lodging an SGC statement) before being audited, employers can significantly reduce potential penalties.



This looks rather complicated, so let's use our example and see what happens if Marty's business misses a super contribution for one of his employees:

Example 2: Marty's missed contribution

Marty follows the process for paying his employees their wages (qualifying earnings) and super contributions, but misses a step for one employee. He forgot to make the super contribution for this pay run.

Marty receives an assessment notice from the ATO regarding his missed contribution 2 months after the fact.

Marty's SGC is calculated against the missed \$201.60 super contribution:

| | | | | | | |
|-----------------------------|---|--------------------------|---|------------------------------|---|-----------------------|
| SG Shortfall | + | Notional earnings | + | Administrative uplift | + | Choice loading |
| Late contribution | | 2 months of interest | | 60% of shortfall + interest | | = |
| = \$201.60 | | = \$3.34 | | = \$122.96 | | not applicable |
| <hr/> | | | | | | |
| SGC total = \$327.91 | | | | | | |

This is what Marty would be liable to pay based on the ATO's description of the SGC. However, if Marty makes a late or partial super contribution payment before the ATO assesses it, his SGC will be lower.

Disclaimer: This example is provided for illustrative purposes only. Actual Super Guarantee Charge (SG Charge) calculations, interest, and penalties are determined and enforced by the Australian Taxation Office (ATO) in accordance with Payday Super legislation. Employers should not rely on this example as legal or financial advice. For accurate obligations and penalty assessments, refer to the ATO's official guidance or seek professional advice.

Payday Super key takeaways



Payday Super is effective 1st July 2026.



Businesses must pay super contributions into their employees' super funds within 7 business days of 'QE date'.



Super is calculated on qualifying earnings (QE); OTE is no longer used.



Missed, late or underpaid super contributions that fall outside the 7 business day due date may incur the superannuation guarantee charge penalty.



The ATO's Small Business Superannuation Clearing House will be retired on 1st July 2026, and businesses that use this service must find an alternative super clearing house provider.

Glossary

Terms and definitions that employers need to know.

Choice super loading

Employers must provide a “Superannuation standard choice form” to employees, allowing them to nominate their preferred fund. A penalty will be applied if an employer does not comply with the legal requirements to offer employees a choice of superannuation fund.

Payday Super

A law that requires Australian businesses to pay all super contributions within seven business days of Qualified earnings. Comes into effect 1 July 2026.

Small Business Super Clearing House (SBSCH)

The ATO’s free online super clearing house service for businesses with 19 or fewer employees or annual turnovers under \$10 million. The SBSCH will permanently close on 1 July 2026, and no new registrations for the service will be available after 1 October 2025.

Superannuation Guarantee (SG)

A compulsory system of superannuation support for employees, paid for by employers. The SG rate for eligible employees is 12%*, effective 1 July 2025.

**SG Rate is 12% except Norfolk Island which is currently 11.5%*

Glossary

Superannuation Guarantee Charge (SG Charge)

The penalty fine imposed by the ATO for missed or late superannuation contributions. personal details.

SuperChoice

A form the employee fills in to advise an employer of their choice of super fund. The employer uses this information to make contributions to their nominated super fund.

Super Clearing House

A digital payment gateway that distributes employee super contributions to their nominated super funds.

SuperStream

The legally required payment system that employers must use to pay superannuation contributions. SuperStream is comprised of both payment and data, which are sent electronically to super clearing houses.

Super Stapling (Stapled Fund)

A process where an existing super fund is linked to an individual employee as they change jobs.



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