Australian Retirement Trust

Employer FAQ: Payday Super

In the 2023-24 Federal Budget, the Australian Government proposed that, from 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages. Employers may experience significant impacts to their business as a result. Here's a list of frequently asked questions to help you stay on top of your super obligations ahead of this legislative change.

Why was Payday Super proposed?

The government proposed the change to help improve retirement outcomes for Australian workers and reduce payroll liabilities for employers.

Government research shows that this change could leave a worker 1.5% better off at retirement [1]. Payday Super will also help the Australian Taxation Office (ATO) detect and recover unpaid super. In 2019-20, the ATO estimates employees were owed $3.4 billion worth of super [1].

When can I expect Payday Super to become legislated?

While we don't currently know when Payday Super will become law, the government has suggested 1 July 2026 as the start date for this reform.

Here's a timeline of what's happened so far and what is currently proposed:

- 2 May 2023 – Payday Super is announced in the Federal Budget.
- 9 October 2023 – the government releases the Securing Australians' Superannuation consultation paper and seeks feedback from key industry bodies for small business, private groups, tax and superannuation.
- 3 November 2023 – the consultation period closes.
- 18 September 2024 – further Payday Super implementation details provided by the government, including new Superannuation Guarantee (SG) charges.
- 14 March 2025 – the government consults on the Payday Super draft legislation. The consultation period closed 11 April 2025.
- 18 March 2025 – election is called and Payday Super legislation is placed in caretaker mode.
- 3 May 2025 – Federal election is held.
- 1 July 2026 – Payday Super is scheduled to begin (if the legislation is enacted).

What does 'payday' mean under the proposed Payday Super system?

The proposed legislation released in March 2025 introduced the concept of Qualifying Earnings (QE), which is what an employee is paid that will be used to calculate SG amounts due. Under Payday Super, 'payday' is the day QE is paid to an employee. Super contributions will need to be received by an employee's super fund within 7 calendar days of this QE payday.

The proposal has more details on how QE will be calculated, but it appears the bulk of this amount will come from Ordinary Time Earnings (OTE).

How long do I have to pay contributions after a QE day?

Contributions will need to be accepted and allocated by an employee's super fund within 7 calendar days of a QE day to be compliant. Otherwise, employers will be liable for SG charges.

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What are the penalties for employers that fail to pay super contributions on time?

The March draft legislation included changes to how the Super Guarantee Charge (SGC) will be calculated for late payments. Notable changes to the calculation of the SGC include:

- A choice loading when choice of fund obligations haven't been met.
- A notional earnings interest component to ensure employees' super balance isn't affected by delayed payments.
- A scalable administrative uplift amount, which could be reduced by making a voluntary disclosure of a late payment prior to an ATO assessment being issued.

A full breakdown of the proposed calculation of the SGC can be found in the March proposal.

What does Payday Super mean for employers?

There will likely be some challenges for businesses, such as:

- Increasing admin burden and time spent managing and paying super.
- Increased risk of compliance and data quality issues with higher payment volume.
- Increased outgoings if additional staff are needed to manage increased workload.
- Cash flow management may be more complicated with shorter time frames to pay contributions.

It's likely there will be changes required to current business processes for most employers to meet the demands of Payday Super. Starting to think about how your data quality could be improved and your processes could evolve to make the transition easier is a great place to start.

Can I start paying super more frequently before Payday Super starts?

Yes. You can start making payments more frequently at any time that suits your business. If you do change your payment frequency, ensure you pay your total SG contribution for the quarter by the due date [2].

What happens if a new employee doesn't provide their superannuation details before their first pay cycle? What if there are errors in their details that hold up their super payment?

The Treasury has listed some changes to support the transition to Payday Super during the onboarding of new employees. This includes having the contributions due date for new employees deferred until the person has been in your employ for at least two weeks.

Employers will now also be able to show employees their existing 'stapled' fund during their onboarding as part of the choice of fund process, to make it easier for them to make an informed super fund choice when they start a new job.

We expect there will be more information available on how you can manage this once Payday Super is legislated. In the meantime, consider looking into Super Fund Onboarding, a solution designed to streamline the employee onboarding process and available on ART's Employer Online (EOL).

How can I help my payroll staff to cope with more frequent super contribution payments?

A great place to start is reviewing your current payroll processes to see if there are possibilities to improve. One of the most effective ways to optimise your transition to Payday Super is to equip your payroll teams with tools that will help streamline their processes.

In particular, look for tools that support robust data validation as this will help improve overall data quality, which is vital for reducing refunds and limiting reprocessing of contributions.

You may want to look at training opportunities to upskill the team and transition them to a new tool or process.

Finally, if you anticipate a dramatic increase in payroll workload and capacity challenges, you may want to consider hiring additional staff.

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Do you have any insights into how payroll system providers will account for Payday Super?

As Payday Super is not yet legislated, we don’t currently know if this reform will include requirements that payroll providers will need to meet.

We know many payroll providers are keeping their finger on the pulse when it comes to Payday Super, so it may be beneficial to start exploring what options are available.

You can start by considering the payroll and onboarding process updates you may need to support the increase in frequency of super payments, such as:

- How much manual input is necessary from your end, for example managing data or exporting files?
- Are there data validation checkpoints for the payroll data to minimise compliance risks?
- Do you currently have streamlined reporting capabilities?

Do you see a change to the concessional contribution cap threshold for employees?

The latest proposal hasn't indicated a change to the concessional contribution cap threshold. This cap will continue to be used as part of the calculation to determine the maximum contributions base limits.

How can I get more information on the new Payday Super legislation?

We'll be keeping up to date on the Payday Super page on [our website](), so check back here anytime.

You can also find information on the [ATO's website]().

[1] Introducing payday super | Treasury Ministers

[2] Super payment due dates | Australian Taxation Office