



Tax Insights

Payday Super bills passed by Parliament and receive Royal Assent

On 4 November 2025, the Australian parliament passed two bills without amendment:

- [Treasury Laws Amendment \(Payday Superannuation\) Bill 2025](#) (the “Main Bill”); and
- [Superannuation Guarantee Charge Amendment Bill 2025](#) (the “SGC Bill”).

The bills were granted Royal Assent on 6 November 2025.

This legislative package introduces “Payday Super,” which will see a significant shift in the superannuation guarantee landscape for Australian employers.

This article provides an overview of the legislative changes, the background to the changes, and recommended actions for employers to be ready.

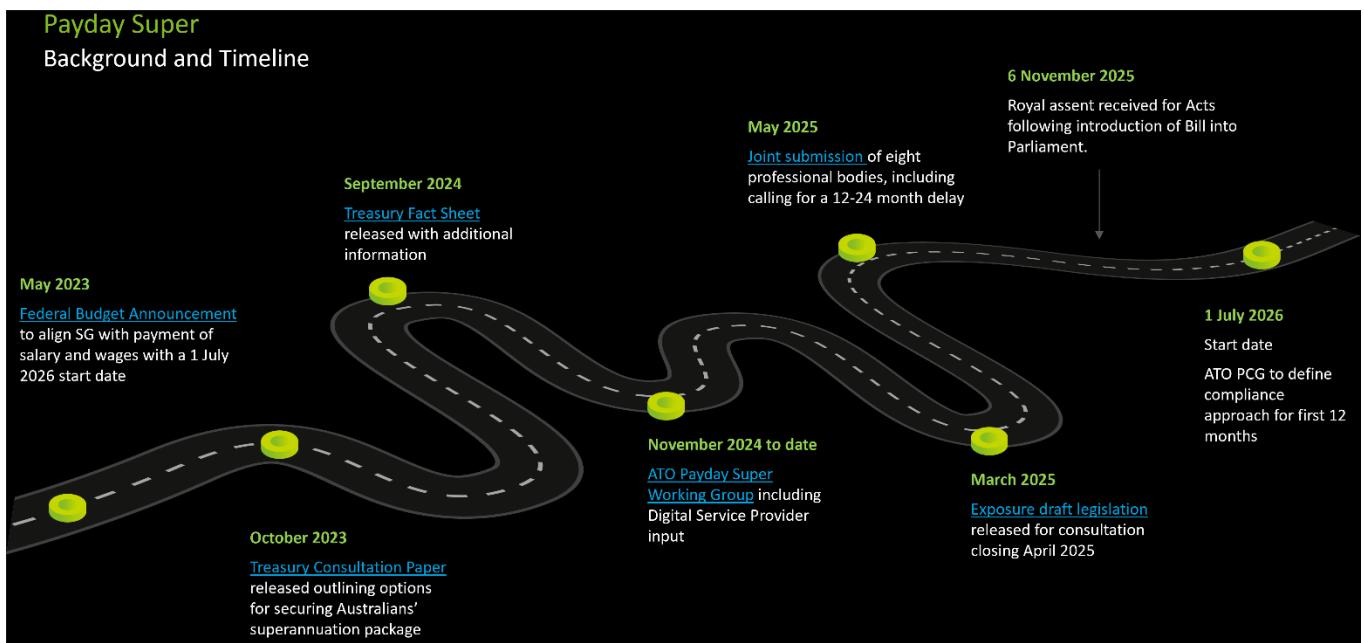
Key legislative changes

- From **1 July 2026**, employers will be required to pay superannuation guarantee (SG) contributions **within seven business days of each employee’s payday**, replacing the current quarterly SG contribution system.
- The definition of “payday” is the date on which a “qualifying earnings” payment is made to the employee. This includes salary and wages, salary sacrifice super amounts, and other amounts currently captured under “ordinary time earnings” (OTE).

- The SG Charge (SGC) regime is being substantially reworked: the charge will align with this new timing, administrative uplift and choice-loading provisions will be adjusted. Furthermore, late payment offsets will cease for contributions after 1 July 2026.
- The existing superannuation clearing-house arrangement for small business via the Australian Taxation Office's (ATO's) Small Business Superannuation Clearing House (SBSCH) will be **retired** as from 1 July 2026 and is now closed to new users as from 1 October 2025.
- The legislation also deletes and rewrites substantial sections of the Superannuation Guarantee (Administration) Act 1992 ("SGA Act"), with many previous exclusions being moved into regulations for improved readability and flexibility.

Policy rationale and background

- The reform is part of the government's drive to reduce the "super guarantee gap"—the estimated billions of dollars of unpaid or late superannuation each year. For 2022–23 the ATO estimates a net SG gap of around AUD 6.2 billion or 6% of estimated theoretical SG liability.
- The transition to more frequent payments (in line with wages) is expected to improve transparency for employees, increase compounding returns in retirement savings, and simplify monitoring of compliance.
- The legislative package follows the May 2023 Federal Budget announcement for the alignment of SG obligations with payday. Treasury then released a consultation paper in October 2023 and exposure draft legislation in March 2025.
- The exposure draft legislation contained an obligation for payments to be received within seven calendar days of pay. The move to seven business days follows the consultation comments from across industry, including a May 2025 professional body joint submission.
- While many in industry support the policy objective, there has been concern from payroll software providers, small business groups, and professional bodies about the tight implementation timeframe, and the operational, information technology (IT), and cash flow burdens.



Implementation timeline and immediate effects

- Employers must ensure SG contributions are received by the employee's super fund within seven business days of payday. Non-receipt in time may trigger SGC liability.
- During the transition, the ATO has indicated it will adopt a **risk-based compliance approach**, with priority of compliance resources given to higher-risk employers.
- The ATO has released draft Practical Compliance Guideline [PCG 2025/D5](#) which outlines its compliance approach for the first 12 months following commencement through 1 July 2027.
- Under these guidelines, employers will be classified as either low, medium, or high risk, and compliance resources will be prioritised to address each risk category accordingly.

ATO Draft Compliance Approach PCG 2025/D5		
Risk Zone	An employer will be in this risk zone if...	ATO Compliance Approach
Low Risk	<ul style="list-style-type: none"> The employer has attempted to make on-time contributions for the QE day, but where some or all of the eligible contributions have not been received and were unable to be allocated by the relevant fund on time; and The employer has made the eligible contributions to the funds as soon as reasonably practical, such that the employer has a final SG shortfall of nil for all employees for the QE day at the time. 	No cause for review.
Medium Risk	<ul style="list-style-type: none"> The employer does not meet the criteria to be considered 'low-risk'; and The individual final SG shortfall for all employees is nil by 28 days after the end quarter in which the qualifying earnings were paid. 	Compliance resources <i>may</i> be applied to investigate whether the employer has an SG shortfall.
High Risk	<ul style="list-style-type: none"> Where the employer does not meet the criteria in the low-risk or medium-risk zone; and Where the employer has one or more shortfalls greater than nil for their employees by 28 days after the end of the quarter in which the qualifying earnings are paid. 	Compliance resources will be allocated to investigate whether an SG shortfall has arisen.

Implications for business

Payroll and cash flow

- The shift to a per-pay-cycle super contribution model means that employers will no longer accumulate a quarter's SG liability for payment after quarter end; instead, each pay run must trigger a super payment. This will require more frequent cash outflows.
- For businesses with tight cash flow, particularly small/medium enterprises (SMEs), the more frequent payment cadence may place additional management pressure.
- Payroll teams (internal or outsourced) will need to review processes to ensure SG remittance and reconciliation happen each pay cycle rather than quarterly.
- Employers must monitor pay cycle timing, ensure the super fund receives the contributions within the seven business-day window, and maintain documentation to substantiate compliance.

Software, vendor, and process upgrades

- Payroll software vendors will need to support the new "payday super" model: validating contribution data each pay run, remitting contributions, and providing visibility of timing and compliance status.

- Employers should engage early with their payroll/ERP vendors to confirm readiness, cost estimates for software upgrades, changes to file formats, fund validation, and to test new processes ahead of go-live.
- Process controls, oversight, and reconciliation mechanisms will be more critical, e.g., reconciling contributions paid versus accrued, fund receipts, and timely correction of bounce-backs or underpayments.

International considerations

- For businesses operating internationally (or multinationals with Australian payroll entities), the new requirements mean Australia-domiciled payroll operations must align with this more frequent super contribution cadence. This may require adjusting global payroll policies, account reconciliation cycles, vendor selection, or service level agreements for Australian operations.
- Cross-border payroll teams and international shared service centres should flag the 1 July 2026 date and ensure budgeting, system integration, vendor contracts, and local compliance teams are aligned well in advance.

Recommendations for business

Businesses may wish to consider the following immediate action steps to ensure a smooth transition and minimise risk of non-compliance:

- **Project and budgeting**
 - Establish a “Payday Super” project team (or designate lead) that includes payroll, finance/cash-flow, IT/software, and tax/compliance.
 - Run a **gap-analysis**: map current quarterly super process versus required per pay cycle process. Identify people, systems, and vendors affected.
 - Prepare a budget for software/vendor upgrades, potential consultancy costs, testing, training, and process changes.
 - Update cash flow forecasts: model the effect of more frequent super payments and ensure bank account/treasury arrangements allow for timely payments each pay cycle.
- **Payroll and process readiness**
 - Review current payroll cycle and super remittance timing. Define “payday” for your business and ensure alignment with super fund payment deadlines.
 - Confirm that super contributions will *arrive* at employee funds within seven business days of payday (or earlier, if necessary).
 - Audit current super contributions for timing, accrual versus payment mismatches, bounce-backs, underpayments, and fund validation issues.
 - Develop reconciliation and exception handling procedures, e.g., how to monitor super fund receipts, remediate missing contributions, and document evidence of compliance.
 - Establish processes for ongoing compliance, including sufficient SG contributions, timing requirements, monitoring bounce-backs, and voluntary disclosure.
- **Software/vendor engagement**
 - Engage with your payroll/ERP vendor (or clearing-house provider) to confirm that they support the new “payday super” regime and will be ready by 1 July 2026.
 - If using a clearing house (or the soon-to-be-closed SBSCH), consider alternative service providers or assess whether internal processing is feasible.
 - Plan and conduct testing of payment file formats, fund validation services (e.g., via SuperStream), timing controls, and receipt monitoring.
 - Ensure SLAs with external vendors include support for compliance with the new rules, including timely contributions, audit/invoice support, and data-reporting.

- **Tax and compliance**

- Conduct a review of your wage code tax classifications and reporting processes to confirm your treatment of QE, noting that these amounts will likely now also be reported to the ATO under STP phase 2.
- Review and update processes and data sources to align superannuation payments with pay cycles and establish clear procedures for accurately capturing QE payments made outside of payroll (including for contractors, directors, and expatriate employees).
- Review your SG compliance history and identify any legacy issues (e.g., late payments, shortfalls) ahead of the start of the new regime.

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