

Payday Super

Quick guide for employers



q4 financial

Smart choices today,
financial freedom tomorrow!

From 1 July 2026, Superannuation Guarantee (SG) must be paid at the same time as payroll, rather than quarterly. This is a significant cashflow and compliance shift for employers.

Why this change matters?

Payday Super is designed to benefit employees as well as improve compliance. In simple terms: more regular contributions mean employees' retirement savings can start working for them sooner.

What's changing?

- Super must be paid on payday (aligned with your payroll date).
- Quarterly super payments will no longer be acceptable.
- The ATO Small Business Super Clearing House will cease.
- Penalties will apply for late payments.
- The Superannuation Guarantee rate is 12% (from 1 July 2025 and expected to remain at 12% through 2028).

[For full details, read our insights here on the blog](#)

Bookkeeping Checklist

- ✔ **Update Your Payment Process**
 - Set diary reminders for super payments on each payroll date.
 - Remove old quarterly super reminders.
- ✔ **Prepare Payments in Advance**
 - Funds must reach employees' super funds on time — not just be initiated.
 - Consider scheduling super at the same time payroll is finalised.
- ✔ **Review Your Software**
 - Ensure you are using:
 - Your accounting software, or
 - Your payroll software's integrated clearing house.
 - The ATO Super Clearing House will stop, so alternative arrangements must be in place before 1 July 2026.
- ✔ **Avoid ATO Penalties**
 - Late super payments may trigger:
 - Superannuation Guarantee Charge (SGC)
 - Loss of tax deductibility
 - Interest and administration penalties
 - We've outlined common compliance risks in our blog mentioned above.
- ✔ **Start Now!**
 - Xero already supports Payday Super.
 - You can automate super payments to align with each payroll run now.

Cashflow Planning Checklist

- ✔ **Apply the Correct Rate**
 - Super = 12% of Ordinary Time Earnings (OTE)
 - Applies from 1 July 2025 onward.

[ATO Super Calculator tool here](#)

- ✔ **Understand the Cashflow Impact**
 - If you previously paid quarterly, your cashflow timing will change significantly.
 - Instead of:
 - Holding 3 months of super, you will now...
 - Pay super weekly, fortnightly or monthly (in line with payroll)
- ✔ **Work Backwards from Annual Payroll**
 - To estimate impact:

Example:

- Annual wages: \$500,000
- Super at 12%: \$60,000 annually

If payroll is:

- Weekly → ~\$1,154 super per week
- Fortnightly → ~\$2,308 per fortnight
- Monthly → \$5,000 per month

This helps determine:

- Cash buffer required
- Funding strategy
- Whether pricing adjustments are needed

Key risk areas

- Forgetting to update diary systems
- Continuing to rely on the ATO clearing house
- Underestimating cashflow pressure
- Penalties, interest and administration burden on your business with late payments.

How we can help?

- Reviewing your payroll systems
 - consider moving to 'fortnightly' payroll as a minimum to reduce administration.
- Cashflow forecasting
 - Reviewing your business plan/budget
- Pricing and margin modelling
- Compliance reviews

Example Business Scenario: Coastal Build Co. (sample)

Business profile:

- Annual wages (OTE): \$1,000,000
- Super rate: 12%
- Annual super obligation: \$120,000
- Total annual payroll including super: \$1,120,000

Under the old quarterly system

- Super paid every 3 months: \$30,000 per quarter
- Total quarterly payroll including super: \$280,000

Under Payday Super (from 1 July 2026)

- Super must be paid on payroll day. Here's what it looks like depending on payroll frequency:

Payroll Frequency	Payroll Wages	Super 12%	Total Payroll + Super
Weekly (52 periods)	\$19,231	\$2,308	\$21,539
Fortnightly (26 periods)	\$38,462	\$4,615	\$43,077
Monthly (12 periods)	\$83,333	\$10,000	\$93,333

What the business could lose if not paid on time:

Consequence	How It Works	Example for \$10K Mthly Super Payment
Super Guarantee Charge (SGC)	Penalty by ATO for late super	$\$10,000 \times 10\% = \$1,000$
Interest	Charged from due date until payment	$\$10,000 \times \sim 7.5\% = \750
Loss of Tax Deductibility	Late super is no longer tax deductible → +25% effective cost	$\$10,000 \times 25\% = \$2,500$

- Total cost if \$10,000 not paid on time: \$4,250
- For \$120,000 annual super, late payment could cost over \$50,000 in penalties, interest, and lost tax deduction.
- For a \$1M payroll business, this is a meaningful shift in working capital management — and one that needs to be planned, not reacted to.