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Superannuation Guarantee

Significant changes in relation to compulsory superannuation guarantee (**SG**) contributions are happening from 1 July 2026.

Up to 30 June 2026, the existing rules continue where it is compulsory for an employer to pay their eligible employees SG to their nominated superannuation fund, based on their 'ordinary time earnings' (**OTE**) and the relevant annual SG rate, by the quarterly due date.

From 1 July 2026, the new Payday Super rules will apply where it will be compulsory for an employer to pay their eligible employees SG to their nominated superannuation fund, based on their 'qualifying earnings' (instead of the current OTE) and the same relevant annual SG rate. Most importantly, all SG payments must reach the employee's superannuation fund within 7 business days of each pay cycle, regardless of whether this is weekly, fortnightly or monthly.

The new Payday Super rules (applying from 1 July 2026) are explained in full detail under the final heading in the Tax Alert: "*Impending proposed change to superannuation from 1 July 2026*".

Current SG rules continue to apply up to 30 June 2026

It is compulsory for an employer to pay their eligible employees SG to their nominated superannuation fund, based on their OTE and the relevant annual SG rate, by the quarterly due date.

What are OTE?

OTE includes normal wages, over-award payments, commissions, shift loading, annual leave loading and bonuses. However, OTE does not necessarily include overtime payments.

Who are eligible employees?

Eligible employees include anyone over 18 years old (regardless of the number of hours worked) and anyone under 18 years old (if they work more than 30 hours per week).

What is the relevant annual SG rate?

The minimum SG rate you must pay for each eligible employee from 1 July 2025 is 12.0%, and this will remain at 12.0% from 1 July 2026. Employers will need to use these rates to calculate super on payments made to employees on or after 1 July 2026, even if some or all of the pay period is for work done before 1 July.

What is the due date for making SG payments?

Under the current SG rules up to 30 June 2026, an employer is required to pay their eligible employees SG amount within 28 days of the end of the relevant quarter.

If an SG amount is paid more than 28 days after the end of the quarter, then it is considered to be a 'late payment', and there can be serious implications including the denial of a tax deduction and being required to pay a super guarantee charge (**SGC**).

As the new Payday Super rules start from 1 July 2026, we must note that all SG payments after 1 July 2026 must reach the employee's superannuation fund **within 7 business days of each pay cycle**, regardless of whether this is weekly, fortnightly or monthly.

A super payment only counts once it is received by the employee's superannuation fund, not when it is submitted. Submitting on day seven may not allow enough time, and we note there is no extension for rejected payments - so employers must ensure there is enough time to correct any errors and for SG contributions to reach funds within the 7 business days.

Where a super contribution is received after more than 7 business days, a SGC will be imposed, including interest compounding daily and an administrative uplift amount based on the employer's history of meeting SG obligations. Under the new rules, the SGC is tax deductible for the employer.

Also, we must note that July 2026 will have a period of "overlap" where SG payments (under the current rules) for the quarter April to June 2026 are required to be made by 28 July 2026, and SG payments (under the Payday Super rules) are required to be made within 7 days of any pay cycle happening within July 2026.

This particular issue of "overlap" is considered in full detail under the final heading in the Tax Alert: "*Impending proposed change to superannuation from 1 July 2026*".

What are the implications of a SGC?

The SGC is calculated as the sum of:

- the shortfall amount – which is calculated on employees' salary and wages, rather than their OTE;
- a nominal interest component (currently 10% per annum) - of the shortfall amount from the beginning of the quarter in which the contribution was required to be made until the lodgement of an SGC statement¹ (payable to the employer's superannuation fund); and
- a \$20 administration fee per impacted employee, per quarter (payable to the ATO).

The entire SGC amount (that is the shortfall, the nominal interest, and the administration charge) is not tax deductible. Also, any directors of a company that fails to meet an SGC liability in full by the due date can become personally liable for a penalty equal to the unpaid amount.

SGC Shortfall forms are due by the 28th of the second month following the end a quarter. SGC shortfall forms lodged by this date are not subject to further penalty in the event of an ATO review.

¹ Non lodgement of an SGC shortfall form until sometime after the due date, means interest payable to the employee continues to accrue and in the event of ATO review or audit, penalties of up to 200% could be imposed.

What changes are starting after 1 July 2026?

From 1 July 2026, employers will be required to pay their employees' SG at the same time as their salary and wages ("payday super"). The new Payday Super rules (applying from 1 July 2026) are explained in full details under the final heading in the Tax Alert: "*Impending proposed change to superannuation from 1 July 2026*".

Please contact your Lowe Lippmann representative if you wish to discuss any of these matters further.

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