

# Payday Super: 6 Things Every Small Business Needs to Know Before 01 July 2026

If you employ staff, one of the biggest changes to hit your business in years is coming on 1 July 2026. It's called Payday Super, and it fundamentally changes how and when you pay superannuation.

Under the current system, you have until 28 days after the end of each quarter to pay your employees' super. That's about to end. From 1 July, you'll need to pay super at the same time as wages, with contributions reaching your employees' super funds within seven business days of each payday.

The total amount you owe doesn't change. But the timing, the systems, the compliance rules, and the consequences of getting it wrong all do. Here are the six key areas you need to understand.

## 1. Your Cash Flow Will Be Affected

This is the change most businesses will feel first. Instead of four quarterly super payments, you'll be making 26 (fortnightly) or 52 (weekly) payments per year. The quarterly buffer that many businesses have relied on to manage short-term cash flow simply disappears.

The cash flow impact is real. Under the current system, you might hold two or three months' worth of super in your account before it's due. Under Payday Super, that money leaves every pay cycle. For a business with 10 employees on average salaries, that could mean tens of thousands of dollars you no longer have as a buffer. Employment Hero's modelling of over 300,000 businesses put the average working capital shift at \$124,000 — though the actual impact on your business will depend on your team size, pay levels, and pay cycle. Either way, the time to model this for your business is now, not in June.

## 2. Your Payroll System Needs to Keep Up

Going from 4 super submissions a year to 26 or 52 is a massive jump in processing volume. Your payroll system will need to calculate, submit, and track super contributions with every single pay run — automatically and accurately.

If you're still relying on manual processes, spreadsheets, or disconnected systems, those gaps will be exposed quickly under Payday Super. One missed step on one pay run could trigger penalties. Check with your payroll software provider now to confirm their system is Payday Super-ready, and start testing before July.



### 3. The ATO's Free Clearing House Is Closing

If you use the ATO's Small Business Superannuation Clearing House (SBSCH) to process super, it's closing on 1 July 2026. It stopped accepting new registrations in October 2025, and existing users have until 30 June to transition to an alternative.

The SBSCH was built for quarterly batch processing and simply can't support the speed and frequency Payday Super demands. You'll need to move to a commercial clearing house or an integrated payroll solution that can handle real-time payments. Don't wait until the last minute — migrating takes time, and you'll want to test your new setup before the old one switches off.

### 4. The Penalties Are Tougher

Under the new rules, the Superannuation Guarantee Charge (SGC) is assessed per payday, not per quarter. If a contribution doesn't reach an employee's fund within seven business days, you'll face the shortfall amount, interest, and an administrative uplift of up to 60%.

Here's the catch many businesses miss: even if you initiate the payment on time, bank transfers can take up to three days. Add clearing house processing time, and you could breach the seven-day rule without realising it. The ATO has said it will take a measured approach in the first year for businesses making a genuine effort — but that's not a free pass.

### 5. How Super Is Calculated Is Changing

Super will now be calculated on "qualifying earnings" (QE) instead of "ordinary time earnings" (OTE). QE is a broader measure that includes salary sacrifice contributions and other amounts. For most employees on simple pay arrangements, there will be no difference. But if you have staff on salary sacrifice, variable pay, or earnings near the maximum contribution base, it's worth reviewing.

The maximum super contribution base is also moving from a quarterly to an annual threshold. This means one-off bonuses that previously pushed an employee over the quarterly cap may now attract super if total annual earnings stay below the annual limit. For some businesses, this will mean paying more super for certain employees.



## 6. Directors Face Greater Personal Risk

If you're a company director, Payday Super raises the governance stakes. The Safe Harbour provisions under the Corporations Act — which protect directors pursuing a restructuring plan — require that employee entitlements are paid on time. Under the new rules, every missed payday super payment could disqualify you from Safe Harbour protection.

The director penalty regime also becomes more immediate. With the ATO receiving per-payday data instead of quarterly reports, shortfalls are identified faster, and Director Penalty Notices can follow sooner. Treasury has openly acknowledged the reform may trigger an increase in insolvencies among businesses that have been using quarterly super as an informal cash flow tool.

### What You Should Do Now

The 1 July 2026 deadline is firm, and the businesses that prepare early will transition smoothly. Those that don't risk cash flow surprises, system failures, and penalties that are far more punishing than under the current rules.

We recommend every business take these steps now: model the cash flow impact of per-payday super payments, confirm your payroll system is ready, migrate off the SBSCH if you use it, and review your employee pay structures for any calculation changes.

**If you'd like help preparing for Payday Super, we're here for you.** Whether it's a cash flow forecast, a payroll review, or simply a conversation about what these changes mean for your specific situation, reach out to our team. A small investment of time now will save you from a much bigger headache later.

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