

Compliance & Penalties

The New Penalty Framework Is Stricter Than You Think - Here's What's at Stake

One of the most important things to understand about Payday Super isn't just that you need to pay super more often. It's that the consequences of getting it wrong are more severe than under the current system.

Under today's rules, if you miss a quarterly super deadline, you face the Superannuation Guarantee Charge (SGC). It's not pleasant, but the quarterly cycle means you have larger windows and fewer deadlines to manage.

From 1 July 2026, the compliance framework tightens significantly. And for small businesses, the risks are real.

How the New Penalties Work

Under Payday Super, the SGC is assessed per payday, not per quarter. Every time you pay wages, you trigger a super obligation. If that contribution doesn't reach the employee's super fund within seven business days, the SGC clock starts ticking.

The new SGC includes:

- **The shortfall amount** — the super you should have paid.
- **Interest (notional earnings)** — calculated on the unpaid amount.
- **An administrative uplift of up to 60%** — this is the real sting. It's a penalty applied on top of the shortfall and interest, and it can vary depending on your compliance history.

If you've been consistently paying on time and make a genuine mistake, the uplift may be reduced. But if you have a pattern of late payments, expect the full force of the penalty.

On top of the SGC, additional penalties may apply if you don't pay the charge within 28 days of receiving an ATO notice. Unlike regular super contributions, SGC amounts and penalties are generally not tax-deductible.



The Hidden Risk: Processing Delays

Here's something many small businesses don't realise yet: even if you initiate a super payment on time, it might not arrive at the fund within seven business days.

Standard bank transfers can take up to three business days. If your clearing house or payment gateway adds another day or two for processing, you're already eating into your seven-day window. A rejection or error could push you over the line entirely — and you may not even know it happened until the ATO flags it.

This is one of the trickiest aspects of Payday Super for small businesses. You can do everything right on your end and still be caught out by the payment infrastructure.

The First-Year Grace Period (With Conditions)

The ATO has said it will take a “measured approach” to compliance during the first 12 months. In practice, this means they'll differentiate between businesses that are genuinely trying to comply and those that aren't.

If you can show that you've updated your systems, are making payments on time, and are actively addressing any issues, you're likely to be treated as low risk. But this is not a free pass. The ATO will still be monitoring, and repeated or careless non-compliance will be met with enforcement action.

How to Protect Yourself

- Understand the seven-day rule inside out. Know how long your payments take from initiation to fund receipt and build in a buffer.
- Automate your payments. The less manual intervention required, the lower your risk of delays and errors.
- Keep records. Maintain clear proof-of-payment documentation for every pay run. If the ATO comes knocking, you want a clean paper trail.
- Monitor your compliance history. A strong track record may reduce penalties if something goes wrong.



Take This Seriously

The penalty framework under Payday Super is designed to be taken seriously. A 60% administrative uplift on top of shortfall amounts can turn a small oversight into an expensive problem.

If you're unsure about your exposure under the new rules, **speak with us sooner rather than later**. We can review your current super processes, identify potential compliance risks, and help you put the right safeguards in place before Payday Super begins.

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