

# Calculation Changes SG Calculations Are Changing – What “Qualifying Earnings” Means for Your Business

Payday Super doesn't just change when you pay super. It also changes how super is calculated. If you're a small business owner, it's important to understand these shifts — because they could affect how much you owe and for which employees.

## From OTE to Qualifying Earnings

Under the current system, super guarantee is calculated as 12% of an employee's “ordinary time earnings” (OTE). OTE generally includes base salary, commissions, shift loadings, and some allowances, but excludes overtime.

From 1 July 2026, the calculation shifts to “qualifying earnings” (QE). QE is a broader concept that brings together OTE, salary sacrifice contributions, and certain other amounts that are currently part of an employee's salary or wages for super guarantee purposes.

For most employees on straightforward pay arrangements, the practical difference may be minimal. But if you have staff on salary sacrifice arrangements, complex pay structures, or variable earnings, QE could change your super liability. It's worth understanding exactly which payments are now captured.

## The Maximum Contribution Base Is Going Annual

Here's a change that could affect businesses with higher-income employees.

Currently, there's a maximum super contribution base (MSCB) applied quarterly. If an employee's earnings exceed the quarterly cap, you're not obligated to pay SG on the amount above it.

Under Payday Super, the MSCB moves from a quarterly threshold to an indexed annual threshold. This smooths out the calculation across the full year.

Why does this matter? Consider an employee who earns a steady salary but receives a large one-off bonus in one quarter. Under the current system, that bonus might push them over the quarterly cap, meaning you don't owe super on the excess. Under the annual threshold, that same bonus is spread across the year's cap. If the employee's total annual earnings stay below the annual limit, you'll owe SG on the full amount — including the bonus.

For some businesses, this will mean paying more super for certain employees than they do today. For others, it may simplify things by removing the need to monitor quarterly caps.



## Per-Payday Calculations

Another practical shift is that SG will be calculated on a per-payday basis rather than accumulated quarterly. This means your payroll system needs to correctly determine QE for each pay run, apply the 12% rate, and submit the contribution — all within the seven-day window.

If you have employees with variable hours, fluctuating earnings, or irregular payment schedules, this adds complexity. Each pay run becomes its own SG event, and errors compound faster when you're processing 26 or 52 times a year instead of four.

## How to Prepare

- Review your employee pay structures. Identify anyone on salary sacrifice, variable pay, or earnings near the MSCB. These are the areas most likely to be affected by the calculation changes.
- Update your payroll system. Ensure it can calculate SG based on qualifying earnings (not just OTE) and apply the new annual MSCB threshold correctly.
- Understand the QE definition. Work with your accountant to confirm which payments are included in qualifying earnings for each employee.
- Plan for the annual cap. If you've been monitoring quarterly caps for high-income employees, you'll need to adjust your approach.

## Get Clarity Before July

The shift from OTE to qualifying earnings might sound like a technicality, but it can have real dollar implications for your business. The annual MSCB change could also affect your super obligations for certain employees.

If you're unsure how these calculation changes apply to your workforce, **contact our team**. We can review your payroll, identify any employees affected by the changes, and make sure your calculations are correct from day one of Payday Super.

