



PAYDAY SUPER

A New Era In Superannuation Compliance

19 March 2026

Why is Payday Super coming in?

- 01 Unpaid Superannuation is a persistent problem**

The ATO estimates that \$6.2 billion of super was not paid by employers in 2021–22
- 02 Greater Investment potential for employees**

Paying super sooner means more time for investment growth and a securer future for Australian workers
- 03 Transparency and Accountability**

Mandated super payments on payday improve transparency and empower employee monitoring
- 04 Superannuation is an employee's entitlement**

Super must now be treated as an immediate obligation, not a quarterly deferral. This prevents businesses from using it for cash flow and reduces financial risk for employees in the event of employer insolvency
- 05 Improve compliance and earlier intervention**

Mandatory STP reporting enables enhanced data matching allowing the ATO to detect shortfalls in real time

Key features

	What's Changed	Implications / Comments
Payment Timing Change	<p>SG contributions due within 7 business days of each qualifying earnings 'QE' payday</p> <p>Extended timeframes of up to 20 business days for new employees and contributing to new funds</p>	<p>Super will become a contemporaneous liability rather than a deferred one</p> <p>Employers will need to carefully manage timing, clearing houses, payment processing, and other aspects to meet this window</p>
Earnings Base Term	<p>Qualifying Earnings replaces 'Ordinary Time Earnings' and 'Salary and Wages' for contribution calculations</p>	<p>Salary and wages will no longer be the base for the SG shortfall</p>
Contribution Cap Revised	<p>Quarterly cap replaced by annual limit equal to concessional contribution cap</p>	<p>May simplify tracking</p>
Redesigned SGC charge, including:	<ul style="list-style-type: none"> • Individual shortfall calculated in reference to QE, not S&W • Administrative uplift of 60% (reduced if the employer makes a VD); and • Late payment penalties of 25 – 50% if assessed SGC is outstanding > 28 days (with limited discretion to remit) • SGC will be tax deductible 	<p>Employers who delay or underpay may face stricter consequences under the new model</p>
Enhanced Reporting	<p>Mandatory STP reporting of QE amounts and SG liabilities</p>	<p>Employers must map pay codes to QE so ATO can check whether a shortfall exists</p>
Small Business Clearing House (SHSCH)	<p>Retires from 1 July 2026. Only current users supported in the interim</p>	<p>Small businesses will need to migrate to alternative payment/clearing services</p>

The countdown is on...

PAYDAY SUPER GOES LIVE IN:

103
Days

12
Hours

45
Minutes

00
Seconds

Sector readiness & anticipated challenges

Bounce backs

Transaction volume
increase

Small business impact

Cash flow management

System and compliance
updates

Existing systems are
designed for a quarterly
obligation

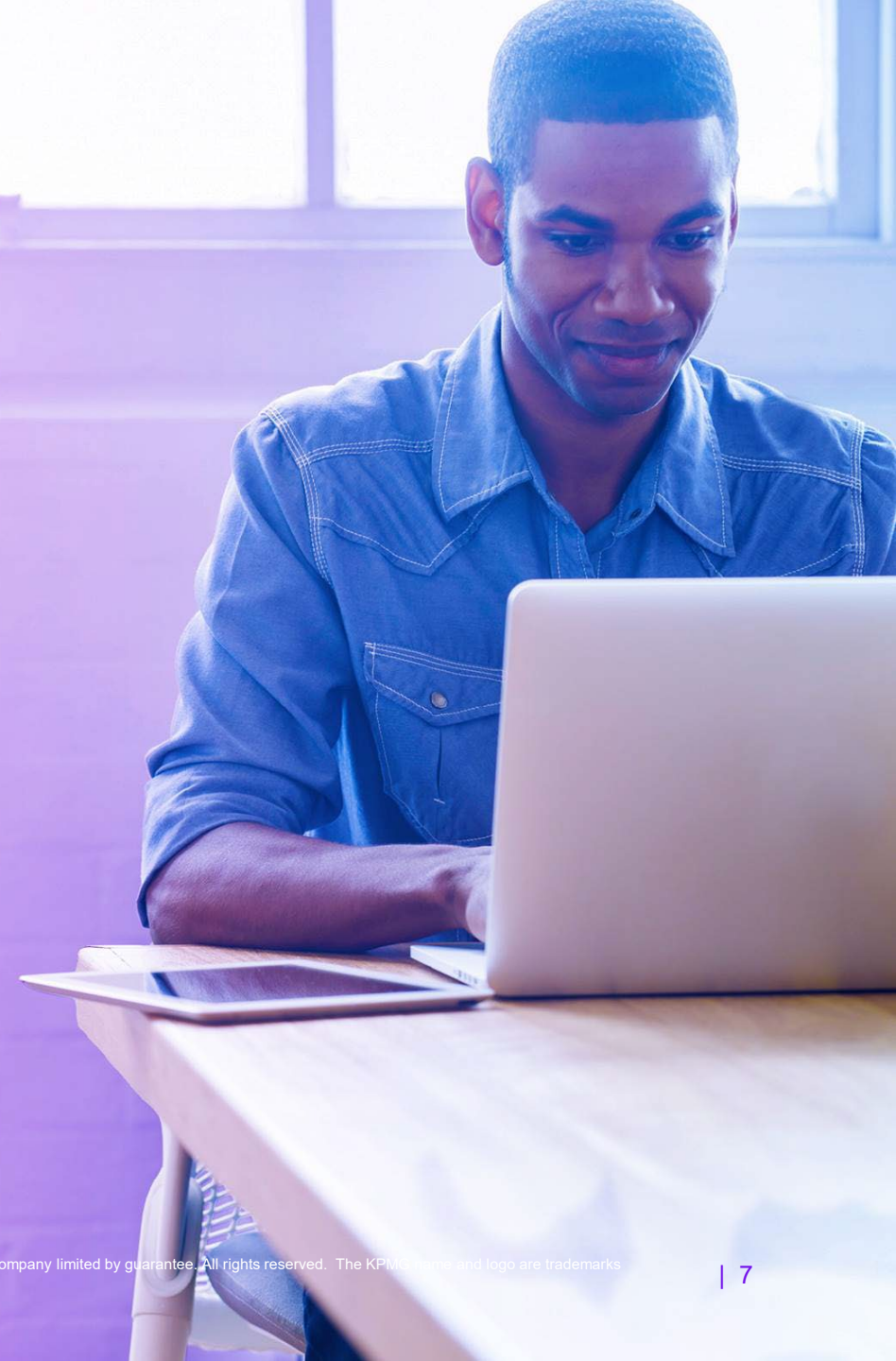
Existing payroll
configurations tend to
distinguish between what
is and isn't superable not
what is and isn't OTE

When is super due under Payday Super?

What is a business day?

For Payday Super purposes, a business day is any day that is **not** a Saturday, Sunday, or public holiday for the whole of a state or territory.

As such and by way of example, Adelaide Cup day (8 March 2027) will not be considered a business day anywhere in Australia for Payday Super purposes because it is a public holiday in the whole of the state of South Australia.



Worked example – current employee

July 2026

Mo	Tu	We	Th	Fr	Sa	Su
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

 QE day  SG due date

When to contribute?

Payday 'QE' Day: 3rd July 2026

- QE Day is particular to an employee, based on the regular pay cycle for that person.
- Employer may have multiple QE Days for different employee cohorts.

Due Date: 14th July 2026

- Eligible contributions must be allocable no later than the **7th business day** after the QE day.
- If the contribution is rejected by the fund, the contribution cannot be allocated and is therefore not an eligible contribution.

How much to contribute?

Qualifying Earnings (QE)

Will now be used to calculate SG contributions and SG charges.

This single earnings base, will include:

- OTE
- Salary Sacrificed superannuation contributions
- Commissions
- Other payments relevant to the expanded definition of 'employee' in section 12 of the SGAA

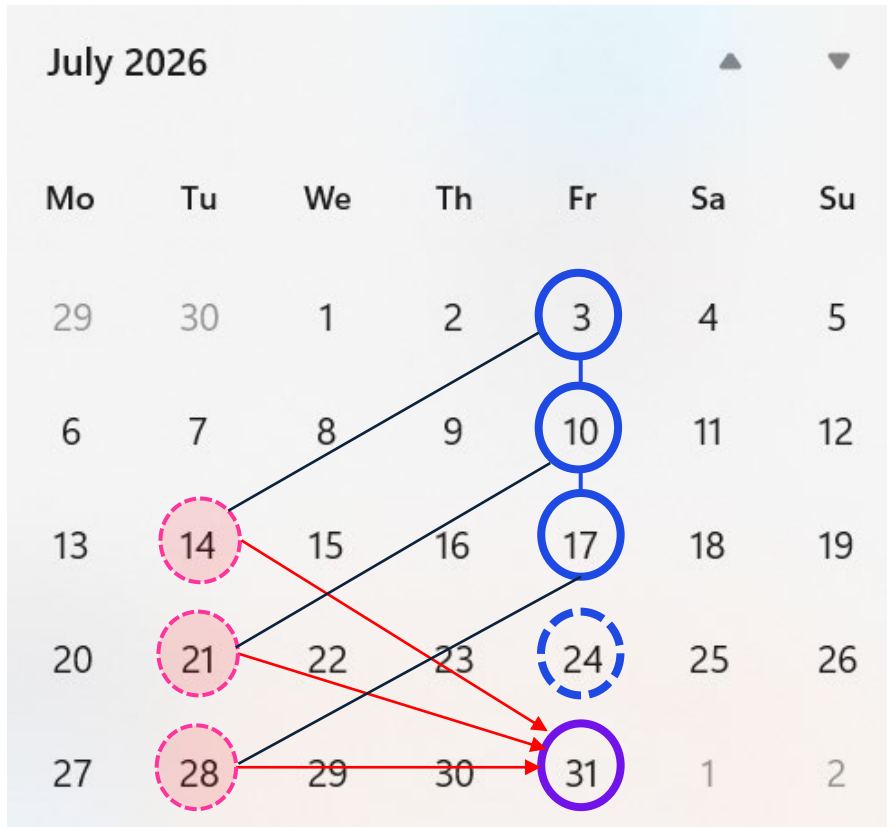
Maximum Contributions Base (MCB)

Calculated annually (not quarterly)

Any excess over MCB, not QE

MCB aligned to the Concessional Contributions Cap

Worked example - new employee / switching super fund



When to contribute?

Payday 'QE' Day: Weekly

- QE Day is particular to an employee, based on the regular pay cycle for that person
- **First QE day is 3 July**

Extended Due Date:

- Eligible contributions must be allocated no later than the **20th business day** after the **first QE day**, in this case, **31 July**

Extended Usual Period

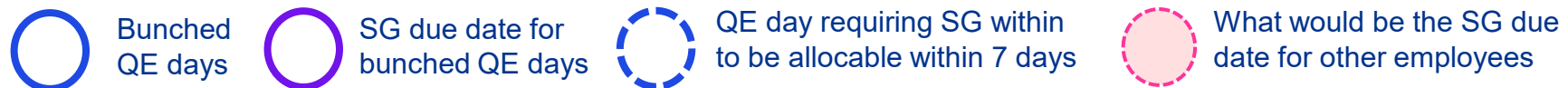
20th business day after the QE day for first eligible contribution. Applies when:

- Onboarding new employees (including rehires).
- Employee changes fund mid-employment (e.g., new choice).

Does NOT apply for leave periods if fund remains unchanged.

Bunching rule: Aligns due dates for later QE days when extended periods overlap.

E.g., Due dates of 14th, 21st, and 28th would be extended to the 31st.



Worked example – out of cycle payments

July 2026

Mo	Tu	We	Th	Fr	Sa	Su
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

The calendar shows July 2026. The 1st of July is circled in light blue, and the 3rd of July is circled in dark blue. The 14th of July is circled in pink. A line connects the 14th to the 3rd, indicating the period between the due date and the next usual QE day.

When to contribute?

Out of cycle payment: 1st July

Next QE Day: 3rd July

Due Date: 14th July

- Employers are allowed extra time to make SG contributions for out-of-cycle payments like bonuses, commissions, or back pay.
- Contributions for these payments can be made by the end of the next usual QE period, avoiding the need to make ad-hoc SG contributions.
- The Commissioner will determine what is considered out-of-cycle.

Out of cycle payments of qualifying earnings

“The Commissioner may, by legislative instrument, determine the kinds of payments to employees that constitute an out-of-cycle payment and the requirements that must be met for a particular payment to be treated as an out-of-cycle payment.”

What are the new STP reporting obligations?

New STP reporting obligations

Reporting of Qualifying Earnings and Total Super Liability in Single Touch Payroll (STP)

New code, Q from 1 July 2026

Digital Service Providers will need to update their products to enable employers to report this.

Employers will need to be able to distinguish which payments are QE.

Alignment of ABNs

For some group employers, super contributions are paid under a different ABN to that reported on STP pay events.

If super is paid under a different ABN, you must report the ABN that reported the STP pay event for that employee as part of the SuperStream contribution message.

**What is being introduced to help employers
comply?**

Helping employers comply with the new obligations

01

Member Verification Requests

A new member verification request (MVR) will help payroll systems confirm fund details, such that the number of instances of errors should reduce.

02

Error Reporting

Enhanced messaging designed to make it easier for employers and intermediaries to understand the reasons for an error.

03

New Payments Platform

The New Payments Platform (NPP) can be used by a clearing house to ensure contributions reach super funds on the same day they are paid.

The use of NPP by a clearing house is not mandated.

SGC liability

What leads to non-compliance?



Late payment of SG



Underpayment of SG



Choice of fund non-compliance

Create SG shortfalls

SG shortfall

Once you've determined non-compliance what are you exposed to?

An employer's SG Shortfall for a QE Day consists of:



Each one is considered separately, but 1 to 3 flow on from each other

SGC will be tax- deductible

- Previously, only on-time SG contributions were deductible
- **Late eligible contributions and SGC will become tax- deductible**
- Any GIC or late payment penalty related to the SGC remains non-deductible

Calculating the SG shortfall

Step 1: Total of the individual final SG shortfalls



Late Period contributions

- are those made between due date for QE Day and SGC assessment
- are applied automatically to earliest period

12-month carry forward limit preserved

Calculating the SG shortfall

Step 2: Total of employer's individual notional earnings components

- Interest rate = prevailing General Interest Charge (GIC) rate
- Compounds daily on individual *base* shortfall every day until individual *final* shortfall is nil.

Example:

17 November 2026

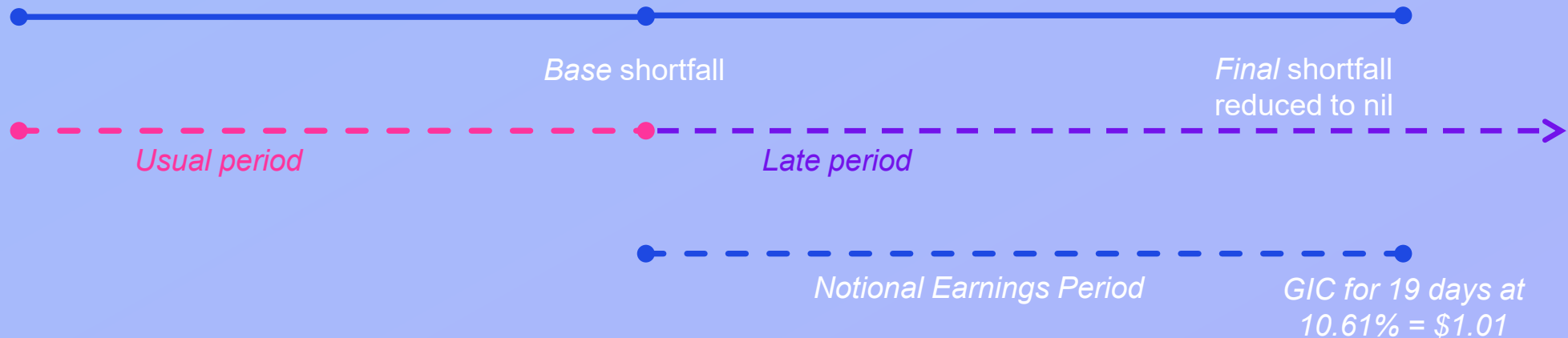
QE Paid = \$1,000

25 November 2026

SG of \$120 not paid on due date

13 December 2026

\$130 Late Period Contribution made



Calculating the SG shortfall

Step 3: Employer's administrative uplift

Starts at:

- 60% of employer's total individual *base* shortfall

May be reduced under prescribed methods in the regulations, will include:

- Prior history of Commissioner issuing assessments or estimates; and
- Whether employer makes a voluntary disclosure

Example:

Employer fails to pay \$1,000 in SG by the due date (seven business days from the QE day).

- The administrative uplift is 60% of the base SG shortfall (\$1,000) = **\$600**.

Step 4: Total of employer's choice loadings

- 25% of SG contributions, capped to \$1,200 per notice period
- This is an increase from current \$500 cap

Example:

Employer fails to meet the choice of fund requirements for an employee earning \$2,000 in QE.

- The SG amount is **\$240** (\$2,000 x 12%).
- The choice loading is **\$60** (\$240 x 25%).

Administration of SGC

Assessments

Commissioner assesses the SGC via a Notice of Assessment

- Commissioner may identify
- Voluntary Disclosures (form TBD)

No more SGC statements

Late payment penalty

- If SGC assessment remains unpaid after 28 days, the Commissioner will issue a notice to pay, including GIC for late payment and a 25% penalty on the unpaid portion
- If late payment penalty was imposed within the past 24 months, the penalty rate increases to 50%
- GIC accrues until SG shortfall is fully paid

Distribution to employees

- SGC only payable to Commissioner
- Commissioner distributes the Final SG Shortfalls, Individual Notional Earnings Amounts and Choice Loading components to the super fund
- If employer is subject to a late payment penalty, the employee will receive a proportion of the GIC in their super fund

SGC will be tax-deductible

- Previously, only on-time SG contributions were deductible
- **Late eligible contributions and SGC will become tax-deductible**
- Any GIC or late payment penalty related to the SGC remains non-deductible

PCG 2026/1 – First Year ATO Compliance Approach

Risk zone	Requirements
Low - ATO won't have cause to review employer	<ul style="list-style-type: none"> • Must attempt to ensure that all individual base SG shortfalls for employees were nil for the QE day, by making on-time contributions equal to or exceeding the individual SG amount • some or all of the eligible contributions were not received by the relevant fund (and allocable for the benefit of the employee) on time • these eligible contributions are received and allocable <u>as soon as reasonably practicable</u>, • the employer must have individual final SG shortfalls of nil for all employees for the QE day at that time.
Medium – may be reviewed	<ul style="list-style-type: none"> • Where the employer does not meet the criteria to be in the low-risk zone, but... • the individual final SG shortfalls for all their employees are <u>nil by 28 days after the end of the quarter</u> in which the qualifying earnings were paid.
High – highest priority for review	<ul style="list-style-type: none"> • Where don't meet the low-risk or medium-risk zone requirements. • If have one or more individual <u>final SG shortfalls greater than nil by 28 days after the end of the quarter</u> in which the qualifying earnings were paid.

Risk-Based Employer Categories

Employers are classified as low, medium, or high risk based on contribution behavior and system readiness.

Real-Time Data Matching

ATO uses real-time data matching to identify non-compliance and enforce rules effectively.

Encouraging Proactive Compliance

Framework clarifies enforcement priorities, helping employers understand responsibilities and avoid penalties.

What Tax & Payroll Experts should do now

Review Payroll Systems

Review and update payroll systems and pay codes to ensure compliance with new Payday Super rules.

Model Cash Flow Impact

Analyse cash flow impacts to identify potential liquidity issues during Payday Super implementation.

Train staff on processes

Provide training to staff on updated payroll and compliance procedures.

Engage with partners

Collaborate with clearing houses and software providers to confirm system readiness.

How can we support you?

Employment Taxes Health Check

Broader review of Superannuation Guarantee, Pay-As-You-Go Withholding, WorkCover, Fringe Benefits Tax, Payroll Tax and/or STP reporting, to identify any potential exposure in historical compliance approaches.

Review of processes

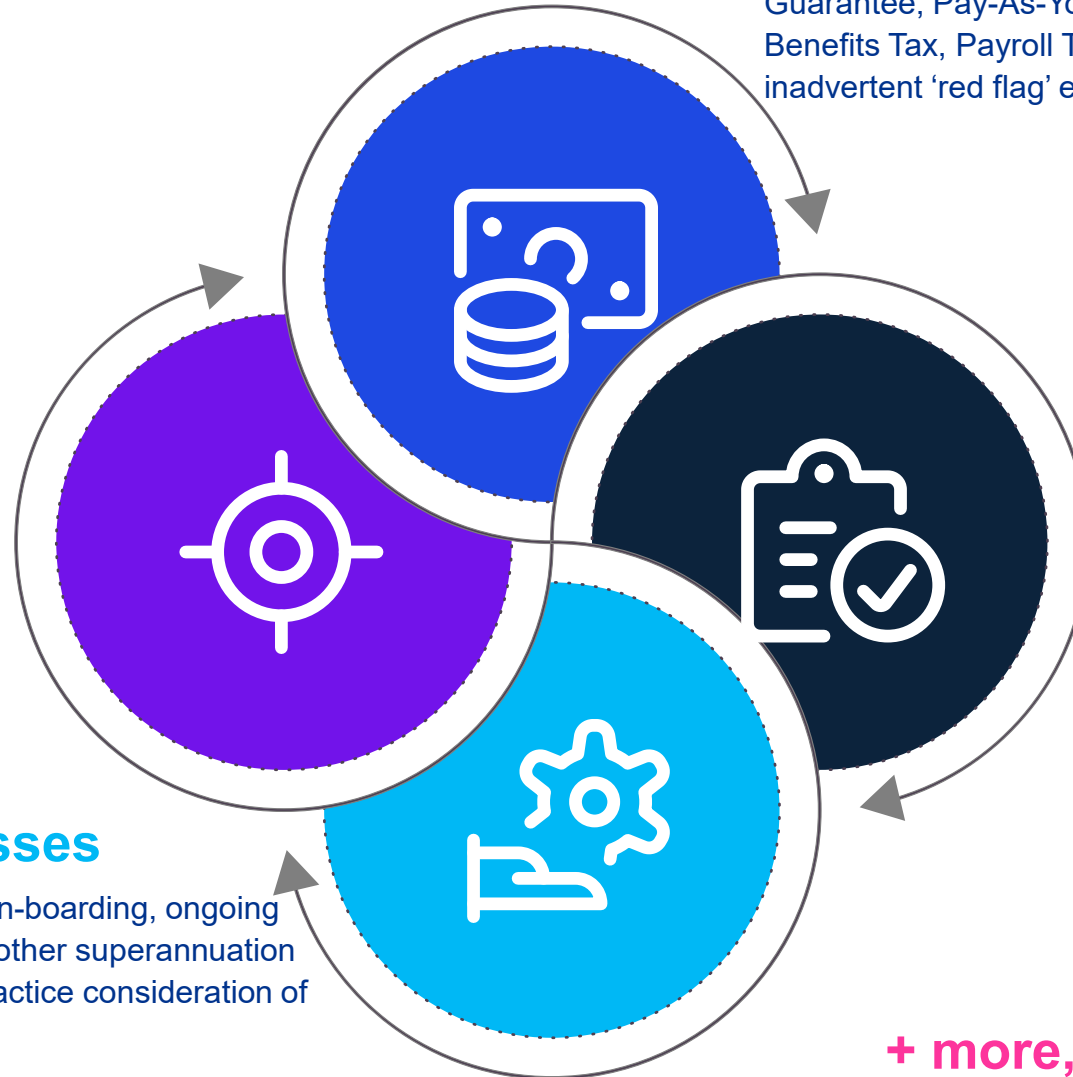
Review of current employee on-boarding, ongoing governance and controls and other superannuation processes to consider best practice consideration of revised legislation.

Payroll Configuration review

Review of current pay codes with regards to Superannuation Guarantee, Pay-As-You-Go Withholding, WorkCover, Fringe Benefits Tax, Payroll Tax and/or STP reporting to mitigate inadvertent 'red flag' exposure from ATO data matching.

Superannuation Guarantee review

Review of historical superannuation calculations and/ or processes to determine if there are any risks of under or overpayments, and assistance with remediation.



+ more, as required

Q&A



Your Presenters

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