



Payday Super

Outcomes of exposure draft consultation

In the 2023-24 Budget, the Government announced a reform to align employers' payment of Superannuation Guarantee (SG) contributions with salary and wages, instead of the current quarterly requirement. The Government announced this reform would take effect from 1 July 2026.

This reform will strengthen Australia's superannuation system and address the problem of unpaid superannuation by employers, which was estimated to be \$5.2 billion in 2021-22 alone. Smaller, more frequent payments will help prevent a build-up of large employer liabilities, make it easier for employees to check they are receiving their contributions, and enable the ATO to detect and intervene earlier where super is unpaid.

This measure was included in the Treasury Laws Amendment (Payday Superannuation) Bill 2025, which was introduced into Parliament on 9 October 2025.

Consultation on the draft legislation was conducted between 14 March 2025 and 11 April 2025. Treasury also held six industry roundtable sessions across a range of impacted stakeholder groups including employers, digital service providers, employee and consumer advocates, and superannuation funds.

168 written submissions were received, including 21 confidential and 6 anonymous submissions.

Summary of feedback

Stakeholders were broadly supportive of the fundamental policy to align the payment of superannuation with wages, and the need to reduce the amount of unpaid superannuation by employers.

However, stakeholders raised issues with three main aspects of the draft legislation:

- The 1 July 2026 commencement date
- The 7-calendar day 'due date' for contributions to be received by superannuation funds, and
- The risk of employers facing penalties for delays or errors outside their control due to other parties in the transaction (employees, clearing houses or super funds).

Legislative commencement date

Stakeholders across multiple sectors raised concerns that they would be unable to complete and deploy system upgrades in time for 1 July 2026, and without these necessary upgrades employers would be unable to reliably ensure their contributions were received by the superannuation fund, with any errors addressed, within the required due dates.

There were a range of suggested responses:

- Some stakeholders called for a deferral of the commencement date, while others called for a transitional administrative approach to the first year after commencement to focus on informing and supporting employers rather than enforcement and penalties.
- Some small and micro business representatives called for a staged introduction, with medium and large businesses commencing first and extending to smaller businesses after a delay. Stakeholders raised the staged roll-out of Single Touch Payroll as a recent comparison
- Other stakeholders emphasised the importance of maintaining the 1 July 2026 commencement, so that employers that could contribute more frequently did so, and the benefits for employees were not unduly delayed.

Ultimately, the final legislation maintains the 1 July 2026 commencement date. This recognises the importance of not delaying the benefits of Payday Super, ensuring that employers do not postpone changes that they can make immediately to contribute more frequently. However, the ATO has recognised the challenges stakeholders have raised and released its [draft Practical Compliance Guideline](#) detailing its compliance approach to the first year of Payday Super.

The Guideline differentiates between low, medium and high-risk employers, with the ATO focusing its compliance on the higher-risk categories. Low-risk employers will include those attempting to pay contributions with each pay cycle, paying in full, and resolving any delays or issues as soon as reasonably practicable. This will strike the balance between ensuring employees receive the benefits of more frequent contributions as soon as possible, while addressing the potential challenges with system readiness.

For completeness, a staggered roll-out would be inappropriate as it would introduce equity issues, with some employees in similar occupations enjoying increased superannuation benefits earlier than others. It is also important that improvements in identifying and securing unpaid super are not delayed for employees of smaller employers. In 2022 the ANAO observed that the vast majority of the ATO's compliance activity for unpaid superannuation concerned employers with fewer than 30 employees.¹

Due date for contributions

Most stakeholders recommended that the 'due date' – the date by which contributions need to be received by a superannuation fund to be 'on-time' for the purposes of calculating whether the employer is liable for the SG charge – should be measured in business days rather than calendar days. Two key concerns were raised:

- The use of calendar days fails to consider the impact of public holidays, where key payroll and superannuation administrative functions may be unavailable. In some scenarios this may mean an employer could not act on issues with contributions until after the due date.
- The inconsistency with the 3-business day timeframe superannuation funds will have to allocate or refund contributions. In some scenarios this mismatch could mean a

¹ Addressing Superannuation Guarantee Non-Compliance, Auditor-General Report No.24 2021-22, paragraph 2.58.

superannuation fund did not return a contribution that had been initially paid on payday until after the 7-calendar day period had already elapsed.

Stakeholders raised a variety of alternative business-day-based due dates, including 5, 7, 10 and 14 business days.

The final legislation has revised the ordinary 'due date' to be 7 business days. This new timeframe acknowledges the above concerns and provides a balanced option that accounts for processing and validation times while maintaining the core expectation that employers pay their contributions in line with payday.

The various extended due dates that apply in specific circumstances (such as when a new employer is first onboarded) have also been converted to business days, and have all been aligned at 20 business days for consistency.

Contribution delays or errors outside an employer's control

Employer representative stakeholders raised concerns that employers would be subject to the SG charge where contributions were not received on time, even if they initially paid on payday and delays were caused by another party in the transaction.

Common scenarios raised included:

- where an employee transfers their superannuation to a different fund without informing their employer, and the employer only finds out when the fund they have been successfully contributing to informs them that the employee no longer has an account with the fund,
- where the superannuation fund that an employer has been contributing to undergoes a successor fund transfer (such as a fund merger), and the employer must now instead contribute to the successor fund once it is open to accept contributions.

Some stakeholders called for a universal extended date wherever a contribution was initially unsuccessful, while others called for the Commissioner of Taxation to have broader discretion to extend dates or waive the SG charge where it was found that it arose due to the actions of other parties.

A general discretion for circumstances outside an employer's control would not be workable for Payday Super – given the volume and frequency of transactions that will be occurring across the economy, employers and the ATO need certainty and consistency on the way the law applies to each payday.

A blanket extension for unsuccessful contributions would be inappropriate as it would include situations where the employer has caused the issue, for example by inputting incorrect data with their contributions. Where contributions are delayed by employer error and received late, the employer will have the opportunity to voluntarily disclose and pay notional earnings for the period of lateness, reducing any potential administrative uplift or penalties.

Instead, the final legislation includes an additional category of extended due date – set at 20 business days – for all instances where the employer is required to change the fund they are contributing to for an employee. This addresses the common scenarios stakeholders raised above, and ensures employers are given enough time to perform the necessary steps to identify the new fund they should contribute to, comply with the choice of fund rules where relevant, and validate the correct details for the employee's account in the new fund.

Outside the legislation, the ATO's updates to the SuperStream standards that are used to process contributions will be a key improvement to minimise the number of delays and errors:

enabling new payment technologies for faster processing, providing for up-front validation of employer details, and standardising the error messaging framework so any errors can be quickly and consistently remediated.

Other changes

Several other changes have been made in response to issues raised by stakeholders, to ensure the legislation operates as intended and can be administered effectively:

- Some stakeholders raised concerns that high-income workers who change jobs mid-year may end up with excess contributions in that year, because the ‘maximum contributions base’ that limits the required contributions for high-income works is no longer calculated each quarter.
 - In response, the final legislation expands eligibility for the existing “Shortfall exemption certificate” process for high-income workers with multiple simultaneous jobs, to include high-income workers with multiple jobs within a financial year. This will let high-income workers who change jobs mid-year to obtain a certificate for the second employer and negotiate their super contributions for the remainder of the year to avoid receiving excess.
- Some stakeholders queried the voluntary disclosure process and the need to use a ‘deemed’ superannuation fund received date for their late contributions where they can substantiate the actual date contributions were received.
 - In response, the final legislation provides the flexibility for employers to disclose an actual superannuation fund received date if they know it, which will be used in calculating the accrual of notional earnings on late contributions. If an employer does not know the received date, they will still be able to instead disclose the date they paid from their account and rely on a ‘deemed’ received date.
- Some stakeholders raised the draft legislation’s application to employees in defined benefit funds, and the fact that employers of accumulation members in these funds would have their SG compliance determined with actuarial ‘benefit certificates’ rather than checking whether contributions were actually being made within the Payday Super timeframes.
 - In response, the final legislation ensures ‘benefit certificates’ are only used for defined benefit members, and employers of accumulation members have their potential SG charge calculated based on actual contributions, like they would for any other employee of an accumulation superannuation fund. This removes unnecessary administrative costs while protecting the integrity of Payday Super compliance for these employers.

Questions

Questions on the consultation process can be forwarded to PaydaySuper@Treasury.gov.au

Thank you to all participants in the consultation process.