



# IOOF

## Payday Super Employer FAQs

**Supporting Australian employers through one of the most significant superannuation changes in decades.**

From **1 July 2026**, employers will need to pay Superannuation Guarantee (SG) contributions to employees' super funds **at the same time as salary and wages**. This reform – known as **Payday Super** – is designed to improve the retirement outcomes of millions of Australians and reduce the national burden of unpaid super.

As your super partner, we're here to help you understand what's changing and how to prepare.

### Understanding Payday Super

#### Why has the government introduced Payday Super?

Payday Super is designed to:

- Improve employees' long-term retirement outcomes through faster compounding
- Reduce the estimated \$6.25 billion in unpaid super in 2022/23<sup>1</sup>
- Support stronger compliance through improved ATO visibility and faster reporting

Government analysis suggests workers could retire around 1.5% better off under payday super.<sup>2</sup>

#### When does Payday Super start?

Payday Super applies to all pays from **1 July 2026 onward**. The rule is anchored to the **pay date**, not the pay period.

- **Pay dated 30 June 2026** → Old (quarterly) rules
- **Pay dated 1 July 2026** → Payday Super rules

Your June 2026 quarter can still be finalised under current rules.

### Who does Payday Super apply to?

#### Do small businesses have different obligations?

No. All employers must comply from 1 July 2026 and pay employees' SG entitlements under these rules.

#### Are contractors included?

Yes, if a contractor is considered an employee for SG purposes, then super is payable and it must follow the **same Payday Super timing rules**.

### Changes to contribution calculations

#### What are Qualifying Earnings?

From 1 July 2026, SG will be calculated on Qualifying Earnings (QE), which includes:

- Ordinary time earnings (OTE), i.e. payments for ordinary hours of work, including certain types of paid leave, allowances, bonuses and lump sum payments. There are no changes to what payments are considered OTE under Payday Super.
- All commissions paid to an employee.
- Salary sacrifice amounts that would qualify as qualifying earnings had they not been sacrificed to superannuation.

<sup>1</sup> Treasury Ministers - <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/new-legislation-passes-ensure-super-paid-time> & ATO - <https://www.ato.gov.au/businesses-and-organisations/super-for-employers/measuring-super-guarantee-compliance/super-guarantee-annual-employer-compliance-results>

<sup>2</sup> Treasury Laws Amendment (Payday Superannuation) Bill 2025 – Second Reading Speech

- Earnings paid to workers who fall under the expanded definition of employee, including payments to independent contractors paid mainly for their labour.

Allowances, bonuses, commissions and other regular earnings remain superable unless specifically excluded in legislation.<sup>3</sup>

### Does this change the SG rate?

No. SG remains at **12%** and is applied to QE.

### What happens to the Maximum Contribution Base (MCB)?

The MCB will shift to an **annual limit**, instead of quarterly. Employers will need to track cumulative QE across all paydays in the financial year. Assuming all SG obligations have been met, once the MCB is reached, SG payments are no longer required. If choosing to make further employer contributions, these should be reported via SuperStream as 'employer voluntary'.

### Are concessional contribution caps changing?

No. Concessional contribution caps will continue to operate on a **financial-year basis**.

## Timing requirements under Payday Super

### How long do employers have to pay SG after payday?

Super contributions must be **received** and able to be accepted by the employee's fund:

- **Within 7 business days** of each payday for existing employees, and
- **Within 20 business days** of the first payday for a new employee, or where it is the first contribution to a new fund for an existing employee.

Weekends and public holidays do not count toward the business day calculation.

Note: See further below in relation to the timing for out-of-cycle payments.

### How do changes to payday affect the timeline?

The actual date QE are paid determines the start of the 7 business day window. If you pay QE early due to a weekend or public holiday, the SG clock also starts earlier.

### Does paying monthly in arrears change anything?

No. Payday Super is based on the actual pay date. If June QE are paid on 10 July, the SG must be received by the super fund within 7 business days of 10 July. There is no concession for having 13 pays in 2026/27 – align processes accordingly.

### What about off-cycle, bonus, commission or termination payments?

Employers will generally have a 7-business day payment window from QE day to make all super-eligible payments to an employee's super fund. A longer period may apply to certain out-of-cycle payments determined by the ATO. This may include commissions, bonuses, payments in advance, back payments. In this case, generally the employer can make payment of the SG amount in line with the next regular contribution submission for the employee.

### What happens once the super fund receives the payment?

Super funds must:

- Allocate contributions to member accounts **within 3 business days** of receipt, to the extent these are allocable, or
- Return funds **within 3 business days** if they cannot be allocated<sup>4</sup> (e.g. closed account, mismatched details).

A closed account results in a return within 3 business days. All returned and/or refunded amounts should be corrected and re-paid by the employer within the original 7 business days to avoid late payment and potential Superannuation Guarantee Charge.

Note: If a contribution cannot be allocated by the fund and is returned, the 7 business day clock from the QE payment day does not restart.

## Systems, technology and clearing houses

### Is the ATO Small Business Superannuation Clearing House (SBSCH) closing?

Yes.

- **1 October 2025** – Closed to new users
- **1 July 2026** – Closed permanently<sup>5</sup>

Employers using SBSCH will need to transition prior to 1 July 2026 to:

- A clearing house offered by your super fund
- A commercial clearing house
- Payroll software with integrated super processing

### Can employers still use other clearing houses?

Yes. Clearing houses (other than the ATO's SBSCH) can continue to be used. However, employers should confirm:

- Processing and cut-off times
- Availability of real-time payments (New Payments Platform (NPP))
- Integration with payroll systems

<sup>3</sup> ATO - <https://www.ato.gov.au/businesses-and-organisations/super-for-employers/payday-super/paying-super-on-payday/what-payments-are-qualifying-earnings>

<sup>4</sup> Note this is subject to a regulatory change that is yet to come into effect

<sup>5</sup> ATO - <https://www.ato.gov.au/businesses-and-organisations/small-business-newsroom/the-small-business-superannuation-clearing-house-is-closing>

## What clearing house does IOOF recommend?

IOOF *Transact* is available with IOOF Employer Super. *Transact* is a SuperStream-compliant clearing house provided by SuperChoice. It lets you submit employer super contributions online through an accredited gateway, helping you meet obligations, reduce paperwork, and access easy reporting—available 24/7. For more information, visit the [IOOF Transact webpage](#).

## What changes are coming to SuperStream?

SuperStream Version 3 will introduce:

- **Funds ability to send and receive real-time payments** via NPP by 1 July 2026
- **Clearer, more timely error messages**
- **Member Verification Request (MVR):** enabling you to check a member's fund details are valid before paying
- Enhanced visibility of USI changes or closures

These are intended to reduce payment errors and improve end-to-end processing.

## What is Member Verification Request (MVR)?

MVR is a new SuperStream message being introduced by the ATO as part of Payday Super. It allows employers to verify an employee's super fund and member details before making a contribution. Using MVR helps reduce errors and rejected payments, especially for new employees or when paying to a new fund.

MVR will form part of the upgraded messaging and data-validation uplift in the upgraded SuperStream v3 framework, which is being rolled out progressively through 2026–2027.

Note: An MVR can only be used to verify an account in the following scenarios:

An employer **MUST** use the MVR prior to making a super contribution to a super fund for the first time.

An MVR may also be used to verify an account in the following scenarios:

- Following a stapled account provided by the ATO
- Following a Successor Fund Transfer
- Change in payroll or registry systems where agreement has been provided by the fund
- Following a rejected contribution from a fund
- Where there are changes to an employee's TFN, Date of Birth, or Name

However, MVR cannot be used for regular, ongoing contributions.

## Do file formats change?

Contribution file formats largely remain the same. The main Payday Super changes are the timing of when contributions need to reach the Fund, MVR message, and faster payment options.<sup>6</sup>

## Employee onboarding under Payday Super

### What changes for new employees?

Employers will have **20 business days** from the day after the first QE payment for the employee's super fund to **receive** the first contribution.

This additional time supports onboarding accuracy and reduces errors.

### What if an employee doesn't choose a fund?

Employers must request stapled fund details from the ATO. If no stapled fund exists, contributions go to your default fund.<sup>7</sup>

### How can I reduce returned contributions from closed or invalid accounts?

Use:

- **MVR** when onboarding new employees or when an existing employee changes fund details
- Ongoing payroll data validation and ensuring existing employees advise of changes to their personal details and when they have changed Funds
- Up-to-date employee information captured early in the onboarding process

## Correcting errors: Overpayments, rejects and refunds

### How are overpaid contributions handled?

Under Payday Super legislation the rules around overpaid contributions have not changed. Employers can request a refund from the fund if a contribution was made in error (an overpayment). Alternatively, if no refund is requested, the overpayment can count towards the next QE day.

### What is the timeframe for returns?

Funds must return contributions they cannot allocate within 3 business days so you can correct and re-pay quickly.

<sup>6</sup> ATO - <https://www.ato.gov.au/businesses-and-organisations/super-for-employers/payday-super/superstream-changes>

<sup>7</sup> ATO - <https://www.ato.gov.au/businesses-and-organisations/super-for-employers/setting-up-super-for-your-business/offer-employees-a-choice-of-super-fund/stapled-super-funds-for-employers?path=stapledsuperfund>

## Compliance and penalties

### What happens if contributions are late or unpaid?

Under payday super, the **Super Guarantee Charge (SGC)** is being redesigned.

It includes:

- 1 **SG shortfall**
- 2 **Notional earnings** (compounding daily at the General Interest Charge rate)
- 3 **Administrative uplift** (up to 60% of the SG Shortfall and notional earnings, and may be reduced if the shortfall is voluntarily disclosed to the ATO within the required period)
- 4 **Any choice loading penalty** where the contribution is not made in compliance with the choice of fund requirements (25% of non-compliant contributions, capped at \$1,200 per notice period)

If unpaid 28 days after an ATO notice, additional penalties of **25% or 50%** (for repeat non-compliance) may apply.<sup>8</sup>

The SG charge is tax deductible with the exception of interest. Penalties are not tax deductible.

### Will the ATO take a lenient approach in the first year?

The ATO has outlined a **risk-based compliance approach** for 2026–27, that is currently in draft. As a result, the ATO is taking a more relaxed approach to enforcing the payday super laws in the first year under PCG 2025/D5 by prioritising enforcement against "high risk" employers. Employers taking reasonable steps to comply and correcting issues quickly may receive a more supportive regulatory response.<sup>9</sup>

## Preparing Your Business for Payday Super

Employers should begin preparation well before 1 July 2026.

Key activities include:

### Processes & Technology

- Confirm payroll software can process super each payday and provides MVR.
- Check your clearing house supports real-time fast payments such as via NPP.
- Review process flows for returned contributions.

### Important Information

This article has been prepared by IOOF Investment Management Limited (IIML) ABN 53 006 695 021 AFSL 230524 as the trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 (Fund). IIML is part of the Insignia Financial group of companies comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group). IOOF Employer Super is part of the IOOF Portfolio Service Superannuation Fund.

The information in this article is current as at December 2025 and may be subject to change. These FAQs do not constitute legal advice. Employers should seek their own legal advice in relation to their requirements under the Payday Super reforms.

<sup>8</sup> Treasury - Payday Super Release - <https://ministers.treasury.gov.au/ministers/daniel-mulino-2025/media-releases/new-legislation-passes-ensure-super-paid-time>

<sup>9</sup> ATO - Payday Super PCG 2025/D5 - <https://www.ato.gov.au/law/view/document?DocID=DPC/PCG2025D5/NAT/ATO/00001&PiT=99991231235958>

### Data

- Validate employee TFNs, dates of birth, addresses, and fund details.

### Governance

- Document roles and responsibilities across payroll, finance and HR.
- Update internal superannuation policies and intranet content.

### Cash Flow Planning

- Prepare for more frequent super payments affecting working capital.

### Employee Onboarding

- Capture super fund choice early.
- Implement MVR checks to reduce delays and contribution rejections/refunds.

## Can employers start paying super more frequently before 1 July 2026?

Yes. Employers can, and are encouraged to, shift to more frequent payments at any time. However, quarterly SG obligations remain in place until 1 July 2026.

## Where can employers find more information?

We will continue to provide updates and guidance via the **dedicated Payday Super webpage** for employers ahead of 1 July 2026.

You can also refer to:

<b>ATO:</b>	<a href="#">Payday Super information</a>
<b>Treasury:</b>	<a href="#">Legislation</a>
<b>SuperChoice:</b>	<a href="#">Payday Super Knowledge Base</a>

For additional support or tailored guidance, your relationship manager is here to help.