

# Payday Super

## The changes and unexpected consequences

Australia – June 2026

New rules for making superannuation contributions, branded “Payday Super”, come into force for Australian employers from 1 July 2026. Although many of the changes are straightforward, there are some others that require employers to reevaluate the way that they pay certain employees to avoid some unintentional consequences.

### In with the new ...

The following changes come in from 1 July 2026:

The change	What this means
Employers need to make superannuation contributions within seven days of payment of an employee’s salary. Previously, superannuation contributions had to be made once per quarter.	<p>Employers need to make superannuation contributions on a more regular basis, in line with their payroll schedule.</p> <p>A failure to make superannuation contributions within the seven-day timeframe of each pay run will attract a substantial super guarantee charge (SGC). The SGC will be calculated by the Australian Tax Office and includes:</p> <ul style="list-style-type: none"> <li>• The total of the superannuation guarantee shortfall</li> <li>• Interest (compounding daily) from the date that the contribution was due to be made</li> <li>• An administrative uplift amount of up to 60% that reflects the cost of enforcement and encourages early disclosure by employers</li> <li>• A “choice loading” of up to AU\$1,200 per employee for failing to follow the choice of fund rules</li> </ul> <p>Employers will need to ensure that they had adequate cashflow to make superannuation contributions every pay run.</p>
The concept of “ordinary time earnings” has been replaced with “qualifying earnings”. “Qualifying earnings” is similarly defined, but has a slightly broader scope that now includes all commissions (including commissions solely for work performed entirely outside of ordinary hours of work), salary sacrifice amounts that would qualify as qualifying earnings had they not been salary sacrificed.	<p>Employers need to check that they are paying superannuation contributions on “qualifying earnings”.</p> <p>Some employees, like those who receive commission payments for work performed outside of ordinary hours of work, will be entitled to additional superannuation.</p>
An annual maximum contribution base (which will be AU\$270,830 for the 2026/2027 financial year) will replace the current quarterly maximum contribution base.	<p>Once an employee reaches the maximum contribution base for a financial year, the employer can cease making superannuation contributions for that financial year.</p> <p>See below for our comments about how the introduction of the annual maximum contribution base affects salary packaging for high earning employees.</p>

## Rethinking annualised salaries

The Payday Super changes mean, from 1 July 2026, an employer must make superannuation contributions on behalf of an employee at 12% each pay period, until the employee's qualifying earnings reach the maximum contribution base for that financial year. This means, for high-earning employees whose qualified earnings are higher than the maximum contribution base (High Earning Employees), their superannuation contribution amounts over the course of a year may differ depending when in the year they reach the contribution cap (e.g. if they cap out in December, they will not be entitled to any further superannuation in that financial year).

This may give rise to some practical issues for employers. For example, with respect to High Earning Employees, employers will no longer be able to pay superannuation in equal monthly instalments. This may affect employers using a "total fixed remuneration" or "total employment cost" method, where superannuation is packaged with the employee's salary.

### Example:

Harry's base salary is AU\$312,000 per annum. This equates to a monthly base salary of AU\$26,000.

Based on the maximum contribution base of AU\$270,830, his total annual remuneration package, comprising base salary and super, would be AU\$344,500 as follows:

Annual base salary	AU\$312,000
Annual superannuation contribution (12% up to the maximum contribution base of AU\$270,830)	AU\$32,500
Total	AU\$344,500

Harry's employer needs to make superannuation contributions at 12% of Harry's base salary on a monthly basis, as follows:

Month	Amount of superannuation payable	Cumulative total of superannuation contributions
July	AU\$3,120	AU\$3,120
August	AU\$3,120	AU\$6,240
September	AU\$3,120	AU\$9,360
October	AU\$3,120	AU\$12,480
November	AU\$3,120	AU\$15,600
December	AU\$3,120	AU\$18,720
January	AU\$3,120	AU\$21,840
February	AU\$3,120	AU\$24,960
March	AU\$3,120	AU\$28,080
April	AU\$3,120	AU\$31,200
May	AU\$1,300	AU\$32,500
June	AU\$0	AU\$32,500

As shown above, for the first 10 months of the financial year, Harry's employer needs to make superannuation contributions of AU\$3,120 per month. But once the maximum contribution base is reached, Harry's employer no longer needs to make superannuation contributions.

As such, (depending on the contractual arrangements) we are usually recommending that most employers separate the payment of base salary from superannuation, such that the base salary can be paid in equal instalments over the course of a year, and superannuation paid in addition in accordance with the superannuation legislation.

That said, if an employer wants to continue to package superannuation in a High Earning Employee's remuneration, we recommend that they obtain advice on structuring their remuneration in light of the Payday Super laws. Our labour and employment and tax lawyers can assist with any such advice.

## Watch out for bonuses

If an employer pays bonuses or commissions, these amounts will be “qualifying earnings”, and so superannuation contributions must be paid in respect of these amounts.

The timing of these amounts in the financial year will also impact the amount of superannuation contributions payable in respect of a High Earning Employee.

### Example:

If Harry received a bonus of AU\$50,000 in September, Harry’s employer would need to make superannuation contributions as follows:

Month	Amount of superannuation payable	Cumulative total of superannuation contributions
July	AU\$3,120	AU\$3,120
August	AU\$3,120	AU\$6,240
September	AU\$3,120 + AU\$6,000 super for bonus	AU\$15,360
October	AU\$3,120	AU\$18,480
November	AU\$3,120	AU\$21,600
December	AU\$3,120	AU\$24,720
January	AU\$3,120	AU\$27,840
February	AU\$3,120	AU\$30,960
March	AU\$1,540	AU\$32,500
April	AU\$0	AU\$32,500
May	AU\$0	AU\$32,500
June	AU\$0	AU\$32,500

As shown above, due to the additional superannuation payable on the bonus that Harry receives in September, the maximum contribution base will be reached in March. Once the maximum contribution base is reached, Harry’s employer no longer needs to make superannuation contributions for that financial year.

## Super guarantee opt-out

An employee with multiple employers, either at the same time or because they have changed jobs during the course of a financial year, and who is likely to exceed the maximum contribution base for a financial year, can provide their employer with an “SG shortfall exemption certificate”.

If an employer receives an exemption certificate from an employee, then they are released from their super guarantee obligations for a specified period, which ends at the end of the financial year. The employer may, however, choose to disregard an exemption certificate and continue to make super guarantee payments.

## Takeaways

With less than three weeks until 1 July, your organisation should be urgently considering the following (if it has not already):

- **Review payroll systems, processes and provider arrangements** – To ensure superannuation contributions can be calculated, processed and remitted within seven days of each salary payment from 1 July 2026.
- **Audit earnings categories** – To confirm super is being calculated on the new “qualifying earnings” basis, including relevant bonuses, commissions and salary sacrifice amounts.
- **Identify High Earning Employees and model cap impacts** – Particularly where bonuses or commissions may affect when the annual maximum contribution base is reached.
- **Review remuneration structures and contract templates** – Especially total fixed remuneration or total employment cost arrangements, and consider separating base salary from superannuation where appropriate. Your contract templates will also need to be reviewed to ensure that, as an employer, you have the ability to change the structure of the remuneration and superannuation components.

If this article raises any questions or issues for your organisation, or you otherwise would like any advice on the matters set out, our employment and tax teams are well-placed to assist.

## Contacts



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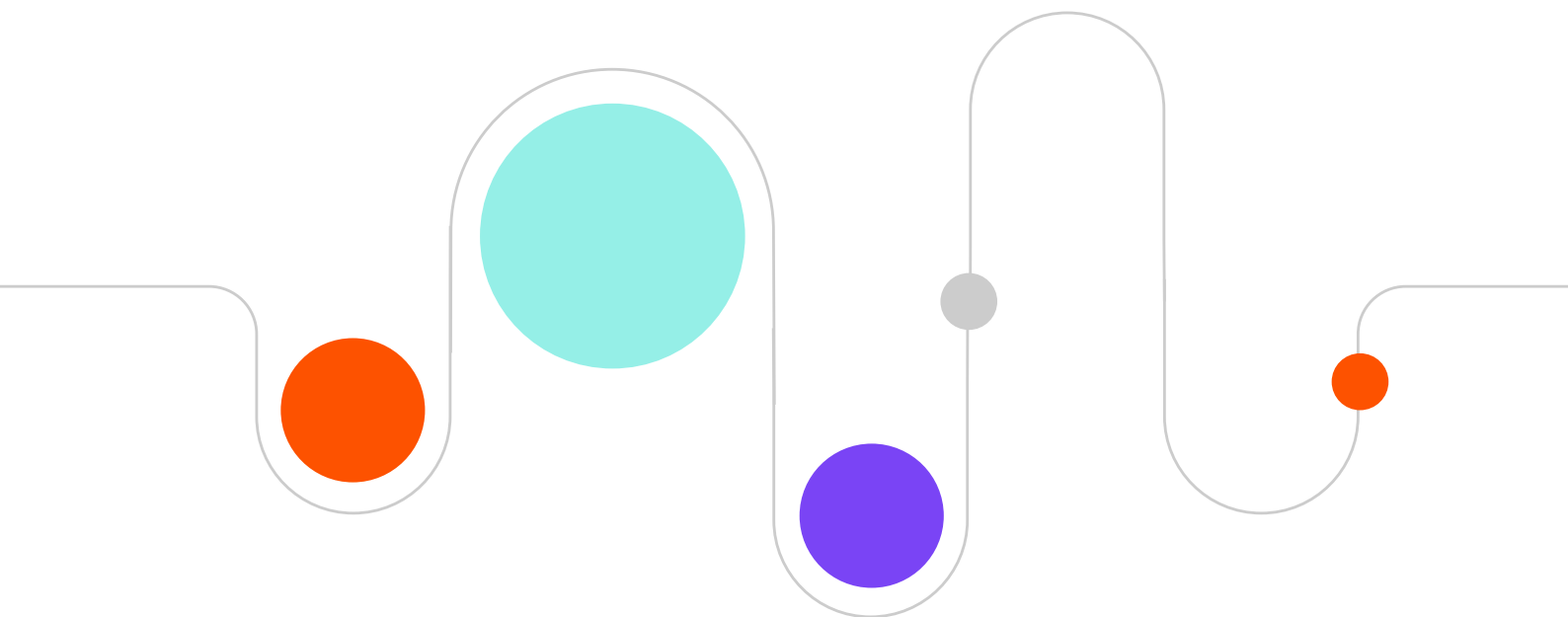
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