PREPARE YOUR SMALL BUSINESS FOR *PAYDAY SUPER*

WHAT'S CHANGING

From 1 July 2026, employers will need to:

- Pay super at the same time as wages or salaries, instead of quarterly
- Ensure contributions reach each employee's super fund within seven business days of payday
- Use qualifying earnings as the base for calculating Superannuation Guarantee contributions each pay period

Payday Super doesn't change how much super you owe over a year. It changes when you have to pay it.

At the same time, the Australian Tax Office's (ATO) Small Business Superannuation Clearing House (SBSCH) will close completely on 30 June 2026, so businesses using the SBSCH today need a new way to pay super before that date.

WHAT THIS MEANS FOR YOUR BUSINESS

Payday Super turns super from a quarterly task into something that happens with every pay run. That shift has a few important implications.

Cash flow

Instead of setting aside super and paying it quarterly, you'll be paying it alongside wages. This means money leaves your business more frequently, anywhere from 4 to 12 times more often depending on your pay cycle. This needs to be factored into regular cash flow planning.

Timing and deadlines

Super contributions must reach employees' super funds within seven business days of each payday. With less buffer than the quarterly system, approving super payments promptly becomes critical. If pay runs or approvals are delayed, it may become harder to make sure super is received on time.

Getting set up

Processes that were manageable on a quarterly super cycle may start to feel stretched when they need to happen every pay run. Any frustrations with manual steps or workarounds are likely to become more noticeable when they happen more often, which is why it helps to simplify and automate where you can.

WHY START PREPARING NOW

While the changes don't take effect until July 2026, starting your preparation early gives you time to:

- Review and update your current processes without rushing
- Test new systems and workflows before they become mandatory
- Understand and plan for cash flow impacts
- Make any necessary changes to employee super details
- Get comfortable with new tools and timing

The businesses that will transition most smoothly are the ones that start planning now, rather than waiting until the deadline is approaching.

WHAT TO REVIEW

As you prepare for Payday Super, here are the key areas to review to make sure you'll be able to meet the new requirements.

- [ ] **Payroll and super process**

How payroll and super are handled today, and whether that process will still work when super needs to be calculated and paid with every pay run rather than quarterly.

- [ ] **SBSCH transition plan**

If you currently use the ATO's Small Business Superannuation Clearing House (SBSCH), remember it will close on 30 June 2026. Identify which employees and payments go through the SBSCH, choose a SuperStream-compliant alternative (such as your payroll software's built-in super tools or another clearing house), and set a date to switch well before the closure so there's time to test and refine your new process.

  - [ ] Before 1 July you'll need to download your SBSCH transaction data history before 1 July 2026 for record keeping. This data will be required for any audit and employee queries. For more information on how to download your data, visit the **ATO website here**.

- [ ] **Employee super details**

Checking that employee fund details, USIs and member numbers are complete and accurate. With more frequent payments, missing or incorrect details are more likely to cause delays.

- [ ] **Pay run timing and approvals**

Looking at how long it takes to finalise payroll after hours are worked. With tighter deadlines, delays in approving or finalising pay runs can make it harder to submit super on time.

- [ ] **Pay items and qualifying earnings**

Review your pay items so the right earnings, leave, allowances, bonuses, commissions and salary sacrifice amounts are included when super is calculated using qualifying earnings. If you're unsure how a payment should be treated, check the ATO's guidance or speak to your advisor.

- [ ] **Cash flow planning**

Understanding how more frequent super payments will affect cash flow and whether changes are needed to budgeting or forecasting.

- [ ] **Payroll system capability**

Confirming your payroll system supports STP reporting and integrates super calculations and payments into the same workflow.

HOW INTEGRATED PAYROLL AND SUPER CAN HELP

One way to make Payday Super easier to manage is by using a payroll system where super is handled as part of the same process as payroll.

When payroll and super work closely together:

- Super is calculated for each of your employees each pay run
- Contributions can be submitted electronically without separate logins or portals
- Payroll, super and reporting stay aligned
- Payment status and issues are easier to track
- There is less manual follow-up each pay cycle

Xero Payroll with auto super is designed to support this approach by allowing super to be calculated, submitted and tracked as part of the payroll process. This helps reduce administration and makes it easier to meet the new timing requirements under Payday Super.

GETTING YOU READY

We'll support you through these changes and help you get ready well before 1 July 2026.

The best next step is a short planning session where we'll:

- Walk through what Payday Super means for your business
- Review your current payroll and super setup against the checklist above
- Identify any gaps or risks
- Agree on practical next steps and a timeline that suits your business

If moving to an integrated payroll and super solution such as Xero Payroll makes sense for your situation, we'll manage that transition with you and make sure you're comfortable with the new workflow.

Payday Super is a significant change, but with early preparation and the right support, your business can be ready and confident well ahead of the deadline.

Disclaimer:

This document provides general information only and doesn't consider the specific circumstances of any particular client.
It is not legal, tax, accounting or professional advice.

You should:

- Refer to the Australian Taxation Office (ATO), Fair Work and other official sources for detailed guidance
- Seek advice from appropriate professional advisors before making decisions about obligations under Payday Super