THE FORTUNA NEWS – HAPPY PAYROLL 2026 NEW YEARS EVE!

1 July 2026 is a big date for payroll related changes and it is important that you update your payroll systems to deal with these. Of particular note is the introduction of payday super but there are a number of other changes that you need to be aware of.

So, What is New From 1 July 2026????

- Payday super officially starts on 1 July 2026. Refer to the following detailed information on this.
- Slight tax cut with the lowest tax rate decreasing from 16% to 15%. Don't get too excited though, this equates to $268 pa! Make sure you update your payroll software to reflect the new tax rates.
- For those receiving Government paid parental leave, from 1 July 2026 you now be paid super on this.
- Superannuation concessional contributions will be increased to;

	From 1 July 2026
Concessional contributions	$32,500 pa
Non-concessional contributions	$130,000 pa

- If you are in charge of payroll, it is suggested that you
  - Get your staff to check any superannuation salary sacrifice arrangements they have.
  - Ensure your payroll systems are updated for the new tax rates (and review employment contracts, if needed)
  - Test and ensure your payday superannuation payroll software is working

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PAYDAY SUPER – WHAT CHANGES FROM 1 JULY 2026?

What is Payday Super?

- From 1 July 2026, employers will be required to make super contributions EVERY PAYDAY. This rule also applies to any contractors which are principally for labor who are entitled to super.
- You will now have 7 DAYS to make sure that the superannuation arrives in the employees' super funds. This is not 7 days to make the payment, but 7 days for it to arrive in the employee's super fund so you need to consider the delays in the super clearing houses which typically take a few days to process the super payments.
- Single Touch Payroll ("STP") will also be changed from 1 July 2026 to also now report qualifying earnings and their super liability to allow for data matching and easier audits for employers that do not comply with payday superannuation requirements.

What do I calculate super on?

Superannuation is now paid on "Qualifying earnings" which is a new term. This will include all payments that are currently treated as "Ordinary times earnings" ("OTE"). For many employees, qualifying earnings will equate to OTE.

Qualifying earnings includes

a) OTE
b) Commissions paid to employees
c) Salary sacrifice amounts that would be QE had they not been sacrificed to super
d) Earnings paid to workers under the expanded definition of employee including contractors paid mainly for their labor.

Key Inclusions at a Glance

Ordinary time earnings	Ordinary hours, casual loading, shift penalties, piece rates, public holidays, flexi time, RDOs, allowances (task-based)
Paid leave	Annual leave, sick/carer's leave, long service leave (non-portable), family & domestic violence leave, study leave, gardening leave
Bonuses & commissions	All commissions, performance bonuses, Christmas bonuses, sign-on bonuses, referral bonuses, return-to-work bonuses
Director's fees	Both working and non-working directors
Payment in lieu of notice	Yes – included in QE for all termination reasons
Salary sacrifice to super	Yes – if the sacrificed amount would otherwise be QE

For additional information of other inclusions/exclusions, refer to https://www.ato.gov.au/businesses-and-organisations/super-for-employers/payday-super/paying-super-on-payday/what-payments-are-qualifying-earnings

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Can I still use the ATO Super Clearing House?

- No, this will close 1 July 2026 meaning that you will need to use another super clearing house to pay your superannuation guarantee. Most accounting software with payroll functionality eg Xero, MYOB etc will include this.
- The onus of ensuring that the superfund processes the super payments on time is with the employer which can be a challenge when employees provide incorrect super details etc. Therefore, it is imperative to ensure that you test your pay day settings BEFORE 1 July 2026.

What if I don't pay my super within 7 days of payday?

If you don't pay the minimum super guarantee amount in full within the 7 days or if you don't provide appropriate choice of fund to your employee, then you are liable to pay the super guarantee charge ("SGC"). The ATO will calculate this and send you an assessment. It is made up of

- Individual final SG shortfall
- Notional earnings (ie lost earnings on super estimate at 10% of the SG)
- Administrative uplift ($20/employee/late payment)
- Choice loading

Incurring SGC is VERY expensive as the interest and administrative penalties are applied to EACH payday for EACH employee. In addition, any interest on late payments or penalties paid will not be deductible. Also, if you just pay the super late and the ATO issues you with a SGC, you will NOT be able to apply the late payment you made to reduce the SGC. Conclusion – pay your super on time!

What do Employers need to do now?

- Test their payroll software before 1 July 2026 to ensure that it works
- Ensure employees provide accurate superannuation details
- Carefully and promptly monitor for rejected superannuation payments

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