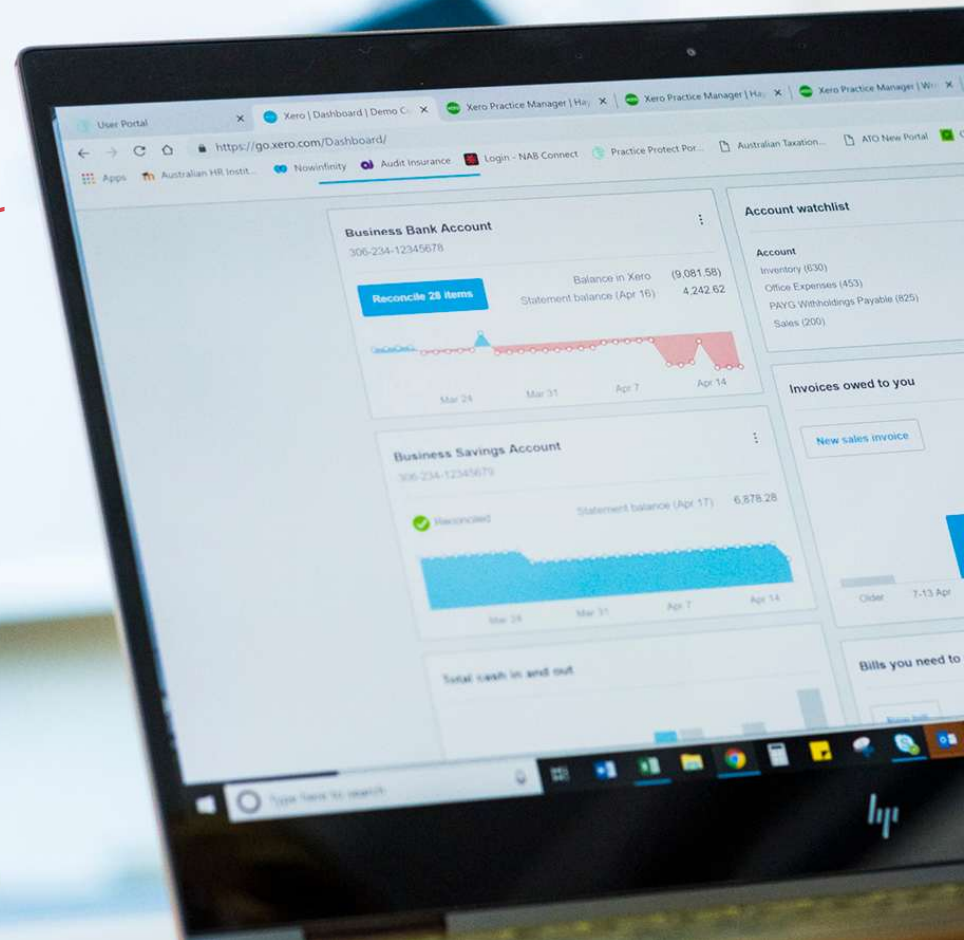


# Payday Super Webinar

**52 Chances to Get it Wrong**

Wednesday, 3<sup>rd</sup> June 2026 | Jacklyn Ersan & Fiona Raven

YOUR LINK TO GROWTH



# About Us

## Jacklyn Ersan, CA

- 📍 Based in Canberra | With Nexis since August 2017
- 🎓 Bachelor of Accounting, ANU (2019) | Post-Graduate Diploma of Chartered Accounting, CA ANZ (2021)
- 👛 Leads a tax compliance team - delivers a broad range of taxation, compliance and business advisory services
- 🔑 Specialist areas: Tax planning, GST, Xero, tax returns, not-for-profit advisory
- 📊 Helps clients with their ATO compliance so that they can focus on growing their business
- 💛 Known for being her clients' "go-to" person — not just their accountant

🏃 Staying active 🌍 Travel 🏔️ Hiking 📺 Watching reality TV

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## About Us

### Fiona Raven, CPA

📍 Based in Brisbane | With Nexis since March 2018  
🎓 Bachelor of Business — Double Major in Accounting & Business Law (2000) | Certified Practising Accountant, CPA Australia (2004)

👛 Leads the Nexis bookkeeping team — overseeing payroll, account reconciliation, accounts receivable/payable, BAS, TPAR, payment summaries and STP

🔑 Specialist areas: Bookkeeping, payroll, Single Touch Payroll, Xero, MYOB, Spotlight reporting, process & procedure writing

📊 Helps clients understand their numbers and spot financial issues before they become problems

✅ Xero Advisor Certified | MYOB Certified

💡 *'Always ask questions & seek advice early as it saves time in the long run.'*

✈️ Travel 🏕️ Camping 🍰 Cake decorating 🥾 Hiking

## Today's Agenda:

- **What's changing and when?**
- **QE instead of OTE: what does that mean for payroll?**
- **Transition period – what happens?**
- **Penalties: how the numbers are calculated**
- **Common Issues**
- **Business & Cashflow Planning**
- **Superannuation Checklist (your takeaway)**
- **Superannuation Demo – what you need to do before 1 July 2026**



# What's changing and when?

From 1 July 2026, every pay run becomes a super deadline.



# Current System vs. Payday Super

## What's the change?

### Current quarterly model

- Super is due 28 days after the end of each quarter
- Super is often reviewed and reconciled quarterly
- Cash may be held until quarter-end
- SGC statement/lodgment for late or unpaid super
- Super is deductible when paid
- Errors may sit unnoticed for months
- Payroll and super can feel separate

### From 1 July 2026

- Super is paid on payday and must be received by fund within 7 business days
  - QE and superfund liability reported through STP
  - ATO can match STP and superfund reporting faster
  - Cashflow tightens – cash must be available each payday
  - Payroll and super become one process
  - ATO encourages voluntary disclosure when obligations are not met
  - Super is deductible when paid
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# Payday Super – Timing

## **The 7-business day rule**

- Payday is the QE day: the day qualifying earnings are paid.
- The usual period is 7 business days after the QE day.
- “Submitted” does not always mean “received and allocated”.
- Bank delays, clearing house delays and incorrect employee details can all create risk.
- Build internal deadlines earlier than the legal deadline.

## **The 20-business day rule**

- 20 business days in certain scenarios – see next slide
  - Only in certain scenarios
  - Bunching rules can also mean that you have times in between the 7 – 20 business days to make contributions
  - Staple Fund checks after the first pay run – if needed to confirm employee superannuation details
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# Allowable longer periods

## When Payday Super gives employers more than the standard 7 business days

The default rule is still tight: super is generally due within 7 business days after the QE day. The draft ruling identifies specific extensions.

### 1 New worker engagement

- First contribution for a new employee
- Allows onboarding time: 20 business days

### 2 Change in super fund / RSA

- First contribution to the new fund
- Allows time to update employee fund details

### 3 Out-of-cycle qualifying earnings

- Ad hoc bonus, commission or back pay
- Aligns to the next regular QE day usual period

### 4 Exceptional circumstances

- Natural disasters or widespread system outages
  - Requires ATO class determination
-

# Example: New Employee

**Existing employees follow the usual period. The first contribution for a new employee gets longer.**

## Scenario

- New employee starts and is first paid on Day 1. Existing employees are also paid on Day 1.
- Existing employees: usual period ends around Day 10.
- New employee: first super contribution can be received by Day 29.

Mon	Tue	Wed	Thu	Fri	Sat	Sun
QE day 1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

 Usual period for existing employees  Additional allowable period for new employee

## What this means for you:

- Collect super choice details before first pay
- Use self-onboarding / clear onboarding system
- Track the 20-business-day deadline

## WARNING

- This does not give every employee more time
- It applies to the first contribution for the new employee only

# Example: The Bunching Rule

**When the next payday lands inside the first extended period, the later deadline can align.**

## Scenario

- New employee has first QE day on Day 1; the extended period ends Day 29.
- Second QE day occurs on Day 8. Its usual period ends Day 17.
- Because Day 17 is before Day 29, the second QE day can also align to Day 29.

Mon	Tue	Wed	Thu	Fri	Sat	Sun
QE day 1	2	3	4	5	6	7
QE day 2	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

■ Usual period for QE Day 2

■ Extra days due to bunching rule

## Plain English

- For weekly payroll, the first few new-starter pay runs may share the first contribution deadline.

## Nexis Tip:

- Submit super as soon as practical
- Do not treat the extended period as normal practice

# QE instead of OTE

What does that mean for payroll?



# Qualifying Earnings

$$\text{Superannuation} = \text{QE} * 12\%$$

Qualifying earnings are the types of payments made to employees that are used to calculate the super guarantee (SG) under Payday Super.

## QE includes:

- Ordinary Times Earnings (**OTE**)
- All **commissions** paid to an employee
- **Salary sacrifice amounts** that would qualify as QE had they not been sacrificed
- Earnings paid to workers who fall under the expanded definition of employee, including payments to **independent contractors** paid mainly for their labour



# What are Qualifying Earnings?

## Hours and Loading

Payment	Salary and wages	OTE	QE from 1 July 2026
Ordinary hours of work	Yes	Yes	Yes
Casual loading	Yes	Yes	Yes
Shift penalties, including public holiday penalties	Yes	Yes	Yes
Overtime payments	Yes	No	No
Workers' Compensation - payment for hours an employee performs work or is required to attend work	Yes	Yes	Yes
Workers' Compensation - employee is not required to work, including any top-ups or make-up pay to bring the amount paid on these absences up to their normal rate of pay	No	No	No

# What are Qualifying Earnings?

## Leave types

Payment	Salary and wages	OTE	QE from 1 July 2026
<b>Annual Leave</b>	Yes	Yes	<b>Yes</b>
<b>Annual Leave Loading</b> that is clearly linked to a lost opportunity to work overtime	Yes	No	<b>No</b>
<b>Annual Leave Loading</b>	Yes	Yes	<b>Yes</b>
<b>Rostered days off / Time off in Lieu</b> – time taken and paid at ordinary rates	Yes	Yes	<b>Yes</b>
<b>Sick, study, personal, carers, and long service leave*</b>	Yes	Yes	<b>Yes</b>
<b>Long service leave that is paid under a portable long service leave scheme</b>	Yes	No	<b>No</b>

# What are Qualifying Earnings?

## Allowances

Payment	Salary and wages	OTE	QE from 1 July 2026
<b>On call allowance for ordinary hours of work</b>	Yes	Yes	<b>Yes</b>
<b>On call allowance for hours outside ordinary hours of work</b>	Yes	No	<b>No</b>
<b>Task allowances – higher duties, first aid, supervisor, adverse conditions</b>	Yes	Yes	<b>Yes</b>
<b>Expense allowances – expectation money will be fully expended (i.e. cents per km &lt; ATO rate 88c for 2026, 91c for 2027)</b>	Yes	No	<b>No</b>
<b>Expense allowances – partial compensation, paid regardless of whether or not employee incurred expense (i.e., cents per km private or &gt; ATO rate 88c for 2026, 91c for 2027)</b>	Yes	No	<b>Yes</b>

# What are Qualifying Earnings?

## Bonuses and Commissions

Payment	Salary and wages	OTE	QE from 1 July 2026
Commission Payments	Yes	Yes	Yes
Commission solely for work performed entirely outside ordinary hours	Yes	No	Yes
Performance Bonus	Yes	Yes	Yes
Christmas Bonus	Yes	Yes	Yes
Bonus solely for work performed entirely outside ordinary hours	Yes	No	No
Sign-on bonus for new employees	Yes	Yes	Yes

# Transition Period: 1 Jul – 28 Jul

What happens in this period? First in First Out Rule  
LCR 2026/D4



# Transition rule: 1 July to 28 July 2026

**A July contribution may be applied to the old June quarter first**

Item	Amount	Effect
June 2026 quarter SG still outstanding	\$500	Old quarterly rules still need to be cleaned up
July payday SG intended payment	\$1,200	Assumption is that July payday is fully covered
Allocation under transition rule	\$500 applied to June quarter first	\$700 left for July payday
Result	\$500 July shortfall remains	Top-up required to avoid July Payday Super shortfall and penalties
<b>Practical action</b>	<b>Pay June 2026 quarter SG <u>before 30 June 2026</u></b>	<i>Cleaner transition into the new regime</i>

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# Transition rule: 1 July to 28 July 2026

## Contributions made after 28 July 2026

Item	Amount	Effect
June 2026 quarter SG still outstanding	\$600	Old quarterly rules still need to be cleaned up
July payday SG intended payment	\$800	Leanne intended this to cover Arthur's super, including the \$200 SG amount for the 28 July 2026 QE day.
Allocation under transition rule	\$200 applied to 28 July 2026 QE day	Because the contribution was received after 28 July 2026, it cannot be applied back to the June 2026 quarter.
Remaining contribution	\$600 carried forward	The remaining \$600 can be carried forward and applied against Arthur's future QE days.
Result	\$600 June shortfall remains	Leanne still needs to lodge an SG statement for the June 2026 quarter and pay the applicable SGC
<b>Practical action</b>	<b>Pay June 2026 quarter SG <u>before 30 June 2026</u></b>	<i>Cleaner transition into the new regime</i>

# Penalties: how the numbers are calculated

52 chances to get it wrong. Up to 60% penalties.



# Late payments and SGC

## What's the change?

### Current quarterly model

The super guarantee charge (SGC) applies when amounts are **not** received by an employee's super fund within 28 days of the end of a quarter. The SGC

- is self-assessed by the employer, who must lodge a super guarantee statement
- is calculated based on salary and wages, not OTE
- includes interest at 10% per annum
- includes a flat administration fee
- is not tax deductible.

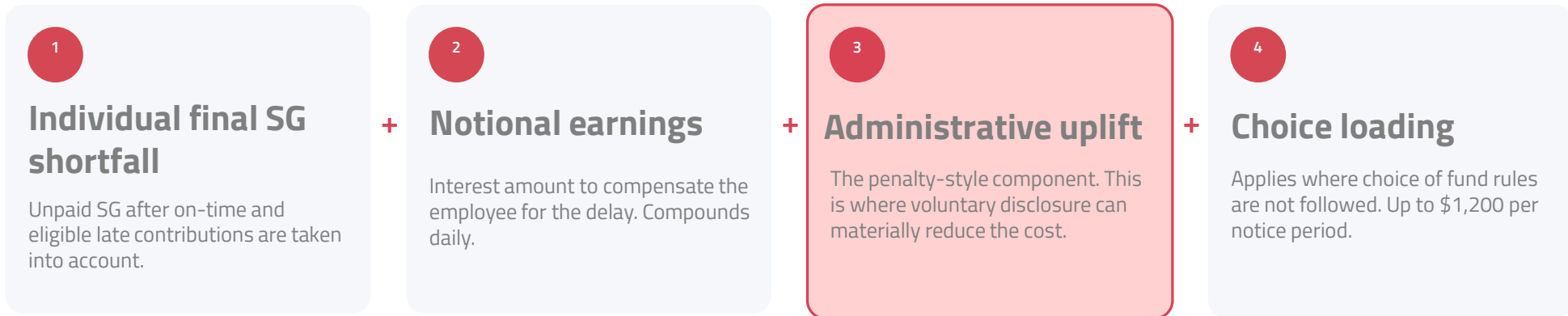
### From 1 July 2026

SGC applies when amounts are **not** received by a super fund within 7 business days after payday (unless the 20 day business days -applies) The SGC

- is assessed by the ATO (employers don't lodge a super guarantee statement)
- includes interest that compounds daily at the general interest charge rate
- includes an administrative uplift amount that can be reduced if the ATO hasn't taken action in the past 24 months and if the employer lodges a **voluntary disclosure statement**
- SGC shortfall is tax deductible.

# What makes up the new SGC?

**SGC for a QE day =**



**Key point:**

The ATO can assess the SGC. You should still fix the actual late contribution as soon as possible. The longer you wait, the more notional earnings, uplift risk and late payment consequences can build up.

**The admin uplift starts high — the voluntary disclosure timing drives how far it can come down.**

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# Administrative Uplift

## Voluntary disclosure changes the outcome

Lodgment date of voluntary disclosure statement	No Commissioner-initiated assessment in past 24 months	Commissioner-initiated assessment in past 24 months
Before the end of 30 days starting on the QE day	0%	20%
31 days to 60 days starting on the QE day	5%	25%
61 days to 120 days starting on the QE day	10%	30%
More than 120 days starting on the QE day	25%	45%
Not lodged before assessment	40%	60%

**Voluntary disclosure can reduce the administrative uplift from 40–60% down to as low as 0–20%**  
The admin uplift starts high — the voluntary disclosure timing drives how far it can come down.

# Calculation of SGC

## Worked Example

Employee	SG amount	On-time	Base SG shortfall	Late contribution before assessment	Final SG shortfall	What this means
Sam	\$360	\$360	\$0	N/A	\$0	On time — no SGC component
William	\$510	\$0	\$510	\$0	\$510	No late payment — final shortfall remains
Ella	\$660	\$200	\$460	\$460	\$0	Late payment helps — final shortfall reduced to nil
Kai	\$750	\$0	\$750	\$100	\$650	Partial late payment — final shortfall remains
			<b>\$1,720</b>	<b>\$560</b>	<b>\$1,160</b>	

### Late contributions before assessment

Ella's \$460 late contribution reduces her final shortfall to nil. Kai's \$100 only reduces his final shortfall from \$750 to \$650.

### But notional earnings can still apply

Notional earnings are calculated on the base shortfall, so late payment does not wipe out the time value cost of paying late.

# Calculation of SGC

## Worked Example

Employee	Base SG shortfall	Final SG shortfall	Notional Earnings	Administrative Uplift***	Notional Earnings Workings <i>Assuming GIC = 10%</i>
Sam	\$0	\$0	\$0		n/a
William	\$510	\$510	\$6.75		$\$510 \times (1 + (0.1 / 365))^{48} - \$510 = \$6.75$
Ella	\$460	\$0	\$2.40		$\$460 \times (1 + (0.1 / 365))^{19} - \$460 = \$2.40$
Kai	\$750	\$650	\$9.93		$\$750 \times (1 + (0.1 / 365))^{48} - \$750 = \$9.93$
<b>Total</b>	<b>\$1,720</b>	<b>\$1,160</b>	<b>\$19.08</b>	<b>\$471.63</b>	

\*\*\* could have been nil if Voluntary Disclosure done

### Notional Earnings (Interest)

Calculated on the **base SG shortfall** from the end of 7 business days after QE day to the date of the voluntary disclosure / assessment unless final SG shortfall is nil.

### Administrative Uplift

Calculated on a percentage of the **final SG shortfall** plus the notional earnings  
 $= 40\% * (\$1,160 + \$19.08) = \underline{\$471.63}$

# Common Issues

Things that can go wrong



# Not approved on time

## Common Issue 1

- Payroll may be prepared on time but super may still require separate approval.
- If the director or approver is unavailable, the super payment can sit unpaid.
- Only 1 super approver allowed in Xero
- Businesses need back-up plan and clear cut-off times – pick the right person
- Nexis can submit the file, but the client is still responsible for funding and approving unless Nexis is separately engaged to approve.

**Nexis Tip: Have a Plan B**



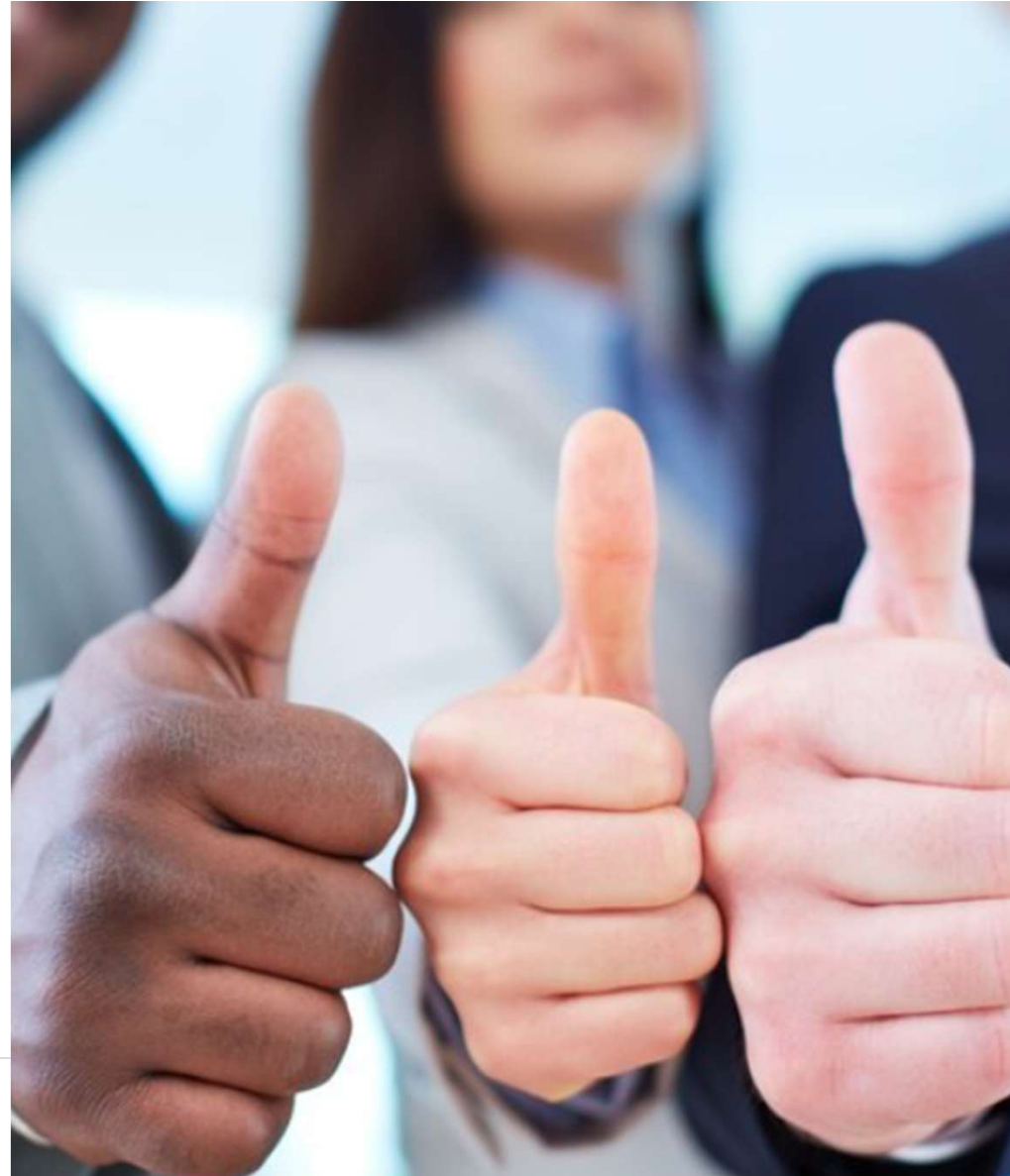
# Super not submitted

## Common Issue 2

- A pay run should not be treated as complete until super has also been dealt with.
- Create a payroll checklist: wages, PAYGW and super
- For weekly payroll clients, this needs to become a weekly habit
- Post pay run > submit super > approve super > check for returned super = payroll complete but not really for 7 business days

**Nexis Tip: Keep an eye out for returned super. Payroll isn't really over until the 7 business days is over.**

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# Super bounces

## Common Issue 3

- Returned or unallocated contributions are not just admin errors.
- Fund details, member numbers, name mismatches and fund mergers can cause rejections.
- Super funds have 3 business days to allocate or return contributions under the new framework.
- Someone must review rejection reports after every pay run, then follow the steps of what to do when things to wrong

**Nexis Tip: Enact the “what to do if something goes wrong” in the checklist**

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# Paid to wrong fund

## Common Issue 4

- Employers must still offer choice of fund and follow stapled fund processes.
- Paying to the wrong fund can trigger choice loading even if money has been paid.
- Choice loading is generally 25% of the relevant contribution, capped at \$1,200 per notice period.
- New starters and changed fund details are the highest-risk points – ensure any changes to employee super funds are actioned as a matter of urgency.

**Nexis Tip: communicate expectations to your employees re. fund changes. Have a back up plan or clause that allows recoupment of additional costs/charges**



# Failing to pay subbies

## Common Issue 5

- Some contractors can be employees for SG purposes even if they have an ABN.
- You are responsible for assessing contractor super obligations.
- Where facts are unclear, legal advice may be needed.
- The trigger should be reviewed when the contractor invoice is paid. This means paying an invoice for a subcontractor subject to super does not end at the payment of the bill

**Nexis Tip: assess whether your subcontractors are employees for SGC purposes. If unsure, seek legal advice**



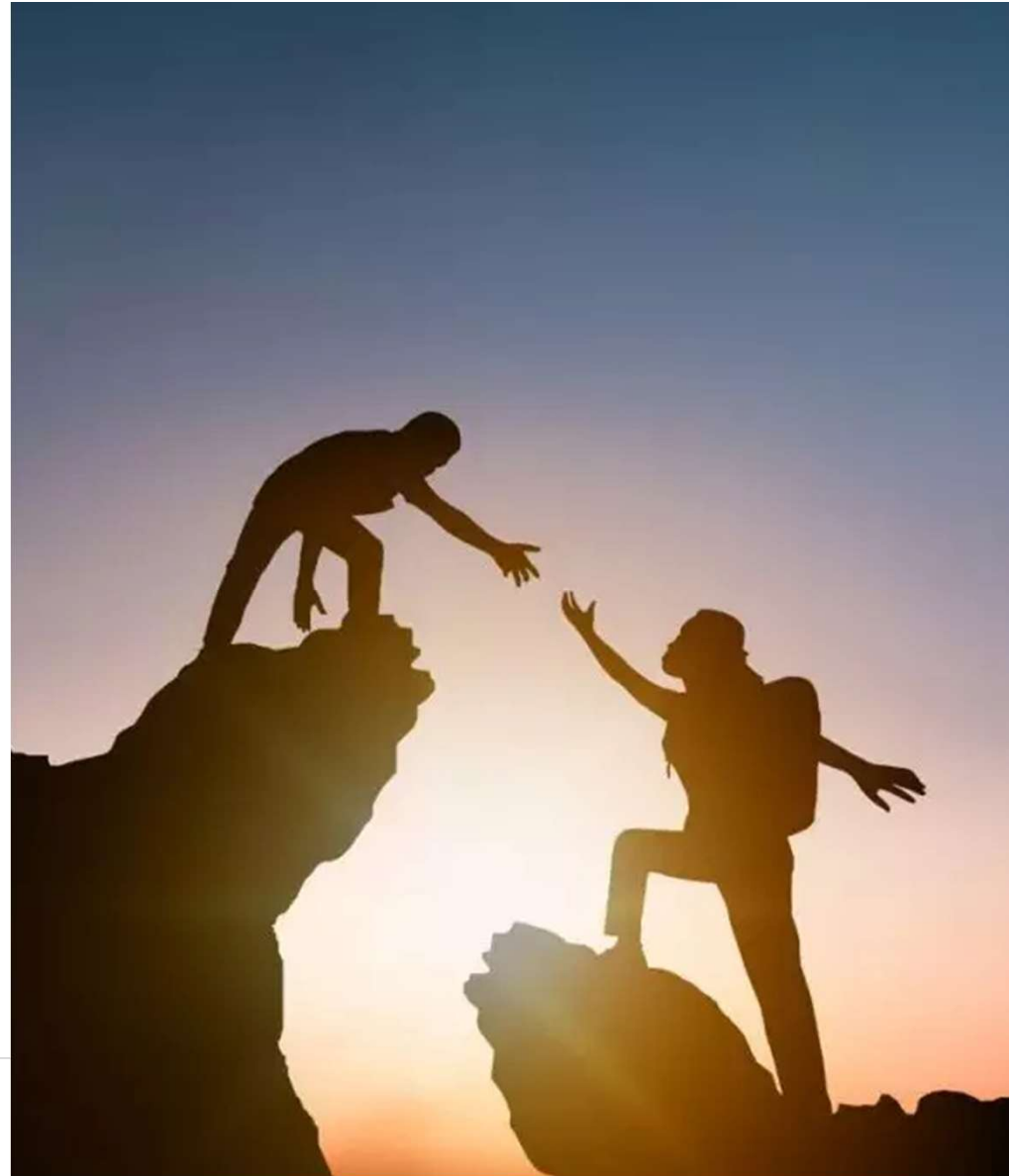
# What to do if something goes wrong

## The response plan matters

1. **Do not ignore the situation:** identify the affected employee, QE day and amount.
2. Fix the payment as soon as reasonably practicable.
3. Keep evidence: payroll reports, super file, payment confirmation, rejection notice and correction date.
4. Submit a voluntary disclosure to the ATO
5. Review why it happened and update your payroll control/process to minimise repeat risk
6. **Speak to Nexis before assuming it can be fixed at year end**

**Refer to the checklist!**

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# Business & Cash Flow Planning

Some tips to ensure you are ready for payday super



# The Cash Flow Wake Up Call

**The annual cost may not change, but the timing absolutely does.**

Example: 12 employees | fortnightly payroll | \$90,000 QE each FN | 12% SG

**\$10,800**

super per pay run

**\$75,800**

Total approx. new fortnightly  
payroll expense

**26**

pay cycles to manage each year

If you have been using quarterly super timing as a cash flow buffer, that buffer is disappearing.

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# Things to consider prior to 1 July 2026

## Better your cashflow for payday super

- Invoicing – on completion or staged? (use e-Invoicing)
- Tighten payment terms and align to payroll frequency
- Offer multiple payment methods
- Chase overdue invoices at Day 1 of overdue
- Require deposits / progress payments on projects over \$\$\$
- Add late payment fee clauses
- Align progress claim dates to payroll dates where possible. If not possible, consider adjusting payroll frequency
- Know your weekly /fortnightly additional payroll cost
- Banking Requirements – overdraft facility

**Refer to the checklist!**



# Superannuation Demo

What you need to do before 1 July 2026



# Upcoming Xero changes

## Xero is building Payday Super tools to support compliance from 1 July 2026

### 1 At-risk payments (DONE)

Better visibility of super payments that may miss the deadline

### 2 Payment prompts

Notifications to encourage same-day super payments

### 3 QE settings tool

Quickly review and update pay item qualifying earnings settings

### 4 Payroll reports

QE columns in Payroll Activity reports to help check posted amounts

### 5 STP reporting

QE and super contributions included in STP reporting (for contractors)

### 6 Member checks

Member Verification  
Request to reduce rejected contributions

### 7 Contribution cap

Support for maximum contribution base reporting

### 8 Authorisers

Option to nominate an alternative super payment authoriser

## What this means for you

- Xero will help, but it will not fix incorrect pay items or missing employee details.
  - Businesses still need clear approval responsibilities so super does not sit pending.
  - Rejected or returned contributions must be checked and fixed quickly.
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# Thank You

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