



## **Pay Day Super**

Now is the time to start preparing for Pay Day Super, especially if you are using the ATO clearing house. The penalties and administration for being late are just not worth it!

### **ATO Clearing House Closing**

The ATO clearing house closes on 30<sup>th</sup> June 2026 but you need to act now! You will not be able to use the ATO clearing house for your April to June superannuation contributions unless you make them before the 30<sup>th</sup> June, 2026. It is a much better idea to find a new method for your January to March superannuation contributions as a test run. At least if you have problems you can revert to the ATO clearing house for that quarter and then have a few months to sort out the problems. While you are making these changes make sure your new system is ready to deal with pay day superannuation.

### **Automating Superannuation Contributions**

The key is utilising accounting software, some payroll packages are available for as little as \$12 per month. These packages can be linked to other clearing houses such as C BUS which will distribute to other funds for free, so you are just making one payment. Or you can pay individually into each employee's superannuation fund. Note employees are entitled to choose which fund their superannuation goes to.

## Superannuation Contributions Basics

The rate is 12% of Ordinary Times Earnings (OTE) as defined here <https://www.ato.gov.au/law/view.htm?DocID=SGR/SGR20092/NAT/ATO/00001>

So, it might not include overtime or lump sums for unused leave on termination. Just be careful that there maybe an enterprise bargaining agreement that widens the definition or increases the percentage. Note OTE are also referred to as qualifying earnings (QE).

The maximum amount of superannuation required to be paid is \$30,000 per year. This is no longer apportioned on a quarterly basis, it applies to the full financial year. Once you reach the \$30,000 no need to contribute any more.

The contribution must be in the super fund's bank account within 7 business days of the relevant pay day.

With new employees you have 20 business days to make the contributions into their chosen fund. If you fail to deposit superannuation into the fund chosen by your employee there is a 25% penalty. This link explains the choice of superannuation form <https://www.ato.gov.au/forms-and-instructions/superannuation-standard-choice-form> or you can google NAT 13080. If the employee has not given you details of their superannuation fund or the details are incorrect you can ask the ATO for the superannuation fund stapled to your employee. Follow this link <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> If the ATO gives you information that is incorrect and you attempt to make the payment, you will not be subject to the penalties.

There is no longer a minimum wage where superannuation is not payable, unless the employee is under 18 years of age and works less than 30 hours in any week (no averaging).

If your employee is salary sacrificing superannuation you need to also pay superannuation contributions on the salary sacrificed amount as this is considered part of OTE or qualifying earnings.

## Consequences of Failing to Comply

Just don't dare, make this a priority. In fact, we recommend that you make superannuation contributions at least a month in advance, anticipating the highest likely contribution, just to make sure nothing gets in the way because these rules are extremely ridged and the consequences are not just a huge financial penalty but also an administration nightmare. The ATO even suggest in their documentation that if you make an error and don't discover it and correct it within 7 business days of the original pay period (not when you actually find the error) it will be considered that you missed the deadline, so it is definitely wise to keep a bit ahead to cover any accidental shortfalls too. Advance payments can be utilised for up to 12 months. Each pay period will churn that 12 month period.

If you miss the deadline or find an error outside the deadline and do not have an advance payment reserve, you are best to dob yourself in as the penalties are less and the ATO will probably find out eventually. There is to be a new form to dob yourself in. This blog will be updated when it becomes available.

Penalties for not complying are a 60% Administrative penalty that the ATO keep. Voluntary disclosure can reduce this penalty and it is tax deductible. The employee's superannuation fund receives the superannuation shortfall amount and a notional earnings amount these are tax deductible. There is a general interest charge that is not tax deductible. Further, if you do not pay all these within 28 days there is another penalty of

25% of the outstanding amount if it is your first offence. If you have had a prior offence in the previous 24 months the penalty is 50%.

The message is very clear.

Disclaimer: Please note that by the time you read this information it may be out of date. The information is presented in summary form and intended only to draw your attention to issues you should further discuss with your accountant. Please do not act on this information without further consultation. We disclaim any responsibility for actions taken on the above without further advice as to your particular circumstances.

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