

# Payday Super FAQs

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## 1. (SBSCH) Small Business Superannuation Clearing House

### Q. What is the SBSCH?

The ATO's Small Business Superannuation Clearing House is a free Australian Taxation Office service that lets eligible small businesses submit a single super payment for multiple employees. It requires employers to calculate super in payroll then enter the same information again in the clearing house. By contrast, integrated solutions like Xero's Auto Super automate super calculations and payments directly within the existing payroll workflow.

### Q: When will the SBSCH stop operating?

The **ATO's Small Business Super Clearing House** will close permanently by 1 July 2026.

Existing users will have access to the service until 11.59pm AEST on 30 Jun; while no new registrations have been accepted since 1 October 2025. Customers will need to find alternative software before the closure.

### Q: Why is the ATO closing the SBSCH?

The SBSCH is being retired because it was designed for quarterly super payments and is not suited to the more frequent payment cycles required under PayDay Super.

The government's goal with PayDay Super is to improve compliance, increase transparency for employees and simplify admin for businesses using integrated payroll and accounting software.

For small businesses, the closure of the SBSCH is a chance to move to a modern, automated solution that saves time and reduces admin. Xero's auto super already offers this by handling calculations and payments directly in payroll, helping businesses stay compliant with less effort.

## 2. Payday Super

### **Q: When does Payday Super come into effect?**

Payday Super starts on 1 July 2026. The legislation passed Parliament in November 2025, and the start date is confirmed.

### **Q: What is the seven business day rule for super payments?**

From 1 July 2026, super contributions must be received by the employee's super fund within **seven business days** of Payday, unless an extended timeframe applies.

The ATO considers a contribution on time only once the fund receives the money and the data needed to apply it.

### **Q: What happens if super is paid late?**

If super is not received by the employee's fund within seven business days of payday, employers may need to take steps to correct the payment and notify the ATO. The ATO has indicated it will take a practical, risk-based approach during the first year of Payday Super as businesses transition to the new requirements. If a late payment occurs, employers should act quickly to rectify it and may wish to speak with their tax or BAS agent about what steps are required.

## 3. How super payments work in Xero

### **Q: Will Xero be ready for Payday Super?**

Yes. In Xero, as we lead up to payday super, you will be able to update Xero Payroll and Auto Super to support calculating qualifying earnings correctly, paying super within the required timeframes and meeting updated Single Touch Payroll reporting requirements.

We're also introducing features to help you manage the cash flow impacts of paying super more frequently.

Over the next 12 months, we'll continue rolling out improvements designed to make this process simpler and more efficient for both you and your employees.

### **Q: How long do super payments take to reach super funds?**

Super payments made through Xero's auto super are processed through our clearing house provider, SuperChoice. In most cases, contributions are received by super funds within 4-7 business days from the time a batch is authorised.

Processing time depends on several factors outside Xero's control, including bank clearing time and our clearing house partner's processes. Because of this, Xero cannot guarantee a specific end-to-end processing timeframe.

To help remain compliant with the Payday Super requirement that funds receive contributions within seven business days of payday, employers should authorise super payments at the same time that salary and wages are paid. Allowing sufficient time for clearing house and fund processing will help ensure contributions are received within the required timeframe.

Xero is also working with our clearing house provider to support faster processing as the industry transitions to Payday Super.

### **Q: What should I do if a payment takes longer than expected?**

It currently takes between 4-7 business days for superannuation payments to be credited to super funds. If a payment batch has taken longer than 7 business days to process since it was authorised, raise a case with Xero support so we can investigate.

Note that while the batch status may show as Paid, which indicates that the super fund has successfully received the funds, the contributions may still be in the process of being allocated to the employee's super account. It is at the discretion of the super fund to allocate contributions to a

member's account once they've been successfully credited by the super fund provider.

Timing	Action	Status in Xero
Business day 0	Batch is approved by the authoriser. SuperChoice starts processing the direct debit from the nominated bank account. If the auto super batch is approved after the banking cut-off of 4pm AEDT, the direct debit will be processed on the next business day.	Approved, pending processing
Business day 1	SuperChoice matches payment to data.	Approved, pending processing
Business day 2-4	Standard clearance period of 3 Banking Days to protect against dishonours.	Approved, pending processing
Business day 4-7	On Day 4, SuperChoice sends the payment to the super fund. The super fund then processes the contribution which may take a few days. Employers should allow at least 7 business days when making payments to ensure sufficient time for super funds to process the contributions, especially ahead of superannuation guarantee cut-off dates.	Paid

### **Q: Will Xero provide exportable proof-of-receipt reports with fund-confirmed timestamps for ATO audit purposes?**

Xero already provides an exportable Superannuation Payments report, available in Reporting. This report captures the date the payment was credited successfully to the super fund in the "Sent To Fund" column.

The "Sent To Fund" column will be blank if the payment was made outside of Auto Super e.g. marked as paid.

This report can be exported to PDF, Excel or Google Sheets.

### **Q: I need two authorisers - when is Xero building this functionality?**

We recognise that multi-authorisation is a priority for you. Our Product team is actively working on an enhanced workflow for this, which is targeted for release later this year.

### **Current workaround**

Until the new workflow is live, you can achieve two-person authorisation using these steps:

- Submitter: One user creates and submits the payment batch for approval
- Authoriser: A second user enters the SMS code to authorise the batch

We understand this may not fit every business structure, and your feedback has been shared directly with our Product team.

### **Preparing for 1 July (Payday Super)**

The ATO recommends transitioning early. We encourage you to review your super payment authorisers now to ensure the correct person (Payroll Admin) is set up.

Leave planning: Any Payroll Admin can approve batches once set up as an authoriser. If an authoriser is going on leave, ensure the current authoriser or subscriber of the Xero organisation updates the mobile number in the system beforehand to avoid processing delays.

## **4. Industry infrastructure and payment processing**

### **Q: Is Xero planning to implement NPP or real-time payment rails for super contributions?**

Xero is continuing to work with our clearing house provider and industry partners to support efficient processing of super contributions as the industry transitions to Payday Super.

Our current focus is on ensuring customers can meet the Payday Super requirements using the existing SuperStream framework and improving processing efficiency within that system.

Like many participants in the superannuation ecosystem, we continue to monitor developments in payment infrastructure, including options that may support faster payment processing over time. This includes the gradual move by some funds toward accepting payments via the New Payments Platform (NPP), and how this evolves over time.

At this stage, we are taking a considered approach. While faster payment options are emerging, they can come with higher costs and operational impacts. We know many businesses will be balancing new cash flow pressures under Payday Super, so we believe it's important not to introduce additional complexity or cost prematurely.

### **Q: What changes are being made to help employers get super payments right under Payday Super?**

Under Payday Super, both superannuation funds and clearing houses are being supported by new rules designed to improve

how quickly and accurately contributions are processed and allocated. This includes clearer error messages and more practical guidance where a payment can't be processed, helping employers understand what action is needed to meet their obligations.

**Q: When will these changes take effect?**

Many of these changes are still being implemented across the industry. As funds and clearing houses roll out these updates—and as employers begin processing super at the same time as payroll—payment timelines are expected to become faster, clearer, and more consistent.

**Q: What happens if a payment can't be allocated?**

There is an expectation across the industry that where contributions can't be allocated, funds will return those payments much sooner than they do today. This will allow employers to identify and resolve issues more quickly, reducing delays and helping ensure employees receive their super as intended.

**Q: How does SuperChoice handle rejected contributions (incorrect fund details, member mismatch, fund merger)? What is the error notification and resolution timeframe?**

When a super fund is unable to allocate funds to a member account, they will return the payment with a relevant error response to our third-party clearing house SuperChoice.

Once this information is received, Xero will notify the customer via email that the super payment has been returned.

The reason for the return (for example incorrect fund details) will appear in the returned super batch in Auto Super.

Customers will need to work with the employee to correct the issue before resubmitting the payment. Refer to this Xero Central article for more information:

**<https://central.xero.com/s/article/Reprocess-failed-or-returned-auto-super-payments>.**

Xero is also working to reduce returned super payments through additional validation of employee super details, planned for release later this year.

Xero is also working to reduce returned super payments through additional validation of employee super details (via

Member Verification Request), planned for release later this year.

### **Q: Will Xero support Member Verification Requests (MVR) for Payday Super?**

Member Verification Requests (MVR) are being introduced by the ATO from 1 July 2026 as part of broader changes across the super industry. They allow payroll software to check that an employee's super fund details are valid before a contribution is made, helping reduce errors and rejected payments.

MVR is expected to give employers greater confidence that super fund details are correct, particularly when onboarding new employees or when employees update their fund details, although employers can meet their Payday Super obligations from 1 July 2026 without using MVR.

Xero plans to support MVR and will share more details on timing as development progresses.

## **5. Qualifying earnings**

### **Q. What are 'qualifying earnings' under Payday Super?**

Qualifying earnings (QE) is the new base used to calculate the super guarantee from 1 July 2026.

From that date, employers must calculate super as 12% of an employee's qualifying earnings for each pay period. Qualifying earnings bring together:

- Ordinary time earnings (OTE) such as pay for ordinary hours, many types of paid leave and some allowances and bonuses
- All commissions paid to an employee
- Salary sacrifice amounts that would have been qualifying earnings if paid as cash
- Payments to some contractors who are treated as employees for super purposes

For many employers, the move to qualifying earnings will not change the total amount of super they pay, but it is important that payroll is set up correctly so the right payments are included.

### **Q. Does Payday Super change what counts as ordinary time earnings (OTE)?**

No. The definition of ordinary time earnings does not change under Payday Super.

OTE still covers pay for ordinary hours of work, including certain allowances, paid leave types and bonuses. Overtime continues to be excluded from OTE when ordinary hours are clearly identified in an award, agreement or contract.

What changes is that super is now calculated on qualifying earnings, which uses OTE as its base and adds some extra categories such as commissions and salary sacrifice amounts.

**Q: Do I have to pay super on overtime under Payday Super?**

In most cases, overtime that is clearly identified and paid at overtime rates is not included in qualifying earnings, so super is not calculated on those amounts.

If an employee's ordinary and overtime hours are not clearly separated in their award, agreement or contract, the ATO may treat all hours as ordinary hours. In that case, super would be calculated on all those earnings.

Xero cannot give legal advice on how a specific award should be interpreted, so customers should refer to the ATO and Fair Work or their advisor for detailed guidance.

**Q: Do salary sacrifice contributions count as qualifying earnings?**

Yes, in many cases.

Amounts that an employee salary sacrifices to super are included in qualifying earnings if the underlying payment would have been qualifying earnings when paid as cash, such as regular salary or a commission.

If an employee salary sacrifices amounts that would not have been qualifying earnings, such as paid parental leave or overtime, those sacrificed amounts are not included in qualifying earnings.

## **6. Cashflow and operational Impacts**

**Q: Will it cost more to pay super more frequently under Payday Super?**

No. The total super you owe annually will still be based on the SG rate (currently 12%). Only the timing of payments changes.

**Q: Will Payday Super affect my cash flow?**

It may. Under the proposed changes, super contributions would be paid more frequently, with each pay cycle instead of quarterly.

This would not change the total amount of super you owe each year, but it may change the timing of when funds leave your account. Planning ahead and staying on top of your payment schedule could help make the transition smoother.

Xero tools like Analytics Plus and Syft can give you greater visibility of upcoming payments and help you stay in control of your cash flow.

**Q: How can Xero help me manage the cash flow impact?**

Xero tools like Analytics Plus and Syft can help you understand upcoming payments. Paying super in payroll through Auto Super reduces manual work and helps avoid missed deadlines.

**Q: Can I pay super by credit card?**

No. Credit card payments cannot be used for superannuation contributions under SuperStream. This is an industry wide rule, not a Xero limitation.

Employers moving from the Small Business Superannuation Clearing House who previously used a credit card will need to pay super from a bank account instead.

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