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Superannuation

Access information about new legislation relating to superannuation.

Better targeted superannuation concessions

From 1 July 2026 tax concessions will be reduced for certain earnings for superannuation balances above \$3 million.

Legacy retirement product commutations and reserves

Changes to legacy retirement product commutations and reserve provisions now effective.

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The government announced changes to superannuation guarantee from 1 July 2026.

Superannuation on Parental Leave Pay

New legislation where the government will pay super guarantee equivalent payments on government funded Parental Leave Pay.

Low Income Superannuation Tax Offset (LISTO)

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From 1 July 2027 the government is boosting LISTO by increasing the income threshold and payment cap.

QC 100859

Better targeted superannuation concessions

From 1 July 2026 tax concessions will be reduced for certain earnings for superannuation balances above \$3 million.

Last updated 13 October 2025

On 13 October 2025, the Australian Government announced they were making practical changes to the design and implementation of the better targeted superannuation concessions measure that was previously announced on 28 February 2023. The measure is intended to reduce tax concessions for individuals with a total super balance above \$3 million from 1 July 2026.

Government will undertake consultation with the superannuation industry and other relevant stakeholders.

This measure is not yet law.

More information

- Reforms to support low-income workers and build a stronger super system ☐
- Better Targeted Superannuation Concessions changes

Legacy retirement product commutations and reserves

Changes to legacy retirement product commutations and reserve provisions now effective.

Last updated 10 December 2024

Changes to the law allowing individuals to exit legacy retirement products and the treatment of allocations from reserves for contribution cap purposes came into effect on 7 December 2024.

The changes:

- enable individuals to exit a specified range of legacy retirement products for up to 5 years
- allow for more flexible pathways to make allocations from a reserve, by:
 - providing that where a reserve supported an income stream that
 is ceased, and the reserve is allocated to the former recipient of
 that income stream, it will be exempt from both contribution caps
 - counting other reserve allocations towards an individual's nonconcessional contributions instead of their concessional contributions.

The changes apply to legacy lifetime, life expectancy and market-linked superannuation income stream products that generally commenced prior to 20 September 2007, or were commenced as a result of a conversion of an earlier legacy product that commenced prior to that date.

More information on the changes can be found by visiting <u>Treasury</u> <u>Laws Amendment (Legacy Retirement Product Commutations and Reserves)</u> Regulations 2024 ☑.

Payday superannuation

The government announced changes to superannuation guarantee from 1 July 2026.

Last updated 9 October 2025

On 2 May 2023 the Australian Government announced that from 1 July 2026, employers will be required to pay their employees' superannuation guarantee (SG) at the same time as their salary and wages.

On 9 October 2025, the Government introduced the <u>Treasury Laws</u>

<u>Amendment (Payday Superannuation) Bill 2025</u> and the

Superannuation Guarantee Charge Amendment Bill 2025 ...

This measure is not yet law.

Changes in the introduced bills and earlier government announcements include:

- Timing of contributions to superannuation. From the start of the measure, employers will be required to pay their employees' SG at the same time as their salary and wages. They will be liable for the superannuation guarantee charge (SGC) unless contributions are received by their employees' superannuation fund within the required timeframe, generally 7 business days after payday.
- Payday is the date that an employer makes a qualifying earnings (QE) payment to an employee.
- Contributions will generally need to arrive in employees' superannuation funds within 7 business days of payments of QE. QE is a new concept which includes:
 - ordinary time earnings (OTE)
 - salary sacrifice superannuation contributions
 - other amounts which are currently included in an employee's salary or wages for SG
- An extended timeframe to pay contributions will apply in certain circumstances, for example when an employer is contributing to a superannuation fund for the first time for an employee (including new employees), when payments of QE are made to an employee

- outside their regular pay cycle and where exceptional circumstances have impacted the ability of multiple employers on large scale to pay superannuation contributions.
- Updated superannuation guarantee charge. Where employers fail to pay contributions in full and on time, they are liable for SGC. The SGC will be updated and consist of
 - Individual final SG shortfall: any contributions that remain unpaid when the SGC is assessed. The shortfall calculation will be based on QE, creating consistency with the calculation of SG contributions. Late contributions paid by an employer before they are assessed for the SGC will reduce the individual final SG shortfall.
 - Notional earnings: an interest component to compensate employees for lost superannuation fund earnings when their contributions have not been received in full and on time.
 - Administrative uplift: an additional charge levied to reflect the cost of enforcement and encourage employers to make voluntary disclosures to the ATO.
 - Choice loading: A choice loading will apply where an employer does not comply with the choice of fund rules.
- Once SGC is assessed, additional interest and penalties may apply if the SGC liability is not paid in full.
 - General interest charge (GIC): GIC will accrue on the entire SGC amount rather than just the total of the individual SG shortfall amounts.
 - Late payment penalty: If SGC remains unpaid 28 days after it is assessed, the ATO will be required to issue an employer a notice to pay. If the employer does not pay the SGC included in a notice to pay within a further 28-day period set out in the notice, they will be liable to a late payment penalty.
- The SGC will be tax-deductible, ensuring the income tax consequences for paying employees' superannuation are consistent.
- The late payment offset will no longer apply to amounts contributed after 1 July 2026.

- SBSCH decommission. The Small Business Superannuation Clearing House (SBSCH) will be retired from 1 July 2026 and closed to new users from 1 October 2025. The improvement in payroll software solutions over recent years provides employers with cost-effective and higher quality options for paying superannuation contributions more timely and accurately. We will engage with small businesses ahead of time to guide them in transitioning to a commercial alternative that is fit-for-purpose for Payday Superannuation.
- Fund allocation and SuperStream updates. The deadline for superannuation funds to allocate or return contributions that cannot be allocated will be reduced to 3 business days, down from 20. The SuperStream data and payment standards will be revised to allow faster payments via the New Payments Platform and improve error messaging to ensure employers and intermediaries can quickly address errors.
- STP updates. Employers will be required to report in Single Touch Payroll (STP) both the QE and the superannuation liability for an employee, ensuring the SG can be correctly identified.

The ATO has released a draft practical compliance guideline (PCG) 2025/D5 Payday Super – first year ATO compliance approach, in relation to its compliance approach for the 2026–27 year.

Law, consultation and media releases

- PCG 2025/D5 Payday Super first year ATO compliance approach, released for consultation 9 October 2025. Feedback is due by 7 November 2025.
- Treasury Laws Amendment (Payday Superannuation) Bill 2025 ☐
- Superannuation Guarantee Charge Amendment Bill 2025 ☐
- The Hon Stephen Jones MP media release <u>Consulting on payday</u> superannuation draft legislation ☐, 14 March 2025.
- The Hon Jim Chalmers MP joint media release <u>Payday</u> <u>superannuation design details to ensure superannuation is paid on</u> <u>time</u> □, 18 September 2024.

 The Hon Stephen Jones MP joint media release <u>Introducing payday</u> superannuation ☐, 2 May 2023.

QC 72411

Superannuation on Parental Leave Pay

New legislation where the government will pay super guarantee equivalent payments on government funded Parental Leave Pay.

Last updated 15 October 2024

On Thursday, 7 March 2024, the government announced, alongside the release of the Working for Women strategy, that from 1 July 2025 it will pay superannuation on government funded Parental Leave Pay which will be administered by the ATO. This measure is now law.

Under the new law eligible parents with babies born or adopted on or after 1 July 2025 will receive an additional contribution, based on the Superannuation Guarantee (12% of their Parental Leave Pay) to their nominated superannuation fund. The lump sum superannuation contribution, including an interest component, will be paid following the end of each financial year in which government funded Parental Leave Pay was paid.

The ATO will make the first payments from July 2026.

Eligible parents will continue to apply for Parental Leave Pay through Services Australia who are responsible for assessing eligibility for the payment and superannuation contribution.

For more information, see:

- Paid Parental Leave Amendment (Adding Superannuation for a More Secure Retirement) Act 2024 ☐
- Parental Leave Pay for a child born or adopted from 1 July 2023 -Services Australia ☐

- Changes if you get family payments Parental Leave Pay for a child born or adopted from 1 July 2023 Services Australia ☐
- Paid Parental Leave scheme for employers Services Australia ☐
- Super boost for new parents ☐

QC 101272

Low Income Superannuation Tax Offset (LISTO)

From 1 July 2027 the government is boosting LISTO by increasing the income threshold and payment cap.

Last updated 13 October 2025

On 13 October 2025, the Australian Government announced from 1 July 2027 the Low Income Superannuation Tax Offset (LISTO) income threshold will increase from \$37,000 to \$45,000 to match the top of the second income tax bracket. The maximum payment will also increase to \$810 to account for recent increases in the Superannuation Guarantee rate.

This measure is not yet law.

More information

- Low Income Superannuation Tax Offset (LISTO)
- Reforms to support low-income workers and build a stronger super system ☐
- Low income super tax offset

QC 105616

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