LCR 2026/1EC - Compendium

Australian Government
Australian Taxation Office

Law Companion Ruling compendium – LCR 2026/1

Relying on this Compendium

This Compendium of comments summarises and provides responses to submissions received during public consultation on draft Law Companion Ruling LCR 2026/D4 *Payday Super: application and transitional provisions*. It is intended to promote transparency and explain how stakeholder feedback was considered in finalising the document only.

It is not a publication that has been approved to allow you to rely on it for any purpose and is not intended to provide you with advice or guidance, nor does it set out the ATO's general administrative practice. Therefore, this Compendium does not provide protection from primary tax, penalties or interest for any taxpayer that purports to rely on any views expressed in it.

Consultation period: 18 March 2026 to 1 May 2026

We thank all submitters for their time and contributions.

Summary of issues raised and responses

Issue 1 – clarify the binding status of the Ruling

Paragraph or section of draft product

Relying on this Ruling

Issue raised

Clarification is required on the level of protection offered by the final Ruling.

ATO response

Superannuation guarantee (SG) charge, and the provisions of the *Superannuation Guarantee (Administration) Act 1992* (SGAA), does not fall within the formal legislative framework for rulings in Part 5-5 of Schedule 1 to the *Taxation Administration Act 1953*. The final Ruling provides that the Ruling is administratively binding on the Commissioner

Outcome

Clarified

Issue 2 – request for exemption

Paragraph or section of draft product

Not applicable – relevant to document scope

Issue raised

The final Ruling should provide an exemption from Payday Super either for a set period or for specific entities.

ATO response

We do not consider it appropriate to provide a compliance approach for the suggested circumstances because it would be contrary to the intent and purpose of Payday Super. The Commissioner's compliance approach for QE days in the first year of Payday Super is outlined in Practical Compliance Guideline PCG 2026/1 *Payday Super – first year ATO compliance approach*. No further compliance approach is proposed.

Outcome

No change

Issue 3 – additional contributions as a result of the change to Payday Super

Paragraph or section of draft product

Not applicable – relevant to document scope

Issue raised

The transition from a quarterly system to a payday-based system may result in some employees receiving more employer contributions in a single income year than expected and may therefore breach their concessional contributions cap for either the 2025–26 income year or the 2026–27 income year, depending on when employers make the change.

ATO response

This submission raises policy issues that are outside the scope of the Ruling. On 24 February 2026, the government announced its intent to introduce amendments to ensure individuals do not exceed their concessional contributions cap in the 2026–27 income year from their SG contributions as a result of the transition from the quarterly SG system to the new Payday Super system.[1]

Outcome

No change

Issue 4 – new employees within 20 days prior to 1 July 2026

Paragraph or section of draft product

Not applicable – relevant to document scope

Issue raised

The final Ruling should include guidance on how the allowable longer periods under Payday Super will apply to employees who begin their employment less than 20 days before the start of Payday Super.

ATO response

The purpose of the Ruling is to provide guidance on the transitional provisions relevant to the commencement of Payday Super. There is no applicable transitional provision that would apply to the situation raised in the comment. Where an employer has an employee whose first payday is prior to 1 July 2026, the old Act[2] will apply when determining whether the employer is liable to SG charge in respect of that payment. Where an employee's first payday is on or after 1 July 2026, the allowable longer period in table item 1 of subsection 18C(2) of the SGAA will apply to the first eligible contribution made by the employer for that employee, even if their employment began prior to 1 July 2026.

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[1] Refer Mulino, D (Assistant Treasurer, Minister for Financial Services) 2026, *Payday Super regulations*, media release, Canberra, 24 February 2026 https://ministers.treasury.gov.au/ministers/daniel-mulino-2025/media-releases/payday-super-regulations.

[2] 'old Act' means the *Superannuation Guarantee (Administration) Act 1992*, as in force on the particular day prior to 1 July 2026. See item 181 of Schedule 1 to the *Treasury Laws Amendment (Payday Superannuation) Act 2025*.

Outcome

No change

Issue 5 – employee shortfall exemption certificates

Paragraph or section of draft product

Not applicable – relevant to document scope

Issue raised

The final Ruling should cover how employee shortfall exemption certificates will transition between the old Act and Payday Super.

ATO response

The purpose of the Ruling is to provide guidance on the transitional provisions relevant to the commencement of Payday Super. The transitional provisions do not relate to employer shortfall exemption certificates. Consideration of this issue is therefore outside the scope of the Ruling. Guidance on this issue is available at Super guarantee opt out for high-income earners with multiple employers.

Outcome

No change

Issue 1 – improve structure and clarity

Paragraph or section of draft product

Not applicable – relevant to document usability

Issue raised

Improve cross-references between this and other Payday Super rulings and improve clarity of the Ruling, including introducing a timeline in relation to the transitional rule that is covered at paragraphs 25 to 28 of the draft Ruling. The final Ruling should include a glossary of defined terms to assist users in understanding and applying key concepts.

ATO response

The final Ruling has additional cross-references to the other Payday Super Law Companion Rulings, where appropriate.

A timeline has also been inserted at paragraph 30 of the final Ruling, to illustrate the operation of the transitional rule in relation to the allocation of contributions.

We recognise that a consolidated glossary may improve usability for some readers. We note that Law Companion Ruling LCR 2026/3 *Payday Super: calculation and assessment of the superannuation guarantee charge* outlines the meaning of key terms at the beginning of that Ruling. The intent of the Ruling is not to replicate explanation of terms and concepts that are covered in detail in other rulings. To assist the public in becoming familiar with new Payday Super terms, we have also published a Payday Super glossary at Payday Super – terms we use.

Outcome

Clarified

Issue 2 – additional examples

Paragraph or section of draft product

Not applicable – relevant to document usability

Issue raised

Additional examples should be included covering specific situations such as:

- micro-businesses or irregular payment cycles
- examples that show multiple employees in one example
- examples that demonstrate employers attempting to address shortfalls by direct payments to employees
- examples that show where systems are misaligned.

ATO response

The Ruling is not able to consider all possible factual circumstances. The purpose of the examples in the Ruling is to assist explanation of the written guidance on the transitional provisions. The examples used were chosen because they best demonstrate the operation of the transitional provisions. The Ruling is not intended to cover general transitional issues that employers may encounter that are unrelated to the specific transitional provisions outlined in the Ruling. Further examples to assist employers are available at Payday Super for employers.

Outcome

No change

Issue 3 – contributions made after 28 July 2026

Paragraph or section of draft product

Paragraphs 25 to 39

Issue raised

The draft Ruling only deals with contributions made between 1 July 2026 and 28 July 2026. The final Ruling should also include content or examples that explain how this transitional rule will apply for contributions made after 28 July 2026.

ATO response

The transitional rules, now outlined in paragraphs 25 to 40 of the final Ruling, will not apply to contributions made after 28 July 2026. As outlined in paragraph 29 of the final Ruling, contributions made on or after 29 July 2026 can only be applied to QE days on or after 1 July 2026. They will be allocated according to the rules under the new Act.[3] These rules are explained in Law Companion Ruling LCR 2026/2 *Payday Super: eligible contributions*.

Outcome

Clarified

[3] 'new Act' means the *Superannuation Guarantee (Administration) Act 1992*, as amended by the *Treasury Laws Amendment (Payday Superannuation) Act 2025*.

Issue 4 – warnings and compliance approach for the late payment offset and the contribution allocation rules between 1 July 2026 and 28 July 2026

Paragraph or section of draft product

Paragraphs 22 to 29

Issue raised

There should be more warnings and education around the removal of the late payment offset and the contribution allocation rules that apply between 1 July 2026 and 28 July 2026. There is concern that the transitional rule will result in employers having SG shortfalls for QE days in that period. Additionally, the ATO should adopt a compliance approach for July 2026 under which no compliance action will be taken so long as the employer meets the low-risk zone requirements in PCG 2026/1, in relation to any QE days that arise in July 2026, and meets the 28 July deadline in respect of the June 2026 quarter contributions.

ATO response

These issues are outside the scope of the Ruling. The Ruling sets out our interpretive view on the application and transitional provisions. Further educational messaging and information related to the transition to Payday Super is available at Payday Super: How to manage super during the changeover and Late payment offset will no longer be available.

The Commissioner's compliance approach for QE days in the first year of Payday Super (applicable to QE days from 1 July 2026 to 30 June 2027 inclusive) is outlined in PCG 2026/1. No further compliance approach is proposed.

Outcome

No change

Issue 10 – allocation of contributions by superannuation funds

Paragraph or section of draft product

Not applicable – relevant to the document usability

Issue raised

The draft Ruling may imply that superannuation funds have a role in allocating contributions to QE days. However, the application of QE days is an automatic process under the SGAA and is managed by the ATO. The final Ruling should avoid suggesting that superannuation funds allocate particular contributions to particular QE days.

ATO response

No change has been made. No specific references in the Ruling were highlighted in the feedback and we do not agree the Ruling can be read as requiring superannuation funds to allocate particular contributions to particular QE days.

Outcome

No change

Issue 11 – timing of publication of final Ruling

Paragraph or section of draft product

Not applicable – relevant to document publication

Issue raised

The ATO should prioritise early finalisation and publication of the final Ruling to allow employers, payroll providers and funds sufficient time to implement compliant systems and processes.

ATO response

We acknowledge the importance of providing timely and clear guidance to support implementation of the Payday Super reforms. We sought to publish the draft Ruling as quickly as possible, to ensure stakeholders had visibility of our preliminary views in preparing for the commencement of Payday Super.

We recognise that employers, payroll providers and superannuation funds rely on this guidance to design and implement systems, processes and controls in advance of commencement.

We have finalised the Ruling as soon as practicable, having regard to stakeholder feedback and the need to ensure the guidance accurately reflects the legislative framework and its intended operation.

The timing of publication has balanced the need to provide early certainty with the need to ensure the guidance is accurate, complete and informed by consultation.

Outcome

No change

Date of publication: 5 August 2026