

LCR 2026/3 - Payday Super: calculation and assessment of the superannuation guarantee charge

! This cover sheet is provided for information only. It does not form part of *LCR 2026/3 - Payday Super: calculation and assessment of the superannuation guarantee charge*

! There is a Compendium for this document: **LCR 2026/3EC** .



Status: **not legally binding**

Law Companion Ruling

Payday Super: calculation and assessment of the superannuation guarantee charge

❶ Relying on this Ruling

This Ruling is not a 'public ruling' for the purposes of the *Taxation Administration Act 1953*. The Ruling is, however, administratively binding on the Commissioner of Taxation.

Table of Contents	Paragraph
What this Ruling is about	1
Date of effect	7
Overview of the Payday Super reforms	8
Specific issues for guidance	13
Employers and the superannuation guarantee charge	13
QE day	17
<u>Example 1 – QE day</u>	22
<u>Example 2 – QE day with irregular payments</u>	25
Calculation of the superannuation guarantee shortfall	28
<i>Calculation of the individual final superannuation guarantee shortfall</i>	29
Individual superannuation guarantee amount	32
<u>Example 3 – qualifying earnings paid on a QE day</u>	38
<u>Example 4 – 2 separate payments of qualifying earnings on a QE day</u>	40
Individual base superannuation guarantee shortfall	42
<u>Example 5 – eligible contributions received during the usual period</u>	48
<u>Example 6 – some eligible contributions received during the usual period</u>	52
<u>Example 7 – foreign employer with employee in Australia</u>	56
<u>Example 8 – first contribution – new employee</u>	64
<u>Example 9 – multiple allowable longer periods</u>	70
Individual final superannuation guarantee shortfall	74
<u>Example 10 – late contributions</u>	78
<i>Individual notional earnings component</i>	81
<u>Example 11 – individual notional earnings component period</u>	89
<u>Example 12 – individual notional earnings component period – multiple contributions</u>	92
<u>Example 13 – individual notional earnings component period – deemed date of receipt</u>	95
<i>Administrative uplift amount</i>	100
When the administrative uplift percentage may be reduced	103
Reduction for voluntary disclosure statement	106
Reduction for compliance history	109
Reductions may be applied separately or cumulatively	110

Status: **not legally binding**

Voluntary disclosure statements	111
Commissioner-initiated assessments	114
Estimate of a superannuation guarantee charge liability	118
<u>Example 14 – calculating the administrative uplift amount</u>	119
<i>Choice loading</i>	125
Determining the amount of choice loading	129
Choice loading limit	131
<u>Example 15 – eligible contributions made to incorrect fund for multiple QE days</u>	137
Assessment of superannuation guarantee shortfall and superannuation guarantee charge	147
<i>Assessment based on information in a voluntary disclosure statement</i>	152
<i>Assessment on Commissioner's own initiative</i>	156
<i>Amendment of assessments</i>	159
<i>General interest charge</i>	161
Calculation and assessment of the superannuation guarantee shortfall and superannuation guarantee charge for a QE day	163
<u>Example 16 – Commissioner-initiated assessment</u>	165

What this Ruling is about

1. This Ruling is part of a suite of law companion rulings relating to the reforms to the superannuation guarantee (SG) framework made by the *Treasury Laws Amendment (Payday Superannuation) Act 2025* and the *Superannuation Guarantee Charge Amendment Act 2025*. These reforms, referred to as 'Payday Super' or 'the Payday Super reforms', apply from 1 July 2026.
2. These Rulings provide our views on key aspects of the revised legislative regime in the *Superannuation Guarantee (Administration) Act 1992* (SGAA).
3. This Ruling provides an overview of how the SG charge is calculated and assessed as a result of the amendments made by the Payday Super reforms.
4. In this Ruling, terms are used with the following definitions, unless otherwise indicated:
 - **Business day**¹ means a day other than
 - a Saturday or a Sunday, or
 - a day which is a public holiday for the whole of
 - any state
 - the Australian Capital Territory, or
 - the Northern Territory.
 - **Employee** has the same meaning as in section 12 of the SGAA and includes a former employee.²

¹ See subsection 6(1) of the SGAA (definition of 'business day').

² Section 15B of the SGAA provides that Part 3 of the SGAA (which includes the provisions for the liability to the SG charge and its calculation) applies in respect of payments to former employees as if they were employees.

Status: **not legally binding**

- **Employer** has the same meaning as in section 12 of the SGAA.
- **Estimate of SG charge liability** means an estimate made by the Commissioner under subsection 268-10(1) of Schedule 1 to the *Taxation Administration Act 1953* (TAA) of an employer's SG charge liability for a 'QE day'.
- **Individual SG amount** for an employee for a QE day is equal to the amount of the qualifying earnings for the employee for the QE day multiplied by the charge percentage (12) divided by 100.³
- **Late contributions** are contributions that are *eligible contributions relevant for the late period for the QE day* within the meaning of subsection 18D(2) of the SGAA.
- **Late period** for a QE day, an employer and an employee is the period starting on the day after the latest day an on-time contribution can be made and ending on the day before the day an assessment for the QE day is made for the employer.⁴
- **On-time contributions** are contributions that are *eligible contributions relevant for the QE day* within the meaning of subsection 18C(1) of the SGAA.
- **QE day** means a day on which an employer makes a payment of qualifying earnings to or for an employee.⁵
- **Qualifying earnings** has the meaning in section 10A of the SGAA. It includes all ordinary time earnings (OTE), amounts of OTE that have been sacrificed in exchange for additional employer superannuation contributions under a salary sacrifice arrangement and a range of additional types of earnings, remuneration and payments.
- **Superannuation fund** has the meaning given by subsection 6(1) of the SGAA and section 10 of the *Superannuation Industry (Supervision) Act 1993*, which includes a public sector superannuation scheme. However, in the context of this Ruling, it also includes a retirement savings account. This means that, unless the context indicates otherwise, when this Ruling refers to superannuation funds, this encompasses all arrangements to which superannuation contributions can be paid, or deemed to be paid, to avoid an SG charge liability arising under the SGAA.

5. In addition, terms that are defined in the SGAA or the *Income Tax Assessment Act 1997* are used with their defined meaning, unless otherwise indicated.

6. All further legislative references in this Ruling are to the SGAA, unless otherwise indicated.

Date of effect

7. This Ruling applies from 1 July 2026, being the commencement date of the Payday Super reforms.

³ Subsection 17A(2) of the SGAA.

⁴ Subsection 6(1) of the SGAA (definition of 'late period').

⁵ Subsection 17A(1) of the SGAA.

Status: **not legally binding**

Overview of the Payday Super reforms

8. The purpose of the Payday Super reforms is to create a strong incentive for employers to make superannuation contributions for their employees at the same time as they pay their employee's qualifying earnings. The reforms do this by reducing the time between the day employees are paid qualifying earnings (QE day) and the day employers must ensure their superannuation contributions are received by their employees' superannuation funds in order to avoid liability for the SG charge.

9. Broadly speaking, under Payday Super, employers are subject to the SG charge (a tax) if they have an SG shortfall. Employers will have an SG shortfall for a QE day (and be subject to the SG charge) unless they:

- make sufficient eligible contributions for their employees' benefit within the required time (and therefore have an individual base SG shortfall of nil for the QE day), and
- comply with the choice of fund requirements⁶ when making such contributions (and therefore have a choice loading of nil for the QE day).⁷

10. If an employer has an SG shortfall for a QE day, the employer can still reduce the amount of their SG shortfall by making late contributions and lodging a voluntary disclosure statement up until the day before the day the Commissioner makes an assessment of the SG charge for the QE day. However, the amount of the SG shortfall cannot be reduced to nil by late contributions because the SG shortfall includes notional earnings and an administrative uplift amount.

11. The SG charge for an employer for a QE day is equal to the amount of the employer's SG shortfall for that day.⁸ The Commissioner can make an assessment of an employer's SG shortfall for a QE day and the resulting SG charge at any time.⁹ The SG charge is payable from the day the assessment is made.¹⁰ A late payment penalty can apply to employers who delay paying the assessed SG charge.¹¹

12. The Payday Super reforms apply in respect of qualifying earnings paid on or after 1 July 2026. The Payday Super reforms also set out a range of transitional rules that are intended to address timing mismatches, legacy arrangements and overlapping obligations that may arise through the transition period.¹²

Specific issues for guidance

Employers and the superannuation guarantee charge

13. An employer who makes a payment of qualifying earnings to or for an employee needs to make a minimum amount of superannuation contributions by a particular time in order to avoid liability to the SG charge.¹³

14. In the context of the SGAA, 'employer' and 'employee' have a wide meaning in section 12, encompassing both the ordinary meaning of these terms and also a range of

⁶ In Part 3A.

⁷ Subsection 16B(1).

⁸ Section 6 of the *Superannuation Guarantee Charge Act 1992*.

⁹ Subsection 36(1).

¹⁰ Subsection 36(4).

¹¹ See sections 59 to 59E.

¹² See Law Companion Ruling LCR 2026/1 *Payday Super: application and transitional provisions*.

¹³ Section 16.

Status: **not legally binding**

relationships outside of traditional employment, such as certain labour contracts, directorships and the holding of government offices.¹⁴ They also include former employees and past employers.¹⁵

15. Taxation Ruling TR 2023/4 *Income tax and superannuation guarantee: who is an employee?* provides guidance about the Commissioner's view on when an individual is an employee of another entity and, correspondingly, when that other entity is the employer of the individual, both within the ordinary meaning and within the extended meaning under the SGAA.

16. There is no sequential hierarchy in section 12 when determining whether someone is an employer of an employee. The various subsections must be considered individually. An employment relationship will exist where any subsection is satisfied.¹⁶

QE day

17. A QE day is a day on which the employer makes a payment of qualifying earnings to or for an employee. Each day an employer makes a payment of qualifying earnings to or for an employee is a separate QE day. If an employer has an employee with an irregular payment cycle, the QE day is the day that the employer makes the irregular payment of qualifying earnings.

18. An employer makes a payment of qualifying earnings to or for an employee on the day that the payment leaves the account of the employer, or the account of an entity that makes the payment on behalf of the employer (payroll entity), to be transferred to the employee's account or to another entity at the employee's direction.

19. If a payment of qualifying earnings leaves the employer's or payroll entity's account on a day that is before the day that they intend for the employee to receive the payment, the day that the payment leaves the employer's or payroll entity's account is the QE day. Likewise, if the payment leaves the employer's or payroll entity's account on a particular day but there are processing or other delays that cause the payment to be received by the employee (or other account as directed by the employee) later than intended, the day the payment leaves the employer's or payroll entity's account is the QE day.

20. An employer does not make a payment of qualifying earnings to or for an employee on a day if the amount leaves the employer's or payroll entity's account on that day but the amount is never received by the employee (or other account as directed by the employee).

21. If an employer makes a payment of qualifying earnings on a particular day, that day will be the QE day even if the employer:

- puts the payment into its payroll or accounting system on a different day
- receives an invoice on a different day requesting payment of the qualifying earnings
- pays other employees on a different day, or
- reports the payment to the Commissioner on a different day.

¹⁴ See section 12. See also *Commissioner of Taxation v Racing Queensland Board* [2019] FCAFC 224 at [50–51].

¹⁵ Section 15B.

¹⁶ *Australian Turf Club Ltd and Commissioner of Taxation* [2024] AATA 2728 at [192].

Status: **not legally binding**

Example 1 – QE day

22. *Employer Co employs 2 retail workers, Callie and Walter, whose payday under the relevant award is weekly on a Friday. Their next payday is Friday, 4 August 2028.*

23. *In order to ensure the payments of qualifying earnings arrive in their employees' bank accounts on Friday 4 August 2028, Employer Co processes the transactions to pay Callie and Walter using its bank's internet banking system on Thursday, 3 August 2028 and the payments leave Employer Co's account on that day.*

24. *The QE day in relation to the payment of qualifying earnings to Callie and Walter is Thursday, 3 August 2028.*

Example 2 – QE day with irregular payments

25. *Employer Co has a casual employee, Lan, who works on an ad hoc basis when Employer Co requires their services and has the cash flow to be able to pay them.*

26. *Employer Co transfers a payment of qualifying earnings to Lan's bank account for work undertaken by Lan in July 2028. The payment leaves Employer Co's bank account on Tuesday, 1 August 2028 and arrives in Lan's account on the same day.*

27. *The QE day in relation to the payment of qualifying earnings to Lan is Tuesday, 1 August 2028.*

Calculation of the superannuation guarantee shortfall

28. The SG charge liability of an employer is based on their SG shortfall for a QE day.¹⁷ An employer's SG shortfall for a QE day is made up of 4 components, being the¹⁸:

- total of the employer's individual final SG shortfalls for employees for the QE day
- total of the employer's individual notional earnings components for the QE day
- employer's administrative uplift amount for the QE day, and
- total of the employer's choice loadings for the QE day.

Calculation of the individual final superannuation guarantee shortfall

29. The first component of an employer's SG shortfall for a QE day is the total of the employer's *individual final SG shortfalls* for employees for the QE day.¹⁹ This is, broadly, the difference between the amount of superannuation that the employer was required to pay for each employee in order to avoid liability to the SG charge, based on the qualifying earnings that were paid to or for the employee, and the amount of eligible contributions

¹⁷ Section 16A.

¹⁸ Section 16B.

¹⁹ Paragraph 16B(2)(a).

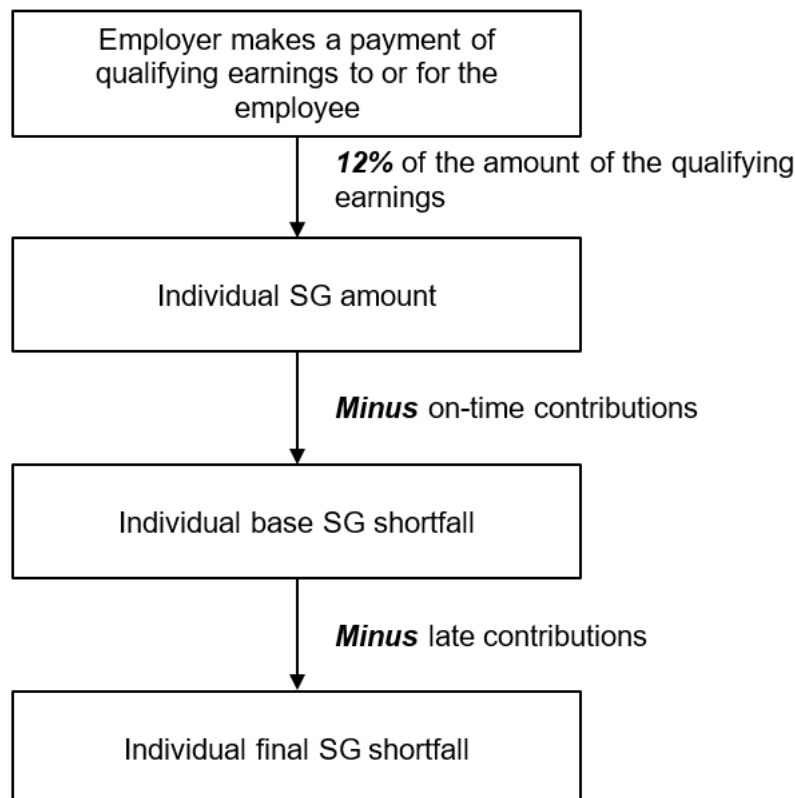
Status: **not legally binding**

that the employer actually did make for the employee before an SG charge assessment is made.²⁰

30. The individual final SG shortfall must be calculated for each employee for the QE day before they are added together. This means an employer that makes excess contributions for some employees and insufficient contributions for others will still have an individual final SG shortfall for each employee for which insufficient contributions were made.

31. The process for calculating the individual final SG shortfall is shown in Diagram 1 of this Ruling.²¹

Diagram 1: Process for calculating the individual final SG shortfall



Individual superannuation guarantee amount

32. The individual SG amount for an employee is equal to the amount an employer is required to contribute for an employee for a QE day in order to avoid liability to the SG charge.

33. When an employer pays qualifying earnings to or for an employee on a QE day, the employer has an individual SG amount for the employee for that QE day.²²

²⁰ Section 18D.

²¹ Adapted from Diagram 1.1 of the Explanatory Memorandum to the Treasury Laws Amendment (Payday Superannuation) Bill 2025 and the Superannuation Guarantee Charge Amendment Bill 2025 (EM).

²² Subsection 17A(1).

Status: **not legally binding**

34. The individual SG amount for an employee for a QE day is equal to the amount of the qualifying earnings multiplied by the charge percentage divided by 100.²³ This is expressed by the formula:

$$\text{Amount of the qualifying earnings} \times \frac{\text{Charge percentage}}{100}$$

35. The amount of the qualifying earnings refers to the total amount of qualifying earnings paid to or for the employee on the QE day. If more than one payment of qualifying earnings is paid by the employer to or for the employee on that QE day, the employer adds all the amounts of qualifying earnings together.

36. Qualifying earnings has the meaning given in section 10A. It includes all OTE, amounts of OTE that have been sacrificed in exchange for additional employer superannuation contributions under a salary sacrifice arrangement and a range of additional types of earnings, remuneration and payments. What is included in qualifying earnings can be affected by special rules, such as those relating to the maximum contribution base and exemption certificates.

37. The charge percentage is 12%.²⁴ This means that the employer's individual SG amount for an employee for a QE day will be equal to 12% of the qualifying earnings the employer has paid to or for the employee on that day.

Example 3 – qualifying earnings paid on a QE day

38. On 11 August 2028, Employer Co makes a \$1,000 payment of qualifying earnings to its employee Pam. As a result of the payment, 11 August 2028 is a QE day for Employer Co.

39. The individual SG amount for Pam for the QE day is equal to:

$$\$1,000 \text{ (the amount of qualifying earnings)} \times (12 \div 100) = \$120$$

Example 4 – 2 separate payments of qualifying earnings on a QE day

40. On 3 August 2028, Employer Co makes 2 separate payments of qualifying earnings to its employee Rajesh, one of \$2,000 and one of \$500.

41. The individual SG amount for Rajesh for the QE day of 3 August 2028 is equal to:

$$\$2,500 \text{ (the total amount of qualifying earnings)} \times (12 \div 100) = \$300$$

Individual base superannuation guarantee shortfall

42. An employer's individual base SG shortfall for an employee is the difference between their individual SG amount for the employee and the QE day and their eligible

²³ Subsection 17A(2).

²⁴ Subsection 17A(2).

Status: **not legally binding**

contributions for the employee relevant for the QE day (on-time contributions).²⁵ This is set out in the formula:

$$\text{Individual superannuation guarantee amount for the employee and the QE day} - \text{Eligible contributions relevant for the QE day}$$

43. An employer will have an individual base SG shortfall of nil if they make on-time contributions equal to or exceeding the individual SG amount.

44. On-time contributions are eligible contributions that are received by the employee's superannuation fund within any of the following periods²⁶:

- the 12-month period ending on the day before the QE day
- the period starting on the QE day and ending on the seventh business day after the QE day (the 'usual period'), or
- the longest 'allowable longer period' applicable for the employee and the QE day (if any).

45. An allowable longer period will apply in these circumstances²⁷:

- a new employee engagement
- when an existing employee changes superannuation fund
- an out-of-cycle payment of qualifying earnings
- where an exceptional circumstances determination has been made that covers the employer and the QE day, and
- where an allowable longer period applies to an earlier QE day and the usual period for the later QE day would otherwise end before the end of that allowable longer period.

46. These periods and what constitutes an on-time contribution are prescribed by law. The Commissioner has no discretion to treat contributions received by an employee's superannuation fund outside of these periods as on-time contributions.

47. Law Companion Ruling LCR 2026/2 *Payday Super: eligible contributions* contains guidance on what an eligible contribution is and when an eligible contribution will be an on-time contribution. The examples that follow apply the principles outlined in that Ruling.

Example 5 – eligible contributions received during the usual period

48. On 11 August 2028, Employer Co makes a \$1,000 payment of qualifying earnings to Craig. The individual SG amount for Craig is \$120 for the QE day.

49. On 14 August 2028, Employer Co makes a \$120 SG contribution to Craig's nominated superannuation fund. On 17 August 2028, Craig's nominated superannuation fund receives the \$120 contribution and allocates the contribution to Craig's member account.

²⁵ Section 18C.

²⁶ Paragraph 18C(1)(c). They must also not have been applied as an on-time or late contribution for an earlier QE day (paragraph 18C(1)(a)).

²⁷ Subsection 18C(2).

Status: **not legally binding**

50. The SG contribution is received by the superannuation fund on the fourth business day after the QE day and therefore is received during the usual period.

51. The \$120 contribution is an on-time contribution and results in an individual base SG shortfall for Craig for the QE day of nil ($\$120 - \$120 = \$0$).

Example 6 – some eligible contributions received during the usual period

52. On 3 August 2028, Employer Co makes a \$3,000 payment of qualifying earnings to Anna. The individual SG amount for Anna and the QE day is \$360.

53. On 7 August 2028, Employer Co makes a \$240 SG contribution to Anna's nominated superannuation fund for the QE day. On 10 August 2028, Anna's nominated superannuation fund receives the \$240 contribution, which is able to be allocated to Anna's member account. By the end of 15 August 2028, Anna's nominated superannuation fund has not received any additional eligible contributions for the QE day. The usual period includes an additional day because 7 August 2028 is not counted as a business day for SG purposes, due to the Picnic Day public holiday which applies to the whole of the Northern Territory. It does not matter whether Employer Co or Employer Co's employees are located in the Northern Territory or elsewhere.

54. The \$240 SG contribution is received 4 business days after the QE day (that is, during the usual period). The \$240 is an on-time contribution and is applied against the \$360 individual SG amount.

55. The individual base SG shortfall for Anna and the QE day is \$120 ($\$360 - \$240 = \120).

Example 7 – foreign employer with employee in Australia

56. Employer International Co is a multinational corporation whose payroll is centralised at their headquarters in London, United Kingdom.

57. Ivan, a resident of the United Kingdom, is an employee of Employer International Co but is seconded to the company's Sydney office to perform work in that office for a period of 8 months. His salary continues to be paid by the London office.

58. As he is performing work in Australia, Employer International Co must make superannuation contributions in respect of Ivan to avoid incurring an SG charge.²⁸

59. Employer International Co makes payments of qualifying earnings to Ivan that are intended to arrive in his bank account on the second Friday of each month. On Thursday 10 August 2028, Employer International Co transfers a payment of \$7,500 qualifying earnings to Ivan's account which leaves Employer International Co's account on that day.

60. The QE day in relation to the payment of qualifying earnings to Ivan is Thursday, 10 August 2028. The individual SG amount for Ivan and the QE day is \$900.

61. Employer International Co makes a \$900 SG contribution for the QE day to Ivan's nominated superannuation fund on 31 August 2028, which is received by Ivan's superannuation fund on 1 September 2028 and is allocable on that day.

62. None of the specific circumstances outlined in paragraph 45 of this Ruling apply to Employer International Co and Ivan and the QE day, therefore no allowable longer period

²⁸ For the purpose of this example, the calculation of Ivan's qualifying earnings is not affected by any of the circumstances set out in sections 11 or 12 of the *Superannuation Guarantee (Administration) Regulations 2018* (2018 Regulations).

Status: **not legally binding**

is applicable for Employer International Co to make on-time contributions to Ivan's superannuation fund. As such, to avoid an SG shortfall for the QE day, Employer International Co had to make eligible contributions to Ivan's superannuation fund so that they were received by his superannuation fund within the usual period of 7 business days after the QE day (that is, by Monday 21 August 2028).²⁹

63. *As there were no eligible contributions received by Ivan's superannuation fund from Employer International Co within the usual period, no on-time contributions were made. The individual base SG shortfall for Ivan and the QE day is therefore \$900 (\$900 - \$0 = \$900).³⁰*

Example 8 – first contribution – new employee

64. *On 4 August 2028, Employer Co engages Kevin, a new employee.*

65. *On 11 August 2028, Employer Co makes a \$1,750 payment of qualifying earnings to Kevin. The individual SG amount for Kevin and the QE day is \$210. As Kevin is a new employee, an allowable longer period applies. To avoid an SG shortfall for the QE day, the first eligible contribution for Kevin as a new employee must be received by his superannuation fund, and be able to be allocated to Kevin's account, within the period of 20 business days after the QE day. In this case, the allowable longer period ends at the end of 8 September 2028.*

66. *On 25 August 2028, Employer Co makes a \$3,500 payment of qualifying earnings to Kevin. The individual SG amount for this QE day is \$420. The usual period for this QE day for Kevin ends on 5 September 2028, which is before the end of the allowable longer period for when eligible contributions are to be received by Kevin's superannuation fund for the earlier QE day (11 August 2028). As a result, an allowable longer period applies for Kevin for this later QE day. Eligible contributions received by Kevin's superannuation fund, and able to be allocated to his account, before the end of 8 September 2028 will be on-time contributions for the 25 August 2028 QE day.*

67. *On 6 September 2028, Employer Co makes an SG contribution of \$630 to Kevin's superannuation fund. This amount is received by Kevin's superannuation fund and allocable to his account on 7 September 2028.*

68. *In respect of the \$630, \$210 is an on-time contribution received by Kevin's superannuation fund during the allowable longer period for the 11 August 2028 QE day and is applied first against that QE day as the earliest QE day. The individual base SG shortfall for Kevin and that QE day is therefore nil.*

69. *The remaining \$420 is an eligible on-time contribution received by Kevin's superannuation fund during the allowable longer period for the 25 August 2028 QE day. The individual base SG shortfall for Kevin and that QE day is therefore nil.*

Example 9 – multiple allowable longer periods

70. *Phil has been an employee of Employer Co for 5 years. Phil notifies Employer Co that he has ceased membership with his existing superannuation fund and transferred his*

²⁹ Assuming Employer International Co had not made eligible contributions to Ivan's superannuation fund in the 12-month period ending on 9 August 2028 that had not been applied as an on-time or late contribution for an earlier QE day.

³⁰ The late contribution made by Employer International Co will be taken into account in calculating the individual final SG shortfall for Ivan and the QE day. See paragraphs 74 to 77 of this Ruling.

Status: **not legally binding**

interest to a new choice superannuation fund from 8 August 2028. Employer Co has never made SG contributions to this new superannuation fund for Phil's benefit.

71. *On 11 August 2028, Employer Co makes a \$3,150 payment of qualifying earnings to Phil. The individual SG amount for Phil for the QE day is \$378. For the first contribution made to a new superannuation fund for an employee, an allowable longer period applies. The allowable longer period is 20 business days after the QE day, which means this allowable longer period for Phil and the QE day ends at the end of 8 September 2028.*

72. *However, an exceptional circumstances determination is issued on 14 August 2028. It covers a class of employers which includes Employer Co and QE days in the period 9 August 2028 to 18 August 2028. As a result, another allowable longer period also applies for Phil and the 11 August 2028 QE day. This allowable longer period ends at the end of 11 September 2028.*

73. *On 6 September 2028, Employer Co makes a \$378 SG contribution to Phil's new nominated superannuation fund, which is received by the fund and allocable to Phil's account on 9 September 2028. This is an on-time contribution for the QE day as it is received before the end of the latest day in any applicable allowable longer period for the QE day. The eligible contributions are applied against the 11 August 2028 QE day and result in an individual base SG shortfall for Phil and the QE day of nil.*

Individual final superannuation guarantee shortfall

74. If an employer's individual base SG shortfall for an employee and QE day is nil (because the employer has made sufficient on-time contributions for that employee and QE day), the individual final SG shortfall for that employee and QE day is also nil.³¹ Otherwise, the employer's individual final SG shortfall for the employee and QE day is the amount of the employer's individual base SG shortfall, less any eligible contributions relevant for the late period for the QE day (late contributions).³²

75. This means that even if an employer has not made sufficient on-time contributions for an employee for a QE day (and so has an individual base SG shortfall greater than nil), they can still make late contributions to reduce their individual final SG shortfall for the QE day. This will reduce their overall SG shortfall and resulting SG charge liability.

76. Late contributions are eligible contributions that:

- are received in the period (late period³³)
 - starting the day after the last day a contribution can be an on-time contribution for that QE day, and
 - ending the day before an assessment of the employer's SG shortfall is made for that QE day, and
- have not been applied for an earlier QE day.³⁴

77. However, even if an employer makes sufficient late contributions to reduce their individual final SG shortfall to nil before an assessment is made, they will still have an SG

³¹ Paragraph 18D(1)(a).

³² Paragraph 18D(1)(b) and subsection 18D(2). Note that the individual final SG shortfall cannot be reduced to less than nil – paragraph 18D(2)(d).

³³ Subsection 6(1) (definition of 'late period').

³⁴ Subsection 18D(2).

Status: **not legally binding**

shortfall for the employee for the QE day. This is because the individual base SG shortfall is used in the calculation of other components of the SG charge.³⁵

Example 10 – late contributions

78. As a result of a payment of qualifying earnings of \$1,000 to Layla on 11 August 2028, Employer Co has an individual SG amount of \$120 for Layla for the QE day. No on-time contributions are made to Layla's superannuation fund, with the usual period for the QE day ending on 22 August 2028, resulting in Employer Co having an individual base SG shortfall of \$120.

79. On 28 August 2028, Employer Co pays an eligible contribution of \$120 to Layla's nominated superannuation fund. This contribution is received by the fund and allocated to Layla's account on 30 August 2028, before the Commissioner assesses Employer Co's SG charge liability.

80. The contribution of \$120 is a late contribution and reduces Employer Co's individual final SG shortfall for Layla for the 11 August 2028 QE day to nil.

Individual notional earnings component

81. The second component of the SG shortfall of an employer for a QE day is the total of the individual notional earnings components.³⁶

82. The individual notional earnings component is designed to compensate employees for lost superannuation earnings when eligible contributions are not made on time by their employer. It is calculated using the individual base SG shortfall.

83. The individual notional earnings component for a QE day is calculated for each employee by:

- on the first day of the relevant period, applying the general interest charge (GIC) rate³⁷ to the individual base SG shortfall relating to that employee
- on any subsequent days, applying the GIC rate to the sum of the individual base SG shortfall and the notional earnings amounts for that employee and QE day for the previous days in the late period.³⁸

84. The individual notional earnings component accrues daily on a compounding basis for each calendar day in the late period. However, if a contribution is received by the employee's superannuation fund on a day during the late period which reduces the individual final SG shortfall for the employee for the QE day to nil, the individual notional earnings component ceases at an earlier time. In that circumstance, the individual notional earnings component is calculated from the beginning of the late period up to and including the day the contribution is received that reduces the individual final SG shortfall to nil for the employee and QE day.

85. If a contribution is received by the employee's superannuation fund on a day during the late period which does not reduce the individual final SG shortfall for the employee for

³⁵ See the individual notional earnings component and the administrative uplift amount discussed at paragraphs 81 to 88 and 100 to 118 of this Ruling respectively.

³⁶ Paragraph 16B(2)(b).

³⁷ In this context, the 'general interest charge rate' means the rate determined under section 8AAD of the *Taxation Administration Act 1953*.

³⁸ Subsection 19A(2).

Status: **not legally binding**

the QE day to nil, the notional earnings calculation will not be impacted by that contribution. Notional earnings will continue to accrue on a compounding basis on the individual base SG shortfall amount for the employee until the earlier of:

- a late contribution being received that does reduce the individual final SG shortfall to nil, or
- the day before the day the Commissioner makes an assessment for the QE day.

86. This means that the amount of the individual notional earnings component for an employer that makes a late contribution can depend on the day the late contribution is received by the employee's superannuation fund and able to be allocated to the employee.

87. The law provides that, in certain circumstances, an eligible contribution will be taken to have been received by a superannuation fund on a particular date for the purposes of the calculation of the notional earnings component only. Specifically, if an employer lodges a voluntary disclosure statement³⁹ that includes the date the employer paid a late contribution and does not include the date the contribution was received by the employee's superannuation fund, the contribution is taken to have been received by the fund 7 business days after the day the contribution was paid.⁴⁰

88. The individual notional earnings component is calculated by the Commissioner and forms part of the SG charge assessment.

Example 11 – individual notional earnings component period

89. *Employer Co has an individual base SG shortfall for Moana for the 7 September 2028 QE day of \$120. As Employer Co has an individual base SG shortfall for Moana, it also has an individual notional earnings component for Moana for the QE day.*

90. *Employer Co makes a late contribution of \$120 which is received by Moana's superannuation fund, and is allocable to her account, on 20 October 2028.*

91. *Employer Co's individual notional earnings component for Moana accrues for a total of 32 calendar days from 19 September 2028 (the beginning of the late period) to 20 October 2028 (being the last day Employer Co had an individual final SG shortfall greater than nil in relation to Moana for the QE day).*

Example 12 – individual notional earnings component period – multiple contributions

92. *Employer Co has an individual base SG shortfall of \$140 for Yuki for the 21 August 2028 QE day. Employer Co later makes 2 late contributions for Yuki for the QE day – one contribution of \$20 is received by Yuki's superannuation fund, and is allocable to her account, on 18 September 2028 and another contribution of \$120 is received by Yuki's superannuation fund, and is allocable to her account, on 27 September 2028.*

93. *As Employer Co had an individual base SG shortfall for Yuki, it is also liable for an individual notional earnings component for Yuki for the QE day.*

94. *Employer Co's individual notional earnings component for Yuki and the QE day accrues for a total of 28 calendar days from 31 August 2028 (the beginning of the late*

³⁹ For more information about voluntary disclosure statements, see paragraphs 111 to 113 and 152 to 155 of this Ruling.

⁴⁰ Subsection 36(3).

Status: **not legally binding**

period) to 27 September 2028 (the last day Employer Co had an individual final SG shortfall greater than nil for Yuki for the QE day). As the late contribution on 18 September 2028 did not reduce Employer Co's individual final SG shortfall for Yuki and the QE day to nil, it did not end this period or otherwise alter the calculation of the individual notional earnings component.

Example 13 – individual notional earnings component period – deemed date of receipt

95. On 29 June 2027, Employer Co identifies that it has underpaid Angus's superannuation in relation to a payment of qualifying earnings on the 8 June 2027 QE day. As a result of the underpayment, it has an individual base SG shortfall of \$50.

96. Employer Co immediately pays this amount to Angus's chosen superannuation fund (which in due course is received by the fund and allocated to Angus's member account) and lodges a voluntary disclosure statement informing us about its SG charge liability. In its voluntary disclosure statement, Employer Co includes the day it paid the contribution (29 June 2027), but not the day the contribution was received by Angus's superannuation fund.

97. As Employer Co had an individual base SG shortfall for Angus for the QE day, it is also liable for an individual notional earnings component for Angus for that QE day.

98. Employer Co's individual notional earnings component for Angus begins to accrue from 19 June 2027 (the beginning of the late period). The late period starts on 19 June 2027, because 14 June 2027 is not a business day for SG purposes, due to it being the King's Birthday public holiday in several states. The usual period for the 8 June 2027 QE day therefore does not end until the end of 18 June 2027.

99. As the voluntary disclosure statement made by Employer Co includes the payment date for the contribution that reduced Employer Co's individual final SG shortfall to nil for Angus for the QE day, but does not include the day the contribution was received by Angus's superannuation fund, this is deemed to have occurred 7 business days after the date of payment by Employer Co (that is, on 8 July 2027). As a result, the individual notional earnings component for Angus for the QE day is calculated up to and including 8 July 2027.

Administrative uplift amount

100. The third component of an employer's SG shortfall is the employer's administrative uplift amount.⁴¹ The administrative uplift amount is designed to recoup some of the Commissioner's costs associated with investigating and assessing the SG charge and to incentivise prompt disclosure of SG shortfalls.⁴²

101. If an employer has one or more individual base SG shortfalls greater than nil for a QE day, an administrative uplift amount is applied automatically.

102. An employer's administrative uplift amount for a QE day is equal to 60% of the sum of all the employer's individual *final* SG shortfalls and individual notional earnings components for the QE day.⁴³

⁴¹ Paragraph 16B(2)(c).

⁴² Paragraph 1.82 of the EM.

⁴³ Subsection 19B(1).

Status: **not legally binding**

When the administrative uplift percentage may be reduced

103. The default administrative uplift percentage of 60% may be reduced (but not below nil) if either or both of the following apply:

- the employer lodges a voluntary disclosure statement for the QE day prior to the assessment of SG charge being made⁴⁴, or
- in the 24-month period⁴⁵ ending on the QE day, the Commissioner has not made⁴⁶
 - a Commissioner-initiated assessment that is in force on the QE day, or
 - an estimate of SG charge liability for the employer under subsection 268-10(1) in Schedule 1 to the TAA.

104. An estimate of SG charge liability that is revoked or reduced to nil on or before the QE day is disregarded.⁴⁷

105. The terms ‘voluntary disclosure statement’, ‘Commissioner-initiated assessment’ and ‘estimate of SG charge liability’ are explained in detail at paragraphs 111 to 118 of this Ruling.

Reduction for voluntary disclosure statement

106. A reduction in the administrative uplift percentage will apply if the employer lodges a voluntary disclosure statement to disclose an SG shortfall for the QE day prior to an assessment being made.

107. By lodging a voluntary disclosure statement, the employer has reduced the administrative burden of the Commissioner in assessing their SG charge liability.

108. The amount of the reduction in the administrative uplift percentage depends on when the voluntary disclosure statement is lodged.⁴⁸ This is outlined in Table 1 of this Ruling.

Table 1: Reduction in administrative uplift percentage when a voluntary disclosure statement is lodged by the employer

Day the voluntary disclosure statement is lodged	Reduction in the default administrative uplift percentage	Resulting administrative uplift percentage
Before the end of 30 calendar days starting on the QE day	40 percentage points	20%
31 to 60 calendar days starting on the QE day	35 percentage points	25%
61 to 120 calendar days starting on the QE day	30 percentage points	30%

⁴⁴ See subsections 19B(2) and (3) of the SGAA and section 13D of the 2018 Regulations.

⁴⁵ A transitional rule applies for QE days in the period beginning on 1 July 2026 and ending on 30 June 2028 – see subsection 13C(3) of the 2018 Regulations. For these QE days, the test period is not the preceding 24 months but the period commencing on 1 July 2026 and concluding on the QE day.

⁴⁶ See subsections 19B(2) and (3) of the SGAA and section 13C of the 2018 Regulations.

⁴⁷ Subsection 13C(2) of the 2018 Regulations.

⁴⁸ Section 13D of the 2018 Regulations.

LCR 2026/3Status: **not legally binding**

Day the voluntary disclosure statement is lodged	Reduction in the default administrative uplift percentage	Resulting administrative uplift percentage
More than 120 calendar days starting on the QE day	15 percentage points	45%

Reduction for compliance history

109. The administrative uplift percentage is reduced by 20 percentage points where, in the 24-month period ending on the QE day, the Commissioner has not made⁴⁹:

- a Commissioner-initiated assessment that is in force on the QE day, or
- an estimate of SG charge liability for the employer.

Reductions may be applied separately or cumulatively

110. Each of the reductions to the administrative uplift percentage can be applied separately or cumulatively. This means that there are 10 potential final outcomes for the employer's administrative uplift amount, reflected in Table 2 of this Ruling.

Table 2: Administrative uplift percentage based on the circumstances of the employer

Lodgment date of voluntary disclosure statement	Administrative uplift percentage if there are no Commissioner-initiated assessments or estimates made in the 24 months ending on the QE day that are still in force on that day	Administrative uplift percentage if there is a Commissioner-initiated assessment or estimate made in the 24 months ending on the QE day that is still in force on that day
Before the end of 30 calendar days starting on the QE day	0%	20%
31 to 60 calendar days starting on the QE day	5%	25%
61 to 120 calendar days starting on the QE day	10%	30%
More than 120 calendar days starting on the QE day	25%	45%
Not lodged before assessment	40%	60%

Voluntary disclosure statements

111. An employer who has an SG shortfall for a QE day may lodge a voluntary disclosure statement to report that shortfall.⁵⁰ Employers can make a voluntary disclosure statement at any time before the day the Commissioner makes an assessment of the SG shortfall for the QE day.⁵¹ An employer may make a voluntary disclosure statement

⁴⁹ Subsection 13C(1) of the 2018 Regulations.

⁵⁰ Subsection 33(1).

⁵¹ Paragraph 33(2)(a).

Status: **not legally binding**

whether or not they have made any late contributions to reduce their SG shortfall for the QE day.

112. A voluntary disclosure statement must be in the approved form.⁵² This means that the statement must be provided in a form approved by the Commissioner and contain the information required by that form and any further information, statement or document as required by the Commissioner.⁵³

113. A statement that does not comply with the requirements of the approved form will not be a voluntary disclosure statement and will not reduce the administrative uplift percentage. However, minor errors or discrepancies will not prevent a statement that substantially complies with the approved form requirements from being a voluntary disclosure statement.⁵⁴

Commissioner-initiated assessments

114. A Commissioner-initiated assessment is an original assessment of SG charge that is made on the Commissioner's own initiative rather than being based on information provided in a voluntary disclosure statement.⁵⁵

115. A Commissioner-initiated assessment is also one made by the Commissioner in response to an employer lodging a statement that purports to be a voluntary disclosure statement, but which does not meet the requirements to qualify as one.

116. A statement that is not in the approved form because it omits material information is an example of a purported voluntary disclosure statement – for example, if the approved form requires disclosure of the payment date or receipt date for any late contribution made by the employer and the employer lodges a statement confirming a late contribution was made but provides neither of those dates. Providing at least one of these dates would be a material requirement of the approved form where a late contribution has been made in respect of an employee.

117. For the purposes of the administrative uplift amount, it is only an original SG charge assessment, not an amended SG charge assessment, that can come within the definition of a 'Commissioner-initiated assessment'.⁵⁶

Estimate of a superannuation guarantee charge liability

118. An estimate of SG charge liability is a liability the employer must pay under section 268-20 of Schedule 1 to the TAA. Under subsection 268-10(1) of Schedule 1 to the TAA, the Commissioner may estimate the unpaid and overdue amount of certain liabilities including a liability to pay SG charge where an assessment has not been made. This provision enables the Commissioner to make an estimate of an employer's SG charge liability if there is insufficient reliable information to enable an assessment to be made.

⁵² Paragraph 33(2)(b).

⁵³ Subsection 388-50(1) of Schedule 1 to the TAA.

⁵⁴ Section 25C of the *Acts Interpretation Act 1901* states that when an Act prescribes a form, strict compliance with the form is not required and substantial compliance is sufficient.

⁵⁵ Subsection 13C(4) of the 2018 Regulations.

⁵⁶ An amended assessment can never be a Commissioner-initiated assessment because paragraph 13C(4)(b) of the 2018 Regulations requires the assessment to have been made under subsection 36(1) of the SGAA. Amended assessments are made under section 37 of the SGAA.

Status: **not legally binding**

Example 14 – calculating the administrative uplift amount

119. *Employer Co makes a payment of qualifying earnings for its 2 employees, Chris and Ali, on 19 October 2028. Employer Co makes eligible contributions for both employees. The amount of each contribution equals the individual SG amount for each employee and they are received by each respective superannuation fund, and are allocable to each employee's account, on 8 November 2028. As the usual period for receipt of the contributions for the QE day is 7 business days (ending on 30 October 2028), the contributions are made in the late period. For both employees, the late contribution reduces the employer's individual final SG shortfall to nil. However, Employer Co is still subject to an individual notional earnings component for both Chris and Ali from 31 October 2028 (the first day of the late period) to the day the individual final SG shortfall is reduced to nil.*

120. *Employer Co lodges a voluntary disclosure statement with us on 8 November 2028. This is 20 calendar days after the QE day but before the employer's SG shortfall and SG charge for the QE day is assessed.*

121. *The voluntary disclosure statement is in the approved form and provides the information required by the form. As the voluntary disclosure statement is lodged before the end of 30 calendar days starting on the QE day, the administrative uplift percentage is reduced by 40 percentage points.*

122. *Additionally, in the 24-month period ending on the QE day of 19 October 2028, there has been no Commissioner-initiated assessment of SG charge or an estimate for Employer Co under subsection 268-10(1) of Schedule 1 to the TAA. As a result, Employer Co's administrative uplift percentage is reduced by a further 20 percentage points to 0% of the total of its individual final SG shortfalls and the individual notional earnings components. Accordingly, the administrative uplift amount will be nil.*

123. *However, if there had been a Commissioner-initiated assessment of SG charge made on 22 September 2028 for the QE day of 25 August 2028, Employer Co would not be entitled to this further reduction in the administrative uplift percentage. This would not affect its entitlement to the reduction for lodging a voluntary disclosure statement.*

124. *Accordingly, in this alternative scenario, the administrative uplift amount will be 20% of the total of Employer Co's individual final SG shortfalls and the individual notional earnings components.*

Choice loading

125. The final component of the SG shortfall is the total of the employer's choice loadings for the QE day.⁵⁷

126. A choice loading arises for an employee for a QE day if an employer makes eligible contributions for the employee that fail to comply with the choice of fund requirements set out in Part 3A. This includes both actual contributions and contributions notionally made to a defined benefit scheme under subsection 18A(3).⁵⁸

⁵⁷ Paragraph 16B(2)(d).

⁵⁸ Subsections 20A(2) and (3).

Status: **not legally binding**

127. Generally, to comply with the choice of fund requirements, an employer must make eligible contributions for an employee to the employee's chosen superannuation fund.⁵⁹ In some circumstances, such as where the employee has not chosen a fund, it may be possible for contributions to a superannuation fund that is not a chosen fund to satisfy the choice of fund requirements or for an exception to apply to the choice of fund requirements.⁶⁰ Further requirements apply to notional contributions to defined benefit superannuation funds.⁶¹

128. However, regardless of the superannuation fund to which contributions are paid, the choice of fund rules will not be satisfied if the employer imposes a direct cost or charge on the employee for having to contribute to that fund.⁶²

Determining the amount of choice loading

129. If all of an employer's eligible contributions for an employee for a QE day either satisfy the choice of fund requirements or are covered by an exception, the employer will have no choice loading for the QE day for that employee.

130. However, when some or all of the contributions made for an employee do not satisfy the choice of fund requirements and no exclusion is applicable, then a choice loading arises in relation to the employee for the QE day. The amount of the choice loading is the *lower of*⁶³:

- 25% of the total contributions that did not comply with the choice of fund requirements, or
- the choice loading limit for the QE day.

Choice loading limit

131. The choice loading limit for a QE day is \$1,200.⁶⁴ This means that the amount of choice loading an employer can be liable to pay for the QE day in relation to one employee cannot exceed \$1,200.

132. This limit can be reduced to account for other choice loading liabilities for other QE days over a specific period – the 'notice period'.

133. Specifically, the choice loading limit for a QE day is reduced by an amount equal to the amount of any choice loadings for prior QE days in the notice period.⁶⁵ This means that, in practice, the choice loading limit applies on a cumulative basis over a notice period. The choice loading limit for each subsequent QE day in a notice period is reduced by the total of the past choice loadings during the notice period. As a result, the maximum amount

⁵⁹ Section 32C.

⁶⁰ Section 32C sets out circumstances in which contributions may be able to be made to certain other superannuation funds and still satisfy choice of fund requirements. Some of these circumstances apply where a superannuation fund has not been chosen, permitting contributions to stapled funds (broadly, a superannuation fund with which the employee already has an account) or default funds (broadly, a fund meeting certain requirements that the employer has specified as the superannuation fund to which contributions will be paid in the absence of a chosen fund or stapled fund for an employee). Others address cases that fall outside the choice framework (such as contributions to unfunded public sector superannuation schemes) or to address administrative or process issues or transitional issues (such as successor fund transfers or contributions made under historic industrial agreements).

⁶¹ Subsection 20A(3) and section 20B.

⁶² Section 32CA.

⁶³ Paragraph 20A(1)(a).

⁶⁴ Subsection 20C(1).

⁶⁵ Subsection 20C(2).

Status: **not legally binding**

of choice loading an employer can be liable for in relation to each employee over any notice period cannot exceed \$1,200.

134. The notice period is the period⁶⁶:

- beginning on the latest of
 - 1 July 2026
 - the day the employee's employment commenced with the employer, and
 - the day after the end of the immediately preceding notice period (if any) for the employer and the employee, and
- ending on the day the employer is given written notice by the Commissioner that the period has ended.

135. The Commissioner will usually give written notice to an employer that the notice period has ended on the day on which the Commissioner makes or amends the employer's SG charge assessments to include choice loading amounts for QE days in the period.

136. The choice loading component is calculated by the Commissioner and forms part of the SG charge assessment.

Example 15 – eligible contributions made to incorrect fund for multiple QE days

137. *Mary has been an employee of Employer Co since July 2024. On 4 August 2028, Mary provides written notice to Employer Co of a change to her choice of superannuation fund. It sets out all prescribed information and provides written evidence that the new chosen superannuation fund will accept contributions made by an employer for the benefit of Mary.*

138. *This means from 5 October 2028 (the date the choice has effect)⁶⁷, any eligible contributions Employer Co makes for a QE day for the benefit of Mary must be made to her new choice of superannuation fund.*

139. *After receiving Mary's written notice, Employer Co continues to make eligible contributions to Mary's former superannuation fund, in line with its administrative practice since the commencement of Mary's employment.*

140. *On 6 October 2028 and 20 October 2028, in line with its general pay cycle, Employer Co pays Mary \$2,000 of qualifying earnings for each QE day. The individual SG amount for each QE day is \$240.*

141. *For each of the QE days, Employer Co makes \$240 in eligible contributions to Mary's original superannuation fund. The eligible contributions are received by the superannuation fund during the usual period and are allocated to Mary's member account.*

142. *On 6 November 2028, Employer Co becomes aware of its mistake and makes a voluntary disclosure statement to the Commissioner in respect of making eligible contributions to the incorrect superannuation fund of choice for Mary and of its SG shortfall in respect to Mary for the QE days of 6 October 2028 and 20 October 2028. In informing the Commissioner, Employer Co details the individual SG amount for each QE day and the*

⁶⁶ Subsection 20C(3).

⁶⁷ A superannuation fund becomes a chosen fund for an employee 2 months after the employee or Commissioner gives notice to the employer or such earlier time after notice was given that the employer determines – section 32F.

Status: **not legally binding**

payment day on which the \$240 in eligible contributions was incorrectly made for each of the QE days.

143. *For the purpose of this example, the current notice period had commenced on 1 July 2028. On 9 November 2028 the Commissioner makes an SG charge assessment for the QE days of 6 October 2028 and 20 October 2028.*

144. *For the 6 October 2028 QE day, the choice loading in relation to Mary is the lower of the amount equal to 25% of the \$240 in eligible contributions made (that is, \$60) or the choice loading limit for the QE day (that is, \$1,200). Employer Co's choice loading for Mary for the 6 October 2028 QE day is \$60.*

145. *For the 20 October 2028 QE day, because there is an earlier QE day during the notice period in which a choice loading applied in relation to eligible contributions made for the benefit of the employee, the choice loading limit for the later QE day (20 October 2028) is reduced by an amount equal to 25% of the \$240 in eligible contributions made for the earlier QE day for which there was a choice loading liability (\$60). The choice loading limit for the 20 October 2028 QE day is therefore \$1,140 (\$1,200 – \$60).*

146. *The choice loading for the 20 October 2028 QE day in relation to Mary is the lower of the amount equal to 25% of the \$240 in eligible contributions made (\$60) or the \$1,140 choice loading limit for the QE day. Employer Co's choice loading for Mary for the 20 October 2028 QE day is therefore \$60.*

Assessment of superannuation guarantee shortfall and superannuation guarantee charge

147. If, for a QE day, an employer has one or more individual base SG shortfalls greater than nil, or one or more choice loadings greater than nil, the employer will have an SG shortfall and be liable for SG charge for the QE day.⁶⁸ The amount of the SG charge payable for a QE day is equal to the SG shortfall.⁶⁹

148. The Commissioner may at any time make an assessment of an employer's SG shortfall for a QE day and the SG charge payable.⁷⁰ This means that there is no time limit on when the Commissioner may make an initial SG charge assessment for a QE day.

149. The SG charge is payable on the day the assessment is made.⁷¹ An assessment of SG charge is made on the day that notice of the assessment is served on the taxpayer, this being the final step in the process of making an assessment.⁷²

150. The Commissioner may make an assessment of SG charge⁷³:

- based on information in a voluntary disclosure statement lodged by the employer for the QE day, or
- on the Commissioner's own initiative.

151. There is no difference in the legal effect of an assessment made under either basis. However, as discussed at paragraphs 114 to 117 of this Ruling, the basis for the

⁶⁸ Section 16A and section 16B.

⁶⁹ Subsection 16B(2) of the SGAA and section 6 of the *Superannuation Guarantee Charge Act 1992*.

⁷⁰ Subsection 36(1).

⁷¹ Subsection 36(4).

⁷² See *The Commissioner of Taxation of the Commonwealth of Australia v Ryan*, Gwenda Blanche [1998] FCA 320, per Merkel J and *Batagol v Federal Commissioner of Taxation* [1963] HCA 51, per Kitto J and Owen J.

⁷³ Subsection 36(2).

Status: **not legally binding**

assessment does affect whether an assessment for a QE day is a Commissioner-initiated assessment. This in turn affects the amount of the administrative uplift amount that will be included in any future assessment of an SG shortfall and SG charge within the following 24-month period.

Assessment based on information in a voluntary disclosure statement

152. Where an employer has an SG shortfall for a QE day, but no assessment has been made of their SG charge liability, the employer may lodge a voluntary disclosure statement in the approved form about that shortfall.⁷⁴

153. Lodgment of a voluntary disclosure statement does not constitute an assessment of the SG shortfall and SG charge. However, provided a statement lodged by the employer meets the requirements to qualify as a voluntary disclosure statement⁷⁵ (including being received before the day an assessment has been made), the Commissioner may make an assessment of an employer's SG shortfall for a QE day based on the information in the statement.⁷⁶ While the Commissioner may make an assessment based on a voluntary disclosure statement, they are not required to do so. For example, in some cases the Commissioner may defer making an assessment to obtain further information to reconcile the voluntary disclosure statement with other information they have received.

154. An assessment does not cease to be based on the information in a voluntary disclosure statement merely because the Commissioner may have recourse to other information sources in making the assessment. Even if the Commissioner makes use of supplementary information to confirm the information in the voluntary disclosure statement, if it is a valid voluntary disclosure statement (which requires, among other things, that it includes the information required by the Commissioner), an assessment made using the information in the statement will usually be an assessment based on the voluntary disclosure statement and it will still be taken into account in determining the amount of the administrative uplift amount as such.

155. Where the Commissioner makes an SG charge assessment that is understood to be based on the information in a voluntary disclosure statement and later becomes aware that the information was incorrect, they may be able to amend the SG charge assessment. In these circumstances, provided the original statement was a valid voluntary disclosure statement, the original assessment will continue to be an assessment based on information in a voluntary disclosure statement. The fact that some of the information in the statement was not entirely correct does not necessarily mean that the original statement was not a voluntary disclosure statement. However, the statement will not have been a voluntary disclosure statement if it failed to meet the requirements to be in the approved form in some material way.

Assessment on Commissioner's own initiative

156. The Commissioner may make an assessment of the employer's SG shortfall and SG charge imposed on that shortfall for a QE day on his own initiative using available data sources, such as Single Touch Payroll, superannuation fund reporting and employee notifications.

⁷⁴ Subsections 33(1) and (2).

⁷⁵ See paragraphs 111 to 113 of this Ruling.

⁷⁶ See paragraph 36(2)(a).

Status: **not legally binding**

157. The Commissioner would ordinarily make such an assessment where information indicates that an employer has a liability for SG charge and the employer:

- does not lodge a voluntary disclosure statement, or
- lodges a statement that is not a valid voluntary disclosure statement (such as because it was not in the approved form).

158. An employer may make a voluntary disclosure statement in relation to a QE day up until the day before an assessment of the SG charge is made for that QE day. This means that an employer may lodge a voluntary disclosure statement for a QE day if the Commissioner has commenced compliance activities but has not yet made an SG charge assessment for the QE day. In these circumstances, if an assessment is ultimately made based on the information in the voluntary disclosure statement, it will not be considered an assessment initiated by the Commissioner.

Amendment of assessments

159. The Commissioner may amend an assessment if further information comes to light, regardless of whether the assessment was made on the Commissioner's own initiative or was based on a voluntary disclosure statement.⁷⁷ In most cases⁷⁸, the amended assessment must be made within 4 years after the day on which the original assessment was made.

160. An employer may also apply to have an assessment amended (whether the original assessment was based on a voluntary disclosure statement or the Commissioner's own initiative). If the employer makes the application within 4 years of the day that the SG charge is payable and provides all relevant information in that time, the Commissioner may amend the assessment in response to the application even if the amendment is made more than 4 years after the original assessment was made.⁷⁹

General interest charge

161. GIC will accrue on any SG charge that remains unpaid after it becomes payable.

162. An employer is liable to pay GIC for each day from the day the SG charge for a QE day is due and payable until the day the SG charge, and the GIC on that charge, is paid in full.⁸⁰ GIC is calculated on the unpaid amount of the SG charge and compounds daily.⁸¹

Calculation and assessment of the superannuation guarantee shortfall and superannuation guarantee charge for a QE day

163. Example 16 of this Ruling illustrates the calculation and assessment of the SG shortfall and SG charge following the Payday Super reforms.

⁷⁷ Section 37.

⁷⁸ The Commissioner has unlimited time to amend an assessment if he is of the opinion that an avoidance of SG charge is due to fraud or evasion (subsection 37(2)) or to give effect to the decision on any review or appeal, or amend to reduce a particular following an employer's objection or pending any review or appeal (subsection 37(6)).

⁷⁹ Subsection 37(5).

⁸⁰ Subsection 49(3).

⁸¹ Subsection 49(1) of the SGAA and Part IIA of the TAA.

Status: **not legally binding**

164. The following assumptions are made in Example 16 of this Ruling:

- There are no QE days with SG shortfalls prior to the QE day mentioned in the example. This means that it is not necessary to address whether any contributions made in respect of the QE day in the example can be applied to an earlier QE day.
- There are no excess eligible contributions able to be applied against the QE day mentioned in the example.

Example 16 – Commissioner-initiated assessment

165. *Employer Co has 5 employees – Sam, Nia, William, Ella and Kai.*

166. *Employer Co pays its employees on a fortnightly basis. It makes payments of qualifying earnings to each of its employees on 30 July 2027, resulting in the individual SG amounts for its employees as set out in Table 3 of this Ruling.*

Table 3: Employee qualifying earnings and individual SG amounts

Employee	Amount of qualifying earnings	Individual SG amount
Sam	\$3,000	\$360
Nia	\$3,750	\$450
William	\$4,250	\$510
Ella	\$5,500	\$660
Kai	\$6,250	\$750

167. *No allowable longer period applies, so to be on-time contributions, any contributions must be received by the employees' superannuation funds and allocable to the employees' accounts within 7 business days after the QE day – that is, on or before 11 August 2027 (as 2 August 2027 is not a business day, due to the Picnic Day public holiday applicable to the whole of the Northern Territory).*

168. *On 30 July 2027, Employer Co makes an eligible contribution equal to the individual SG amount for Sam. It also makes an eligible contribution for Ella of \$200. Each of the contributions is received by the employee's chosen superannuation fund and is allocable to the employee in the usual period.*

169. *On 3 August 2027, Employer Co makes an eligible contribution equal to the individual SG amount for Nia but mistakenly pays it to a superannuation fund Nia had previously chosen rather than her current chosen superannuation fund. The eligible contribution is received by the previous chosen superannuation fund, which is able to allocate it to Nia still in the usual period.*

170. *The individual base SG shortfall for each of Employer Co's employees is set out in Table 4 of this Ruling.*

Status: **not legally binding**

Table 4: Employee individual base SG shortfalls

Employee	Individual SG amount	On-time contributions	Individual base SG shortfall
Sam	\$360	\$360	\$0
Nia	\$450	\$450	\$0
William	\$510	Not applicable	\$510
Ella	\$660	\$200	\$460
Kai	\$750	Not applicable	\$750

171. On 25 August 2027, Employer Co makes a late contribution of \$460 for Ella and \$100 for Kai. The contributions are received and able to be allocated by their chosen superannuation funds on 30 August 2027.

172. Employer Co does not make any eligible contributions for William.

173. Employer Co does not lodge a voluntary disclosure statement.

174. On 29 September 2027, the Commissioner makes a Commissioner-initiated assessment of Employer Co's SG shortfall and SG charge for the 30 July 2027 QE day.

Individual final SG shortfalls

175. The individual final SG shortfalls for Employer Co are set out in Table 5 of this Ruling.

Table 5: Employee individual final SG shortfalls

Employee	Individual SG amount	On-time contributions	Individual base SG shortfall	Late contributions	Individual final SG shortfall
Sam	\$360	\$360	\$0	Not applicable	\$0
Nia	\$450	\$450	\$0	Not applicable	\$0
William	\$510	Not applicable	\$510	Not applicable	\$510
Ella	\$660	\$200	\$460	\$460	\$0
Kai	\$750	Not applicable	\$750	\$100	\$650

Individual notional earnings components

176. The individual notional earnings component for William is calculated on the individual base SG shortfall from the beginning of the late period to the day before the Commissioner makes an assessment of the SG shortfall and SG charge for the QE day (the end of the late period). This period is from 12 August 2027 to 28 September 2027 (48 calendar days). Assuming a GIC rate of 10%, the individual notional earnings component⁸² is:

$$\$510 \times (1 + (0.1 \div 365))^{48} - \$510 = \$6.75$$

⁸² Individual base SG shortfall $\times (1 + (10\% \text{ interest rate (that is, 0.1) divided by 365 days)})^{\text{number of days of notional earnings}} - \text{individual base SG shortfall}.$

Status: **not legally binding**

177. *The individual notional earnings component for Ella is calculated on the individual base SG shortfall from the beginning of the late period to the day the late contribution of \$460 reduced the individual final SG shortfall to nil. This period is from 12 August 2027 to 30 August 2027 (19 calendar days). Assuming a GIC rate of 10%, the individual notional earnings component for Ella is:*

$$\$460 \times (1 + (0.1 \div 365))^{19} - \$460 = \$2.40$$

178. *The individual notional earnings component for Kai is calculated on the individual base SG shortfall from the beginning of the late period to the day before the Commissioner makes an assessment of the SG shortfall and SG charge for the QE day (the end of the late period), because the late contribution made by Employer Co for Kai did not reduce the individual final SG shortfall to nil. This period is from 12 August 2027 to 28 September 2027 (48 calendar days). Assuming a GIC rate of 10%, the individual notional earnings component is:*

$$\$750 \times (1 + (0.1 \div 365))^{48} - \$750 = \$9.93$$

Administrative uplift amount

179. *By default, the administrative uplift amount is 60% of the total of the individual final SG shortfalls and individual notional earnings components.*

180. *From 1 July 2026⁸³, Employer Co has not had a Commissioner-initiated assessment of SG charge or an estimate under subsection 268-10(1) of Schedule 1 to the TAA. As a result, the rate of the administrative uplift amount is reduced from the maximum of 60% to 40%. As Employer Co has not lodged a voluntary disclosure statement there is no further reduction.*

181. *Employer Co's administrative uplift amount⁸⁴ is:*

$$40\% \times (\$1,160 + \$19.08) = \$471.63$$

Choice loading

182. *As the eligible contribution for Nia was not paid to her current chosen superannuation fund, Employer Co has a choice loading for the QE day in relation to Nia.*

183. *For the purpose of this example, Employer Co's current notice period commenced on 1 July 2027. Employer Co has not had any other choice loadings since that time, so its choice loading limit for this QE day is \$1,200.*

184. *For the 30 July 2027 QE day, Employer Co's choice loading in relation to Nia is the lower of the amount equal to 25% of the \$450 in eligible contributions made that did not comply with the choice of fund requirements (that is, \$112.50) or the choice loading limit for the QE day (that is, \$1,200). Employer Co's choice loading is therefore \$112.50.*

Superannuation guarantee shortfall

185. *Employer Co has an SG shortfall for the 30 July 2027 QE day of \$1,763.21, made up of the components set out in Table 6 of this Ruling.*

⁸³ The transitional rule in subsection 13C(3) of the 2018 Regulations applies.

⁸⁴ Administrative uplift percentage × (total of the employer's individual final SG shortfalls for the QE day + total of the employer's individual notional earnings components for the QE day).

Status: **not legally binding**

Table 6: Employer SG shortfall

Employee	Individual final SG shortfall	Individual notional earnings component	Administrative uplift amount	Choice loading
Sam	\$0	\$0	Not applicable	\$0
Nia	\$0	\$0	Not applicable	\$112.50
William	\$510	\$6.75	Not applicable	\$0
Ella	\$0	\$2.40	Not applicable	\$0
Kai	\$650	\$9.93	Not applicable	\$0
Total	\$1,160	\$19.08	\$471.63 ⁸⁵	\$112.50

186. *The Commissioner's assessment of the SG shortfall and SG charge for the 30 July 2027 QE day will, therefore, be in the amount of \$1,763.20.*⁸⁶

Commissioner of Taxation
5 August 2026

⁸⁵ The administrative uplift amount is calculated at the employer level, not for individual employees.

⁸⁶ Section 16B of the TAA has the effect that an amount of SG charge assessed by the Commissioner is decreased to the nearest multiple of 5 cents.

Status: **not legally binding**

References

Previous draft:

LCR 2026/D3

Related rulings and determinations:

LCR 2026/1; LCR 2026/2; TR 2023/4

Legislative references

- Acts Interpretation Act 1901 25C
- ITAA 1997
- SISA 10
- SGAA 1992 6(1)
- SGAA 1992 10A
- SGAA 1992 12
- SGAA 1992 Pt 3
- SGAA 1992 15B
- SGAA 1992 16
- SGAA 1992 16A
- SGAA 1992 16B
- SGAA 1992 16B(1)
- SGAA 1992 16B(2)
- SGAA 1992 16B(2)(a)
- SGAA 1992 16B(2)(b)
- SGAA 1992 16B(2)(c)
- SGAA 1992 16B(2)(d)
- SGAA 1992 17A(1)
- SGAA 1992 17A(2)
- SGAA 1992 18A(3)
- SGAA 1992 18C
- SGAA 1992 18C(1)
- SGAA 1992 18C(2)
- SGAA 1992 18D
- SGAA 1992 18D(1)(a)
- SGAA 1992 18D(1)(b)
- SGAA 1992 18D(2)
- SGAA 1992 19A(2)
- SGAA 1992 19B(1)
- SGAA 1992 19B(2)
- SGAA 1992 19B(3)
- SGAA 1992 20A(1)(a)
- SGAA 1992 20A(2)
- SGAA 1992 20A(3)
- SGAA 1992 20B
- SGAA 1992 20C(1)
- SGAA 1992 20C(2)
- SGAA 1992 20C(3)
- SGAA 1992 Pt 3A
- SGAA 1992 32C
- SGAA 1992 32CA
- SGAA 1992 32F
- SGAA 1992 33(1)
- SGAA 1992 33(2)
- SGAA 1992 33(2)(a)
- SGAA 1992 33(2)(b)
- SGAA 1992 36(1)
- SGAA 1992 36(2)
- SGAA 1992 36(2)(a)
- SGAA 1992 36(3)
- SGAA 1992 36(4)
- SGAA 1992 37
- SGAA 1992 49(1)
- SGAA 1992 49(3)
- SGAA 1992 59
- SGAA 1992 59A
- SGAA 1992 59B
- SGAA 1992 59C
- SGAA 1992 59D
- SGAA 1992 59E
- Superannuation Guarantee (Administration) Regulations 2018 13C
- Superannuation Guarantee (Administration) Regulations 2018 13C(1)
- Superannuation Guarantee (Administration) Regulations 2018 13C(2)
- Superannuation Guarantee (Administration) Regulations 2018 13C(3)
- Superannuation Guarantee (Administration) Regulations 2018 13C(4)
- Superannuation Guarantee (Administration) Regulations 2018 13C(4)(b)
- Superannuation Guarantee (Administration) Regulations 2018 13D
- Superannuation Guarantee Charge Act 1992 6
- Superannuation Guarantee Charge Amendment Act 2025
- TAA 1953 Pt IIA
- TAA 1953 8AAD
- TAA 1953 16B
- TAA 1953 Sch 1 268-10(1)
- TAA 1953 Sch 1 268-20
- TAA 1953 Sch 1 388-50(1)
- Treasury Laws Amendment (Payday Superannuation) Act 2025

Cases relied on:

- Australian Turf Club Ltd and Commissioner of Taxation [2024] AATA 2728; 2024 ATC 10-732
- Batagol v Federal Commissioner of Taxation [1963] HCA 51; 109 CLR 243; [1964] ALR 480; (1963) 13 ATD 202
- Commissioner of Taxation v Racing Queensland Board [2019] FCAFC 224;

Status: **not legally binding**

- 2019 ATC 20-726; 374 ALR 241; 111 ATR 17
- The Commissioner of Taxation of the Commonwealth of Australia v Ryan, Gwenda Blanche [1998] FCA 320; 82 FCR 345; 98 ATC 4323; 38 ATR 464

Other references:

Explanatory Memorandum to the Treasury Laws Amendment (Payday Superannuation) Bill 2025 and the Superannuation Guarantee Charge Amendment Bill 2025

ATO references

NO: 1-18C10M1X; 1-18AT45TG
ISSN: 2209-1300
BSL: SEO
ATOlaw topic: Superannuation ~~ Employers ~~ Payday Super

© **AUSTRALIAN TAXATION OFFICE FOR THE COMMONWEALTH OF AUSTRALIA**

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).