Australia

Payroll Newsletter: Key Changes for Financial Year 2026–27

Effective from 1 July 2026, Australian payroll teams will face one of the most significant compliance shifts in recent years. This newsletter summarises the major changes, what they mean operationally, and the actions payroll, finance, and HR teams should prioritise for the new financial year begins.

1 Payday Super Begins

From 1 July 2026, Superannuation Guarantee (SG) must be paid at the same time as salary and wages, rather than quarterly. Contributions must reach the employee's nominated super fund within 7 business days of payday, with some limited exceptions such as new employees.

- Applies to weekly, fortnightly, and monthly payroll cycles.
- Late payments may trigger Super Guarantee Charge (SGC) for each affected pay cycle.
- The Australian Taxation Office (ATO) will have greater visibility through Single Touch Payroll (STP), enabling near real-time compliance monitoring.
- Off-cycle super does not generally need to be paid separately within 7 days if it is captured and paid in the next ordinary pay cycle.

Action for clients using BIPO payment services	BIPO has completed readiness testing for the lodgement file, validated the payroll configuration, and confirmed super payment timing. No further action is required from the client.
Action for non-payment services clients	Review cash flow impacts, understand penalty exposure, prepare audit controls, communicate the change to employees, and plan for June super paid in July 2026. This may create a 13-month super cash flow effect for FY26.
High-income earners	Consider whether an SG opt-out form is required and ensure the relevant form is shared with eligible employees where applicable.

2 Super Calculation Moves to Qualifying Earnings

From 1 July 2026, SG will be calculated on **Qualifying Earnings**, a broader earnings base than Ordinary Time Earnings. This change increases the need to review allowances, bonuses, commissions, salary sacrifice arrangements, and contractor payments that may be treated as employee earnings for SG purposes.

- Review pay codes and earning types mapped to SG.
- Check salary sacrifice treatment and reporting.
- Validate bonus, allowance, commission, and lump sum configurations.
- Maximum Contribution Base for **FY26–27: $270,830**.
- The Maximum Contribution Base does not affect additional super contributions required under an award, enterprise agreement, or employment contract.

3 Clearing House Alert

The ATO Small Business Superannuation Clearing House closes on 30 June 2026. Employers currently relying on this service must transition to another super payment solution before the closure date.

- Payroll-integrated clearing house solutions.
- Direct fund payment solutions.
- Alternative compliant super clearing arrangements.

4 PAYG Withholding and Payment Cycles

From 1 July 2026, the personal income tax rate for the $18,201–$45,000 bracket reduces from **16% to 15%**.

- Employers with annual PAYG withholding between $25,000 and $1 million: monthly reporting and payment.
- Employers withholding over $1 million annually: large withholder status, with PAYG generally payable within 6–8 days of payroll.
- Affected employers were notified by the ATO in April 2026.

5 Paid Parental Leave Expansion

From 1 July 2026, government-funded Paid Parental Leave increases from 120 days to 130 days, equivalent to 26 weeks based on a 5-day work week.

Action: Update leave policies, employee communications, payroll leave codes, and manager guidance to reflect the expanded entitlement.

6 Minimum Wage Update

The Commission has announced a 4.75% increase to minimum wages, subject to the following minimum rate settings:

- The lowest rate in any award that applies to ongoing employment must be at least $1,004.90 per week or $26.44 per hour.
- Any entry-level rate applying to the first 6 months or less of employment must be at least $978.10 per week or $25.74 per hour.

7 High-Income Threshold

The high-income threshold for 2026–27 will increase from $183,100 to $190,100. Employers should review remuneration arrangements, award coverage considerations, and high-income guarantee documentation where relevant.

8 Payroll Tax and Cents per Kilometre Allowance

From 1 July 2026, employers should review payroll tax treatment and cents per kilometre allowance settings to ensure correct withholding and STP Phase 2 reporting.

Kilometres travelled	Cents per kilometre method from 1 July 2026	Withhold tax?	STP Phase 2	Rationale
First 5,000 km	91 cents	No		Amount up to ATO rate and below kilometre threshold
Below kilometre threshold	9 cents	Yes	Allowance type CD	Amount more than ATO rate and below kilometre threshold
Beyond 5,000 km	$1.00	Yes		Above kilometre threshold

Not all state revenue offices have released their payroll tax rates for FY26–27 yet. Based on the latest available update as of 30 June 2026, the summarized rates and thresholds are set out below. We will update the rates once they become available.

Payroll Readiness Checklist

- Confirm payroll system readiness for Payday Super and Qualifying Earnings.
- Review pay codes, super calculations, salary sacrifice, allowances, bonuses, and contractor arrangements.
- Transition away from the ATO Small Business Superannuation Clearing House before 30 June 2026.
- Model cash flow impacts for weekly, fortnightly, and monthly payroll cycles.
- Update PAYG withholding tables and test the first FY26–27 pay run.
- Review Paid Parental Leave policies and employee communications.
- Apply minimum wage and high-income threshold updates where relevant.
- Validate cents per kilometre allowance treatment for withholding and STP Phase 2 reporting.

Australia Payroll Tax Rates & Thresholds*			
	Annual tax-free thresholds and benchmarks	**Tax rate**	**Payroll tax surcharges**
Australian Capital Territory (ACT)	More than $1.75 million but not more than $20 million	6.75%	
	More than $20 million but not more than $50 million	6.85%	
	More than $50 million but not more than $100 million	7.35%	
	More than $100 million but not more than $150 million	7.85%	
	More than $150 million	8.75%	
New South Wales (NSW)	$1,200,000	5.45%	
Victoria (VIC)	$1,000,000	$4.85 or $1.2125% for Regional employer	Two surcharges apply if you pay Victorian taxable wages and your Australian wages exceed the first annual threshold of $10 million, with a first monthly threshold of $833,333. The mental health and wellbeing surcharge commenced from 1 January 2022. The COVID-19 debt temporary payroll tax surcharge commenced from 1 July 2023, and applies until 30 June 2033. Both surcharges are calculated on the same basis: • Businesses with a national payroll above $10 million will pay a combined 1% • Businesses with a national payroll above $100 million will pay a combined 2% The surcharges only apply to businesses' Victorian share of wages over these thresholds.

**Please note: Rates are subject to updates/changes from the State Revenue Office.*

Australia Payroll Tax Rates & Thresholds*			
	Annual tax-free thresholds and benchmarks	**Tax rate**	**Payroll tax surcharges**
Queensland (QLD)	$1,300,000 Employers or groups of employers who pay $6.5 million or less in Australian taxable wages	4.75% with 1% discount Regional employer	**Mental health levy** • Up to $10 million-Nil • More than $10 million (primary threshold) - 0.25% (primary rate) • More than $100 million (additional threshold) - 0.25% (primary rate) + 0.5% (additional rate)
	Employers or groups of employers who pay more than $6	4.95% with 1% discount Regional employer	
South Australia (SA)	Exceeds $1.5 million but not $1.7 million	Variable from 0% to 4.95%	
	Exceeds $1.7 million	4.95%	
Tasmania (TAS)	$1,250,001 to $2,000,000	4%	
	$2,000,001 and above	6.10%	
Northern Territory (NT)	$2,500,000 $2.5 million to $99.9 million	5.50%	
	100 million or more	6.50%	
Western Australia (WA)	• Tax is calculated on a gradual diminishing tax-free threshold that gradually phases out between the annual threshold of $1,000,000 and the upper threshold of $7,500,000. • More than $1 million but less than $7.5 million • $7.5 million or more	5.50%	

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Disclaimer

This document is current as of July 2026. The information in this document is for general guidance only and does not constitute legal or financial advice. Please consult a qualified professional for advice specific to your circumstances before taking any action.

Awards & Recognition

About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a trusted provider of payroll and people solutions in **over 170 global markets**.

Our comprehensive HR offerings include **Human Capital Management solutions**, **Global Payroll Outsourcing**, and **Employer of Record services**, powered by our award-winning HR Management System and Athena BI (Business Intelligence) platform.

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