2 May 2025

Superannuation Access and Compliance Unit

Retirement Income and Superannuation Division

Treasury

Langton Cres

Parkes, ACT, 2600

via email: paydaysuper@treasury.gov.au

Dear Sir/Madam,

Payday super – exposure draft

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to comment on the payday super exposure draft, released by Treasury for consultation on 14 March 2025.

Australia's Superannuation Guarantee (SG) is essential to supporting the needs of Australians in retirement, and it has led to higher levels of national savings facilitating higher levels of capital investment in the Australian economy. However, not all Australians are benefitting from the SG, most notably those that are self-employed or are business owners.

The payday super proposal seeks to address the Australian Taxation Office's (ATO) estimated superannuation gap and the issue of unpaid SG entitlements in the event of a business failures. The proposal suggests that by changing the timing of the SG payments to align with an employee's payment of wages or salary will lead to an increase in compliance by businesses therefore reducing the likelihood of unpaid employee entitlements remaining outstanding when a business fails.

However, in April 2022, the Auditor-General found in their report *Addressing Superannuation Guarantee Non-Compliance: Australian Taxation Office,* that the ATO's activities in addressing SG non-compliance are only partly effective and enforcement activities are mainly corrective and reactive. The report recognises that employer non-compliance with SG obligations has an impact on the retirement incomes of Australians, and made three recommendations to the ATO to improve:

- debt recovery by adopting a preventative approach to SG compliance
- performance reporting measures
- debt recovery and enforcement mechanisms.

Moreover, the report identified that the data-matching between single touch payroll and Member Account Transaction Services (MATS)was ineffective, due to the complexity of the ATO to reliably match data between the Single Touch Payroll and MATS data sets.

Increasing the frequency of employer superannuation contribution alone, without complementary actions like that proposed by the ANAO, risk being the wrong remedy to the causal factors and current systems deficiencies that contribute to the 'superannuation gap'.

While Treasury's payday super proposal aims to reduce the estimated superannuation gap, it may inadvertently impose significant burdens on small businesses, potentially leading to reduced employment and increased business closures. In its current form, the payday super proposal imposes compliance and assurance requirements on small businesses that are beyond their control.

Nonetheless, there is an alternative that may achieve the policy objective of increasing SG compliance among employers without the detrimental unintended consequences on small business. The Auditor-General identified an opportunity for the ATO to improve its data matching capability which were rated as ineffective. The ATO's SG Assurance Project is a critical mechanism to reliably match data between Single Touch Payroll and the MATS data sets to identify instances of SG non-compliance by employers.

Consequently, if the current proposal is pursued it not only risks punishing small businesses with harsh and cumulative penalties for honest mistakes by them or their agents. It also risks penalising small businesses for the inefficient or incorrect conduct of third parties that process or receive superannuation payments. Further, this proposal risks exacerbating the declining mental health of small business owners, who are facing some of the toughest economic conditions in over a decade.

We implore Treasury to consider the following issues and our recommendations as detailed below:

1. The Australian Government should consider amending the timing of Payday super from 7 calendar days to 21 business days.
2. The Treasury to review the implementation timeframe to allow for the original 18 months' lead time from the passing of legislation in 2024 until the start date of 1 July 2026, as proposed in Treasury's Impact Analysis *Unpaid Superannuation Guarantee package*.
3. Payday super provisions must allocate the burden of liability proportionately for the processing and handling of superannuation guarantee payments.
4. Treasury review and amend the proposed changes to the Superannuation Guarantee Shortfall.
5. Support small businesses affected by the closure of the ATO Small Business Superannuation Clearing House (SBSCH). This should include consultation, education, and retaining the concept of an 'approved clearing house'.
6. Ensure provisions and subsequent regulations for exceptional circumstance determinations provide sufficient guidance and discretion.

The payday super proposal makes several implicit assumptions:

- the change in frequency of SG payments will improve compliance from poor performing sectors
- paying employee entitlements is simple
- payment systems are in real time and do not operate on business day cycles.

The problem

The ASBFEO agrees that small businesses should make on-time employee entitlements and ensure that all employees receive their entitlements. But the payday super proposal overlooks the fact that approximately 95% of all businesses already make superannuation guarantee contributions on time. The remaining estimated 5% is the intended target of the proposal. The ATO has identified certain sectors that are more likely to have unpaid SG entitlements including construction, accommodation and food services, micro businesses with revenue less than $2 million and sectors that have a high proportion of migrant workers.

Treasury's proposal relies on the ATO's estimate of the superannuation guarantee liability. Of the ATOs estimated $1.89 billion in collectable SG debt as of 28 February 2022, $1.40 billion is owed by micro enterprises, which have an annual turnover of less than $2 million.[1] But a large proportion of these businesses have employees of less than 5 or are non-employing businesses.

Using the ABS counts of Australian businesses for the period ending June 2022, there were approximately 1.6 million businesses with a turnover of less than $2 million. Yet for the same period ending June 2022, there were approximately 1.5 million businesses who were non-employing, and approximately 700,000 businesses that have between 1 and 4 employees, and who are likely to have family members included in their employee count. This category of businesses that the ATO has identified as having unpaid SG entitlements are also the same cohort who have the lowest retirement savings compared to employees.[2]

Further, Treasury's proposal overlooks two key legislative changes that occurred in 2023 and 2024 that sought to protect workers entitlements including vulnerable migrant workers.

On 1 January 2025 the new criminal offence for employers who intentionally engage in conduct that results in the underpayment of their employees took effect, where underpayment may include:

- not paying sufficient wages, including penalty rates, overtime rates and allowances (or not paying them at all)
- not paying amounts required by the applicable award or enterprise agreement
- not paying other entitlements, for example superannuation for some employees.

On 1 July 2024, migrant worker protection took effect that make it illegal for employers to:

- coerce or pressure a temporary visa holder to breach a work-related visa condition
- coerce or pressure a non-citizen without a valid visa to accept or agree to a work-related arrangement
- use a worker's temporary visa status to exploit them in the workplace (including in relation to existing visa conditions and requirements to support future visa application).

[1] Department of the Treasury, 'Unpaid Superannuation Guarantee Package: Impact Analysis', *Australian Government*, 2023, p.10
[2] Elkhishin A, West Tracey, MacDonald Kirsten, 'Understanding the Retirement Savings of Self-Employed Tradespeople in Australia', *Australian Journal of Labour Economics*, 2023, Vol 22 No. 22

These new criminal offences are in addition to the existing criminal charges, where the Commissioner of Taxation can pursue criminal penalties, including imprisonment for up to 12 months for directors involved in serious breaches of SG obligations.

The payday super proposal aims to lift compliance of SG payments from these micro businesses; but what is lacking in this assessment is an understanding of the distinct characteristics of these businesses including who they employ and the challenging circumstances they face. For these reasons, the payday super will likely not increase compliance in this cohort of businesses but will likely increase non-compliance and contribute to small business owners declining mental health, where they already face challenges that are not experienced in other workplaces and have limited access to human resources, sophisticated systems, specialist staff and workplace health and safety.

Payroll challenges arising from Australia's complex system of entitlements

Most small business owners and operators are seeking to do the right thing and pay their employees correctly and promptly. Small business owners tend to be closely connected to their employees and are acutely aware of the challenges of finding and training new staff when employees leave. Further, small businesses are alive to the reputational harm that would result from any perception among their communities that they are mistreating or underpaying their employees.

The ASBFEO responds to requests for assistance from small businesses and family enterprises that are in dispute with other businesses or Australian Government agencies. We receive a broad range of complaints many concerning payment disputes, franchising and digital platforms.

We also receive requests for assistance where employers have made unintentional errors in their bookkeeping or where they have paid a professional to process payroll payments, only to discover there have been errors made and are now seeking assistance to rectify the problem.

We are aware of circumstances where it has cost the small business owner between $50,000 and $95,000 in penalties – with no means to recover costs – from professional services firm or tax agent for incorrect advice (see case study 1).

<u>Case study 1: $95,000 penalty despite no outstanding entitlements</u>

In 2021, a small business owner was audited by the Australian Taxation Office, who found that all employee entitlements were up to date at the time of the audit. However, the audit also revealed that some payments had been processed late. The small business owner was unaware that they were required to lodge a SG charge statement. The small business owner was required to pay $95,000 for the previous 8 years, despite <u>no</u> outstanding payments. The interest had been calculated on the full 8 years not for the time the SG payments were late.

Treasury's payday super underestimates how complex payroll processes are and that they are susceptible to human error. Even when a small business recognises the complexity of payroll obligations and seeks the services of a professional human resources firm, honest mistakes can still occur (see case study 2).

Even large organisations and government departments have made errors in calculating employee entitlements.[3] The payday super proposal will leave no room for human error despite Treasury's best efforts to suggest that the ATO may use discretion to discount certain penalties, if a business lodges entitlements late and it was beyond their control.

Case study 2: $50,000 in charges for provider's mistake

The ASBFEO received request for assistance where an employer realised, they were underpaying staff, despite having engaged a well-known human resources firm that specialises in assisting small businesses with employee entitlements. The small business owner became aware of the underpayments when an employee raised concerns.

The employer rectified the situation but not before costing them $50,000 in related SG shortfall charges. The small business owner was unable to recover costs from the human resources firm for their error in the processing of employee entitlements.

The processing of employee entitlements is not a set-and-forget process. Superannuation compliance relies on payroll systems to address individual employee's contractual arrangements, a complex award system and often manual intervention by administrative personnel to make calculations of entitlements including the SG charge. Payroll systems are designed for managing 'normal' arrangements.

Where small businesses are concerned, they can often have a mix of employees where some are casuals, some might be part time, there may be overtime, commissions and allowances are examples of some of the complexities when processing payroll. While accounting software has simplified payroll processing for many small businesses, it isn't as simple as hitting enter each pay cycle.

Processing SG contributions and chains of custody

The payday super proposal significantly underestimates the clearance timeframes of superannuation clearing houses and superannuation funds when processing bulk payments. Both the superannuation clearing house, and the superannuation fund can have clearance timeframes that fall outside the 7 calendar days (or 5 business days) as proposed in the exposure draft. However, the employer is accountable for payments if they are not processed to an employee's superannuation account by the fifth business day.

Treasury's *Unpaid Superannuation Guarantee Package: Impact analysis* notes that the clearing houses maximum processing timeframes for employer contributions are between 2 and 5 days and a superannuation fund is 1 to 3 days. This assessment ignores that these processing times are business days. This is a critical analytical shortcoming because the exposure draft requires

[3] In 2023, BHP reported that they had underpaid approximately 29,000 Australian workers over a 13 year period. In 2023, the Department of Employment and Workplace Relations was found to have underpaid 99 staff. In 2021, the Fair Work Ombudsman commenced legal action against Coles Supermarkets Australia Pty Ltd for underpaying 7,500 employees.

payments to be made within 7 calendar days irrespective of public holidays or weekends, which will reduce payment processing timeframes further.[4]

A small business has no control or influence over how payments progress through a commercial superannuation clearing house or a superannuation fund once the payment leaves the small business' bank account. Under the existing SG regime, if a small business uses the ATOs small business superannuation clearing house (SBCH) they are provided with a safe harbour from incurring the SG charge, as a small business' duty is discharged once payment and instructions had been accepted by the SBCH.

The total processing time using Treasury's quoted time frames for clearing houses and superannuation funds places the processing time frame closer to 8 business days with an unlikely lower bound of 3 business days, if all information is correct and there are no system disruptions. If a superannuation fund is unable to process a payment to a members account, they have 3 business days to return the funds to the employer.

The SG regime places immense responsibility on the employer to make correct employee entitlements on time, with no room for error or miscalculation. But there is no comparable incentive to require superannuation funds or superannuation clearing houses to distribute payments to members accounts in real time. With this additional increase in the frequency of SG entitlements the compliance burden rests with small businesses where they are unable to control the payment systems of clearing houses and superannuation funds.

This approach should be contrasted against regular electronic payments which are deemed to be paid on the day they leave a business bank account, providing it is paid during business hours on a business day. The proposed time frames for the processing of payments may result in higher non-compliance - the opposite result of the intended policy.

By the time a superannuation fund has processed payments to a member's account, a small business would have processed the next payment cycle; and if an error has occurred relating to the previous payment, the small business would not have received notification. Potentially the small business would not become aware of an error until the third pay cycle. (Payment flows and timings are illustrated further in attachment A.)

The Gateway Network Governance Body noted in its *Payday Super – Getting the data right* fact sheet that 50% of a sample of contribution errors were related to 'member not found' issues and 21% were related to incorrect USI or fund reference numbers.[5] The factsheet also noted that under the payday super proposal, it is anticipated that there will be more frequent rejections.

The ASBFEO is profoundly concerned that the proposed payday Super will have disastrous consequences for the viability of many small businesses, not just owing to the increased frequency of the SG entitlements, but also because the proposal will introduce a higher risk of non-compliance by smaller businesses as there is no room for unintended errors. Combined with the uplift in the SG shortfall charge, this proposal will likely have severe unintended adverse consequences for small businesses.

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[4] Department of the Treasury, 'Unpaid Superannuation Guarantee Package: Impact analysis', *Australian Government*, 2023, pp.34-35
[5] Gateway Network Governance Body, 'Payday Super – Getting the data right', *Gateway Network Governance Body*, 2024, p 2, accessed 10 April 2025

Payday super presumes that superannuation compliance is simple and straightforward for employers. However, the reality is that for businesses large and small, superannuation compliance is complicated and carries a high risk of unintentional errors. For small business employers, who often have limited or no cash reserves available, the cost of such errors is disproportionate.

The ASBFEO urges the Australian Government to reconsider its approach to the underlying problem of the estimated superannuation guarantee gap. The government should concentrate its efforts on those segments of the market that are identified as problem payers, including understanding the reasons why there is late lodgement, why a business may fail and what is the employee structure of the micro business segment, which may include owner operators and closely held payees (defined as employees who are related to the business, such as directors, family members or shareholders).

The SG charge

Payday super does not just amend the payment cycle of when the SG entitlements are paid, but will also substantially increase the SG charge and the complexity of the calculation. The proposed amendments introduce a new concept of notional earnings, which will be calculated at the general interest charge (GIC) rate of 11.36% on a compounding basis, and will increase the administrative charge from a flat rate of $20 per employee to a complex calculation involving an employer making the following calculation:

Step 1 – calculating the SG shortfall

Step 2 – calculate the notional earnings

Step 3 – calculating the administration fee (being the sum of total employee shortfall + notional earnings multiplied by a fixed 60%)

Step 4 – SG shortfall + notional earnings + administration fee

Further, interest will continue to accrue on any outstanding SG shortfall and notional earnings on a daily compounding basis calculated at the GIC of 11.36%. Additional penalties can apply under Part 7 of the *Superannuation Guarantee (Administration) Act 1992* of up to 200 per cent if a business fails to lodge a SG charge statement in time.

The risks of non-compliance under the proposed framework are exponentially increased with a shortened timeframe for ensuring correct SG payments are processed within 7 calendar days to an employee's superannuation fund. As detailed earlier, current processing times of superannuation clearing houses and superannuation funds do not support the proposed payday super timeframes. This will result in small businesses having more frequent late payments, and ultimately incurring a higher SG charge and compliance obligations with having to complete the SG charge statement.

Reforms to Australia's superannuation regime that seek to increase employers' compliance and benefit employees, should ensure that compliance is easy and hard to get wrong. Increasing penalties and charges for non-compliance, particularly for unintentional errors may have an unintended consequence of discouraging employment by the small business sector, which currently employees 5.36 million people.

The ASBFEO supports efficient and effective reforms to enable small businesses to make timely payments with confidence and certainty, while reducing the occurrence of non-compliance. Any reforms to the superannuation guarantee regime should fundamentally strengthen the superannuation system and make it easier for businesses, including small businesses, to engage with, fulfill obligations and use the system.

In contrast, the current proposal risk having widespread and damaging consequences for the small business sector, without achieving the desired policy outcomes. Increasing the frequency of payments, increasing the SG charge and adding complexity to the calculations, is unlikely to increase compliance, decrease the estimated superannuation gap and achieve the stated policy objective.

The ASBFEO makes the following recommendations in relation to the exposure draft specifically:

Recommendation 1: The Australian Government should consider amending the timing of Payday super from 7 calendar days to 21 business days.

The ASBFEO is concerned that that the proposed timeframes and changes to the SG charge will increase non-compliance for small businesses, who will incur penalties more frequently and at a higher cost.

We encourage the Australian Government to amend the payday super time frames from 7 calendar days to 21 business days. This will motivate small businesses to make their SG payments within the necessary timeframe without penalising them for events or actions beyond their control, by allowing sufficient time for payments to flow through commercial clearing houses to the superannuation fund.

Further, amending the timeframe to 21 business days will enable a small business to receive and action an error notification from a superannuation fund relating to an employee's SG contribution.

Recommendation 2: The Treasury to review the implementation timeframe to allow for the original 18 months' lead time from the passing of legislation in 2024 until the start date of 1 July 2026, as proposed in Treasury's Impact Analysis *Unpaid Superannuation Guarantee package*.

The ASBFEO is concerned that the proposed commencement date of 1 July 2026 may not be practical to facilitate system changes at the institutional level. Stakeholders have indicated to the Ombudsman that this commencement date will not provide sufficient lead time for participants, including payroll software providers and superannuation funds, to make the necessary changes to facilitate payday super, and consequently to test those changes adequately before the imposition of obligations and penalties.

If the proposed timeline is to proceed, small businesses will disproportionately bear the risk of non-compliance owing to possible system failures. Small businesses can incur penalties such as the SG charge if superannuation guarantee contributions are not received into an employee's preferred fund within the approved time frame, despite leaving the employers business account before the due date. A small business operator bears all the risk of any system issues that may occur from the clearing house to the super fund. Further, small businesses are effectively required to anticipate these issues and draw funds that are for a future payment to pay for an expense that is not yet due, where many small businesses have limited cash reserves.

This model proposes a high risk of non-compliance on a small business employer with no provision for safe harbour from payment systems problems that occur either at the clearing house or the superannuation fund and are beyond the control of a small business owner.

The ASBFEO recommends Treasury undertake further deliberative consultation with participants in the superannuation payments system to ensure the timeline is achievable. Further, the implementation must be preceded by a period of system testing followed by a reasonable transition period.

The Treasury could introduce a phased reporting timeline for large, medium and small enterprises to ensure the payments system is robust to process an increase in payments and supports smaller payroll software providers to make necessary changes.

The reliability of the superannuation system and confidence in it is critical. Adopting these recommendations is crucial to implementing payday super successfully, doing it once and doing it right. Small businesses are the least resourced of the business sector both administratively and financially but will be required to bear the cost of non-compliance for system issues beyond their control.

Recommendation 3: Payday super provisions must allocate the burden of liability proportionately for the processing and handling of superannuation guarantee payments.

The ASBFEO is concerned that under the proposed legislation, employers including small businesses alone bear the liability and risk for making payday super work, yet are only part of the system. Under the proposed legislation, employers are made responsible for ensuring that superannuation guarantee contributions are processed and received into an employee's superannuation account correctly and on time. Yet there are significant limitations on the control and visibility employers have of the transmission of superannuation contributions.

Though intended to remedy the acts and omissions of a relative few, this liability and risk, and the costs when it goes wrong through circumstances beyond an employer's control, may be worn more often by those businesses in the compliant majority who already ensure that 95 per cent of superannuation payments are made.

An estimated 1.5 to 2 million superannuation transactions encounter errors under current arrangements. This can be the result of a change to a superannuation fund's details, or an error in the employee's member account details. This number would be expected to increase with the greater frequency of payments required by payday super.

The ASBFEO understands that messaging of such errors is currently unreliable and not standardised. There is a considerable risk of employers being unaware of an error.

1. The proposed legislation should explicitly recognise that where an employer has demonstrated they have acted in good faith and exercised their best endeavour to correctly make a superannuation guarantee contribution, that the employer will be no worse off and will not incur any penalty because of an error or delay with the superannuation being received by the fund.

2. Similar to the timeframes applied to employers under the proposed legislation, parties involved in the transmission and receiving of superannuation guarantee contributions should also be subject to obligations requiring the timely and reliable payment of employee contributions. This includes obligations on clearing houses, who may otherwise have a commercial motive to retain funds longer than is necessary, and superannuation funds who must ultimately process, accept or reject the contributions.

3. The ASBFEO notes inconsistencies in the exposure draft regarding timeframes, with employer timeframes defined as days, and superannuation fund timeframes as business days. The legislation should apply consistent timeframes, and these timeframes should take into account public holidays, weekends, and other periods of shutdown (e.g. Christmas, Easter).

4. Clear guidance should be provided, and systems implemented for how superannuation funds are to communicate acceptance or rejection of contributions. This is to ensure that expectations on superannuation funds, clearing houses and other service providers are clear for how they are to communicate issues to an employer in a timely and actionable manner.

Recommendation 4: Treasury review and amend the proposed changes to the Superannuation Guarantee Shortfall.

The draft regulations and bill propose significant changes to the SG charge, that will have unintended and detrimental consequences for honest small businesses, and unlikely to affect those businesses that are intentionally withholding employee entitlements.

The Australian National Audit Office in its 2021-22 Auditor General Report *Addressing Superannuation Guarantee Anon-compliance* found that 95 per cent of SG contributions are paid without ATO intervention. Yet the draft amendments will substantially increase the costs of compliance for small businesses and remove a safe harbour provision of the only approved superannuation clearing house.

In addition, with the proposed timeframes of 7 calendar days not business days, will result in increased non-compliance and small businesses will accrue penalties at a much faster rate under the proposed changes to the SG charge.

Recommendation 5: Support the continuation of the ATO Small Business Superannuation Clearing House (SBSCH) or if it is to be discontinued ensure proper transitional support for the small businesses affected by the closure. This should include consultation, education, and retaining the concept of an ‘approved clearing house’.

The ATO Small Business Superannuation Clearing House provides a valuable and ‘free to small employer’ service for up to 270,000 Australian small businesses every year. The service provides distribution of Superstream compliant superannuation contributions to employees. This allows an employer to make a single payment along with account details for employees for the clearing house to then distribute to individual employee superannuation accounts. This reduces the administrative burden for business and enhances compliance with employers’ superannuation obligations.

The ATO SBSCH is unique as the only ‘approved clearing house’ defined under the *Superannuation Guarantee (Administration) Act*. This unique status means an employer’s obligations are met when payment is received by the ATO SBSCH. This is not a status currently accorded to commercial clearing houses who serve the same function.

In the ATO’s own assessment from September 2021 of four enabling services that make it easier to comply with superannuation obligations, the ATO SBSCH was the only one ranked ‘effective’. In contrast single touch payroll, online tools, and electronic lodgement of SG charge statements were rated only ‘partially effective’. We contend that the SBSCH should be continued and invested in to being able to support enhanced superannuation payment requirements, and that this investment is reasonable and commensurate with the claims benefits to be derived from system reforms and to abate heightened compliance risks for smaller employers.

If the SBSCH is to be discontinued, the ASBFEO recommends that transition arrangements are put in place to support users of the ATO SBSCH including a managed migration of current users to a third-party alternative providing services on similar terms to the ATO SBSCH. This should include retaining the concept of an 'approved clearing house' in the legislation and discharging an employer's obligations when a contribution is made into such a clearing house. The concept of an approved clearing house should be applied to a class of clearing houses, or to a specific clearing house to whom current ATO SBSCH users are migrated to as part of a transition.

Recommendation 6: Ensure provisions and subsequent regulations for exceptional circumstance determinations provide sufficient guidance and discretion.

S18C of the exposure draft provides for the ATO Commissioner to make a determination that one or more kinds of employers are affected by exceptional circumstances that affect their ability to make eligible contributions. The exposure draft notes that this provision contemplates natural disasters or widespread information technology outages affecting multiple employers on a large scale. The circumstances are to be prescribed in regulations.

The ASBFEO notes that this provision suggests a high threshold and narrow scope for such a determination being made. Would recent cyber intrusions on Australian superannuation providers that have interfered with administration and compromised user accounts be within the meaning of a widespread information technology outage? Would weather damaging an internet backhaul connection to a small town be within the meaning of a natural disaster, or does that only contemplate an event that is subject to disaster declaration?

The exceptional circumstances provision, and the legislation more broadly, should recognise and contain sufficient flexibility for circumstances that arise outside an employer's control that prevent them making a superannuation contribution within the require timeframe.

For further information or clarification, please contact the ASBFEO Policy & Advocacy Team at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

Attachment A

Small business

Small business runs a weekly payroll on Thursday 6 February.

Payment and instructions for SG contributions sent to commmercial clearing house.

Small business has 7 calendar days starting the day after payroll for SG entitlements to be credited to employees superannuation account.

This would be the following Thursday 13 February, when the next payrun would begin.

Commercial clearing house

Receives payment from small business on Friday 7 February.

Clearing house verifies data file and funds transfer, 3 - 5 business days for processing payments to superannuation funds.

Funds will be credited to superannuation fund either on the following Wednesday 12 February or Friday 14 February.

If the payment is credited on Friday 14 February the small business is now non-compliant.

Superannuation fund

Superannuation fund receives funds between Wednesday 12 February and Friday 14 February.

Superannuation fund makes payments to members account may take up to 3 business days.

Small businesses are now non- compliant if funds have not been credited to members account.

Superannuation funds have 3 business days to return uncredited funds to employers.

Small business

Small business processes new pay cyle, any SG entitlements unable to be credited to a members account have not been returned and an error notification has not been received by the small business .

The small business owner will process the SG payment as per the original instructions that contained an error and will be non-compliant for 2 payments and will incur the SG shortfall charge for both payments.