

December 2021

INDUSTRY UPDATE - NEW DIRECTOR IDENTIFICATION NUMBER

Are your clients ready for the new Director Identification Number (DIN) and when do you need it?

From **1 November 2021**, a director or any person who wishes to become a director must now consider and apply for a **Director Identification Number ('DIN')** before they consent to become a director in any corporation governed by the relevant Australian legislations.

WHAT IS A DIN?

A Director Identification Number is a unique 15-digit identifier given to a director, or someone who wishes to become a director, to verify their identity with the newly formed Australian Business Registry Services ('ABRS') administered by the Australian Taxation Office ('ATO').

A DIN is not the same as an Australian Business Number ('ABN'), but rather, it will continue to remain with that individual during their existence. In short, one DIN per person per lifetime, even if you are running 20 companies. **An individual must apply for their own DIN, no one else can apply on their behalf.**

WHY DIN?

We mentioned in our [February 2020 edition](#) of the Insider that the Australian Government wanted to focus on stamping out, and combat, the illegal phoenixing activities that costs the Australian economy billions of dollars.

The Bill provides new powers to the Australian Securities and Investments Commission ('ASIC') and Liquidators to combat "creditor-defeating dispositions" and introduced measures to extend the Director Penalty Notices ('DPN') from PAYG, superannuation, etc to cover GST tax liabilities from 1 April 2020 onwards.

The DIN is intended to prevent the use of false or fraudulent director identities and to assist in identifying, preventing and/or eliminating potential unlawful activities involving director(s), such as illegal phoenix activity.

WHO IS ABRS?

The newly formed **ABRS** is a product of the government's Digital Business Plan and Modernising Business Registers program. The purpose of the program is to establish a new registry service for Australia, which will be run by the **ATO**, and to combine the Australian Business Register ('ABR') and the other 30+ ASIC registers under the one roof.

HOW TO APPLY A DIN? (Must be registered by the individual director themselves)

-  **1** USING MYGOVID
- OR**
-  **2** PHONE
- OR**
-  **3** PAPER FORM

WHO NEEDS A DIN?

YES, if you a director of

- ✓ A company, a registered Australian body, or a registered foreign company under the Corporations Act 2001
- ✓ Charities and Not-for-profits registered under the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)
- ✓ An Aboriginal and Torres Strait Islander corporation registered under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) (**With delayed commencement date)

NO, if you are

- ✗ A company secretary but not a director recorded with the ASIC
- ✗ Job titled as director but legally appointed under the Corporations Act or CATSI Act
- ✗ An external administrator of a company, such as liquidator
- ✗ Sole traders in personal capacity
- ✗ Partnerships (both under personal capacity)
- ✗ Trusts that do not have a corporate trustee (i.e. individual trustee)

WHEN DO YOU NEED A DIN?

Date you become a director	Deadline you must apply a DIN
On or before 31 October 2021	By 30 November 2022
Between 1 November 2021 and 4 April 2022	Within 28 days of appointment as director
From 5 April 2022	Prior to your appointment as director

Apart from the main obligations to register during the transitional period, which are mentioned above, 3 other registration requirements exist for individuals within the DIN system. These include:

- requiring an individual to apply for a DIN within 28 days of being directed by the registrar to apply for a DIN
- prohibiting a person from knowingly applying for multiple DINs, and
- prohibiting a person from misrepresenting a DIN to a government body or registered body.

WHAT HAPPENS IF YOU DON'T HAVE A DIN

If you can't apply by the date, you need to apply for an extension from ABRS. You should not engage in any conduct that may breach the new legal requirements, such as providing false identity information or applying for multiple DINs, as there may be civil or criminal penalties.

You should make your clients aware of the new DIN obligations and encourage them to commence the application process as soon as practicable. More details can be found: <https://www.abrs.gov.au/director-identification-number>

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