

The Director Identification Number regime

On 12 June 2020, the Federal Parliament passed the law that requires new and current company directors to apply for a **Director Identification Number (DIN)**, under the *Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2020* (Cth). The DIN scheme was first announced in September 2017 and has been developing since with details being progressively announced.

What to do?

Directors don't need to do anything now. The ATO is testing the new application process in a private beta to ensure a seamless user experience and will call for expressions of interest shortly.

What is the purpose of the DIN?

A DIN is a unique number used to verify the identity of a director. It will be used to help reduce fraud and illegal "phoenixing" activities. Phoenixing is where a company director may close an entity that is insolvent and transfer the assets to a new company to avoid debts and liabilities.

A DIN also helps to prevent the creation of false identities and allows tracing of a director's previous involvement with any insolvent companies.

Key points to note

- Directors are only allowed to have one DIN even if multiple companies
- The ATO will be the operator of the new commonwealth register
- The DIN scheme will remove personal/sensitive information from the registry
- You will have to make an application prior to acting as a director if you are going to be a new director of a company for the first time. The transitional period will enable you to apply for a DIN within 28 days of your appointment to the Board.
- Existing directors must apply within a timeframe specified by the Registrar.
- The DIN regime will also apply to:
 - acting alternate directors
 - management committee members of registered bodies such as incorporated associations with an Australian Registered Body Number who are registered under the *Corporations Act*
 - directors of foreign companies registered in Australia
 - Aboriginal and Torres Strait Islander corporations

Consequences if you do not apply for a DIN or provide misleading information

There will be heavy penalties if a director does not apply or provides false or misleading information to obtain a DIN. This will include infringement notices and both civil and criminal penalties. Once the regime commences, there will however be a 12-month transition period in place.