



Director Identification Number (DIN)

TAS Thought Leadership



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Director Identification Number (DIN)

The Australian Government has passed the Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2019 (Cth). This Act introduces a new requirement under the Corporations Act 2001 that all Australian directors obtain and hold a unique Director Identification Number (DIN) issued and administered by ASIC.

Current legislation does not require ASIC to verify the identity of directors and they could have multiple records within the ASIC system.

The intention of the Director Identification Number is to combat illegal phoenixing (phoenixing occurs when a company's directors strip cash and assets from it, hide them, liquidate the company and then restart it, usually under a different name).

Key details are yet to be finalised, however the new regime is expected to be rolled out in the first half of 2021.

WHAT YOU NEED TO KNOW



The new law will require each person who consents to being a director to confirm their identity and obtain a unique Director Identification Number. The person will keep that Director Identification Number permanently, even if they cease to be a director.



Persons appointed as directors within 12 months of the new regime's operation will have 28 days to apply for a Director Identification Number.



Those persons that are currently directors will also be required to apply for a Director Identification Number; however, they will not be required to do so until the Minister so specifies (by legislative instrument). Current directors should therefore remain on alert for announcements from the Minister's office in this respect.



For existing directors, transitional provisions will apply, providing for a 15 month window to apply once the new requirement is mandated.



WHAT YOU NEED TO KNOW (CONTINUED)



Under the DIN regime, directors will be required to apply for a DIN prior to being appointed as a director or be required to apply for a DIN within a set period of time as directed by the registrar



For the new DIN requirement to apply to a person, the person must be a director of a registered body. For the purposes of the new law, a registered body is:

- a company, registered foreign company or registered Australian body (which are registered under the Corporations Act); or
- an Aboriginal and Torres Strait Islander corporation (which are registered under the CATSI Act).



There are civil and criminal penalties for persons that fail to apply for a DIN within the applicable timeframe.

This new requirement can have implications to common corporate governance matters (emergency appointments of directors) and we strongly recommend all directors stay abreast of these changes to ensure they have ample time to transition.

TAS will be providing DIN updates as they come to hand. If you have any questions as to how your impacted, please don't hesitate to reach out and discuss this with the TAS Governance experts.

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