

Required action for directors: director identification number

By Fordham
23 November 2021



In June 2020, the Australian Government introduced the Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2020 (Cth). As part of a suite of amendments introduced, all company directors are now required to be identified by unique "Director Identification Numbers".

What is a Director Identification Number?

A Director Identification Number is a unique 15-digit identifier given to a director, or someone who intends to become a director that, once issued, will be kept by the individual permanently.

This new identifier is being implemented by the Australian Business Registry Services.

What is the purpose of a Director Identification Number?

The aim of the Director Identification Number is to create a single source of trusted and accessible business data in order to:

- prevent the use of false or fraudulent director identities;
- make it easier for external administrators and regulators to trace directors' relationships with companies over time; and
- identify and eliminate director involvement in unlawful activity such as phoenixing activities.

Through Director Identification Numbers, regulators and advisors can access a clearer picture of a director's corporate history. Further, it will give more clarity of whether companies have participated in related party transactions, and whether directors have had conflicts of interest.

Who needs to apply for a Director Identification Number?

You need a Director Identification Number if you're an eligible officer of:

- a company, a registered Australian body or a registered foreign company under the Corporations Act 2001 (Corporations Act); or
- an Aboriginal and Torres Strait Islander corporation registered under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act).

An eligible officer is a person who is appointed as:

- a director; or
- an alternate director who is acting in that capacity.

Below is a table of people who require a Director Identification Number and those who do not:

| You need a Director Identification Number if you're a director of a: | You do not need a Director Identification Number if you're a: |
|---|---|
| company; | a company secretary but not a director; |
| Aboriginal and Torres Strait Islander corporation; | acting as an external administrator of a company; |
| corporate trustee, for example, a self-managed super fund; | running a business as a sole trader or partnership; |
| charity or not-for-profit organisation that is a company or Aboriginal and Torres Strait Islander corporation; | referred to as a 'director' in your job title but have not yet been appointed director under the Corporations Act or the CATSI Act; |
| registered Australian body, for example, an incorporated association that is registered with the Australian Securities and Investments Commission and trades outside the state or | a director of a registered charity with an organisation type that is ASIC to operate throughout Australia; or |

territory in which it is incorporated.; or

foreign company registered with the ASIC and carrying on business in Australia (regardless of where you live) an officer of an unincorporated association, cooperative or incor established under state or territory legislation, unless the organis registered Australian body.

When do I need to get my Director Identification Number?

If you became (or are intending to become) a director which is governed by the Corporations Act 2001:

| Date you become a director | Date you must apply |
|--|-------------------------------|
| On or before 31 October 2021 (i.e. existing directors) | By 30 November 2022 |
| Between 1 November 2021 and 4 April 2022 | Within 28 days of appointment |
| From 5 April 2022 | Before appointment |

If you became (or are intending to become) a director which is governed by the Corporations (Aboriginal and Torres Strait Islander) Act 2006;

| Date you become a director | Date you must apply |
|--|---------------------|
| On or before 31 October 2022 (i.e. existing directors) | By 30 November 2023 |
| From 1 November 2022 | Before appointment |

How do I apply for a Director Identification Number?

For Australian resident directors, the fastest way to obtain a Director Identification Number is to apply online on the Australian Business Registry Services website; <https://www.abrs.gov.au/> from 1 November 2021.

This will require a myGovID account (which is different from a standard myGov account). Go to myGovID website; <https://www.mygovid.gov.au/set-up> in order to setup your myGovID.

Foreign resident directors will also have to obtain their Director Identification Number within the same timeframes. Foreign resident directors who have Australian documentation may still be able to apply online on the Australian Business Registry Services website.

Once you have your Director Identification Number, you can view, update and manage your details via the Australian Business Registry Services website.

How do I use my Director Identification Number?

When you receive your Director Identification Number, you should pass it on to the record-holder in your company or Aboriginal and Torres Strait Islander corporation. This might be your company secretary, another director, a contact person or an authorised agent of the company.

The ASIC companies register will be transferred to the Australian Business Registry Services, expected in September 2023. This is when your Director Identification Numbers will need to be linked to the companies you're a director of.

What if I fail to meet my obligations with regards to Director Identification Numbers?

Failure to meet obligations (e.g. not applying for a number before the above noted deadlines) or causing an offence in relation to a Director Identification Number may see you incur an infringement notice leading to potential civil penalties and/or criminal charges. Details below:

| Offence | Legislative section | Maximum penalties for individuals |
|--|---------------------|--|
| Failure to have a Director Identification Number when required to do so | s1272C | \$13,200 (criminal); \$1,100,000 (civil) |
| Failure to apply for a Director Identification Number when directed by the Registrar | s1272D | \$13,200 (criminal); \$1,100,000 (civil) |
| Applying for multiple Director Identification Numbers | s1272G | \$26,640, 1 year imprisonment or both (criminal) |
| Misrepresenting Director Identification Number | s1272H | \$26,640, 1 year imprisonment or both (criminal) |

Next Steps?

If you are currently a Director or looking to become one, apply online on the Australian Business Registry Services website for a Director Identification Number.

You need to apply for your Director Identification Number yourself. There is a identification verification process which means no one can apply for you.

That said, your [Fordham Partner](#) can help you to understand this new requirement and what you must do in order to comply with these new rules.

For further assistance please don't hesitate to contact your [Fordham Partner](#).

This information has been prepared by Fordham Business Advisors Pty Ltd (Fordham) ABN 77 140 981 853. Fordham's liability is limited by a scheme approved under Professional Standards Legislation. It is general information only and is not intended to provide you with advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This information is believed to be accurate at the time of compilation and is provided in good faith. Fordham is a subsidiary of Perpetual Limited ABN 86 000 431 827.