

## WELCOME

Welcome to our November 2021 edition of the StewartBrown newsletter. We hope to keep you informed of the important tax developments and issues affecting businesses in Australia today and throughout the year ahead.

## DIRECTOR IDENTIFICATION NUMBERS

Effective 1 November 2021 there are new legal requirements regarding what are known as Director Identification Numbers (“DIN”). Following is a brief summary of this new regime.

### What is a Director Identification Number (“DIN”)?

The DIN (also referred to as a “Director ID”) is a 15-digit unique identifier that will help prevent the use of false or fraudulent director identities. This will make it easier to trace director relationships across companies and help identify and eliminate involvement in illegal activity such as phoenix activity.

Existing company directors will now be required to apply for a DIN (director ID) by 30 November 2022, while directors of Indigenous corporations that are governed by the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (“CATSI” Act) will be required to apply by 30 November 2023.

Applications for a DIN are free and are now open on the newly established Australian Business Registry Services (“ABRS”), a single platform administered by the Commissioner of Taxation that brings together ASIC’s 31 business registers and the Australian Business Register.

As a transitional measure, new directors appointed between 1 November 2021 and 4 April 2022 will have 28 days after their appointment to apply for their DIN.

New directors who are appointed from 5 April 2022 will be required to apply for their DIN before appointment.

Directors who fail to apply for a DIN within the stipulated time frame can face criminal or civil penalties of 5,000 penalty units, which currently stands at \$1.11 million. Directors of a CATSI organisation can face penalties of up to \$200,000.

Penalties will also apply for conduct that undermines the new requirements, including providing false identity information to the registrar or intentionally applying for multiple DINs.

The DIN will be attached to a director permanently, even if they cease to be a director, change their name, or move interstate or overseas.

### Applying for a DIN

Currently only Directors and acting Directors of Australian corporations and registered foreign companies under the *Corporations Act 2001 (Cth)*, including companies responsible for managed investment schemes and registered charities, are required to apply for a DIN. At this stage, the DIN requirements do not extend to unincorporated bodies, de facto or shadow Directors, or company secretaries.

To complete the online application, a myGovID is required. Importantly please note that a myGovID is not the same as a myGov account. To apply for your myGovID go to: <https://www.mygovid.gov.au/set-up>

You will also need to make sure your myGovID has either a “standard” or “strong” identity strength. If you are a director (or intend to become one in the near future) it would therefore be a good idea to set up your myGovID now in readiness for the application you will need to make on the ABRS for your DIN.



### How to apply for a DIN

The application for a DIN requires a director to verify their identity. A director must complete the application themselves and cannot instruct an authorised agent such as an accountant or financial advisor to apply for a DIN on their behalf. You can apply for a DIN ID in three steps:

**Step 1** – Set up myGovID. You will need a standard or strong identity strength myGovID to apply for your director ID online.

**Step 2** – Gather your documents. You will need to have some information the ATO knows about you when you apply for your director ID, for example:

- your tax file number (TFN)
- your residential address as held by the ATO
- information from two documents to verify your identity

Examples of the documents you can use to verify your identity include:

- bank account details
- an ATO notice of assessment
- super account details
- a dividend statement
- a Centrelink payment summary
- PAYG payment summary.

**Step 3** – Complete your application. Once you have a standard or strong identity strength myGovID, and your documents, you can log in to the ABRIS website (see below) and apply for your director ID.

For more information on how to apply for a DIN visit:

<https://www.abris.gov.au/director-identification-number/apply-director-identification-number>

### SINGLE TOUCH PAYROLL (“STP”) PHASE 2 DEFERRAL

Australian employers will now have two more months to transition to the second phase of STP as the ATO announces a blanket deferral in light of the current business environment. The ATO has revealed that employers that begin reporting additional payroll information required under STP Phase 2 by 1 March 2022 will be considered to have met its 1 January 2022 deadline.

STP Phase 2 reporting will see additional information, including a breakdown of gross amounts and income types, required to be reported to the ATO each payday, and subsequently shared with Services Australia in a bid to reduce employers’ reporting obligations to multiple government agencies.

If you have any questions concerning STP Phase 2 reporting please speak with your StewartBrown Manager or Partner or contact your accounting software provider.

### COVID-19 PAYMENTS TAX FREE!

The NSW COVID-19 business grant, JobSaver payment, micro business grant and personal disaster payments will all be tax free for most taxpayers.



A Government COVID-19 business grant or support program payment will be non-taxable (non-assessable non-exempt income (“NANE”)) if all the following three criteria are met:

- i. The payment is received under a state or territory grant, or Australian Government support program that is formally declared by the Minister under a legislative instrument to be eligible for NANE treatment.

- ii. You carried on a business and have an aggregated turnover of less than \$50 million in either the income year the payment was received or the previous income year.
- iii. The payment was received in the 2020–21 or 2021–22 financial year for eligible state or territory grants or the 2021–22 financial year for eligible Australian Government programs.

As you did not provide anything of value to the State Government in respect of these payments received, they do not constitute a taxable supply for GST purposes and so no GST is payable to the ATO on them.

Finally, any expenses specifically relating to applying for these COVID-19 payments will be non-deductible for tax purposes.

If you are unsure about the tax status of any of these payments (particularly if your business had turnover of \$50m or above) please contact your StewartBrown Manager or Partner for further advice.



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