

Budget Changes Directors Need To Be Aware Of

Director penalty regime expanded from 1 July

Proposed changes from the Budget provide:

- Directors to become personally liable for their company's failure to pay
 - PAYG withholding (group tax)
 - Employee Superannuation guarantee amounts
- The ATO to have increased recovery powers to collect the above
- The ATO to have powers to transfer directors (and their associates) withholding tax credits to offset unpaid tax liabilities

Previously directors could be held personally liable for unpaid PAYG(W) only.

Directors would become personally liable after receipt of a Director Penalty Notice (DPN), and would have 21 days to fix the problem.

The fix was:

1. Repay debt in full
2. Appoint an Administrator
3. Appoint a Liquidator

Under the new rules the ATO does not need to issue a DPN to crystallize the personal liability of the Director, **the Director will be made liable in relation to any relevant ATO debt (PAYGW or Super guarantee) once it is 3 months overdue.**

Once the debt reaches this stage it is too late to avoid personal liability and fix the problem via Administration or Liquidation.

What to do next

Contact us on 9525 8788 to discuss; getting your house in order, and reviewing your withholding tax and superannuation obligations.

The new director penalty regime will impose personal liability without any formal advice from the ATO.