
TAX ALERT

Director Penalty Notices (DPN)

The Australian Taxation Office (ATO) has recently ramped up their debt recovery activities and one of the tools they are utilising are Director Penalty Notices (DPNs).

A DPN is a notice the ATO sends to a company director where a company has not paid certain ATO liabilities. The DPN make the director personally liable for GST, Pay As You Go (PAYG) Withholding and Superannuation Guarantee Charge (SGC) liabilities.

Once a DPN has been issued, the director has 21 days to comply with the notice. As the DPNs are issued to the addresses recorded with Australian Securities and Investments Commission (ASIC), it is vital to ensure that addresses are reviewed frequently and updated.

It is also vital that in order to assist in reducing a director's liability under the Director Penalty Regime, all tax and superannuation lodgement obligations are made by the due date. By ensuring all lodgements have been made on time, this will provide a director with more options when a DPN is issued.

Ideally it is best to act before the ATO decide to undertake any form of enforcement activities. If you are unable to pay the company tax and superannuation liabilities, please contact our office to discuss options and to start conversations with the ATO before the ATO formally issues a DPN.