

Directors soon to be personally liable for unpaid GST

As of 1 April 2020 Australian company directors will become personally liable for any of their company's unpaid GST.

Under the recently enacted Combating Illegal Phoenixing legislation the director penalty rules have been extended to encompass the indirect taxes, Goods and Services Tax, Luxury Car Tax and Wine Equalisation Tax. From 1 April 2020, directors will be jointly and severally liable for any unpaid GST, LCT or WET liabilities unless they have taken corrective action within specified time limits. This includes liabilities arising whilst they were a director even if they have subsequently resigned.

Action required

Even though the changes are focussed on phoenixing activities they can still apply for other indirect tax defaults and perhaps now is the time for directors to consider:

- whether the company is fully meeting its GST, LCT and WET requirements;
- whether the company is up to date with indirect tax lodgements;
- whether the company can meet its requirements in the event of unusual circumstances such as staff departures, sickness etc;
- whether any additional internal training is required; and
- whether processes are in place for the appropriate escalation of indirect tax issues.

Get in touch

To discuss how we can provide support to you and your business in relation to the above, please reach out to one of our tax experts.



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