

22/12/2025

Treasury
Corporate Insolvency Unit, Corporations Branch
Langton Crescent
PARKES ACT 2600
AUSTRALIA

Via [Treasury consultation hub](#)

Dear Treasury,

Combatting financial abuse perpetrated through coerced directorships

Thank you for the opportunity to provide a submission on the consultation paper on combatting financial abuse perpetrated through coerced directorships.

The Australian Institute of Company Directors (**AICD**)'s mission is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. The AICD's membership of more than 53,000 includes directors and governance leaders of not-for-profits, large and small businesses and the public sector.

The AICD strongly supports the intent of the consultation paper, being to address the vulnerabilities in tax and corporate systems that enable the misuse of company directorships as a form of coercive control. The AICD welcomes the opportunity to support legislative changes that reduce the incidence of and harm from coerced directorships.

1. Executive summary

Our key points are as follows:

- Specific, targeted legislative amendments addressing coercive control should be included in the *Corporations Act 2001* (Cth) (**Corporations Act**) and the *Taxation Administration Act 1953* (Cth) (**TAA**). Targeted amendments will mitigate against the reforms bringing unintended consequences.
- The AICD supports the use of existing concepts in Federal legislation as the best way for the legislative changes to assist victim-survivors to escape financial abuse. Accordingly, the AICD suggests that Treasury draws on the work that has been done on *Family Law Act 1975* (Cth) (**Family Law Act**) reforms.
- The cornerstone principle should be that the victim-survivor's appointment as, or exercise of their powers or discharge of their duties as, a director was compromised by their exposure to family violence as defined in s 4AB of the Family Law Act.

- The Director ID linkage to the Companies Register proposed in the *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025* will assist in restricting the ability of perpetrators to fraudulently register directors without their consent. This could be combined with a requirement for both the company (using the corporate key) and the director (using both their DIN and myID) separately to confirm the director's appointment.
- **It is critical that the ongoing availability of director personal information on the Companies Register is addressed as soon as possible and prior to the Director ID being linked in full on the Register, especially given the unique risks that victim-survivors face.**
- The existing provisions in the Corporations Act are sufficient to hold perpetrators to account for coerced director appointments. Dedicated, active enforcement of those provisions is what is needed.
- It is fundamental that guidelines are published to explain both the new provisions and the processes that victim-survivors can take to access and benefit from the provisions.
- There should be a further round of consultation on an exposure draft of the legislative amendments, so that stakeholders can provide an informed view of the practical implications of the intended changes.

2. Feedback on Treasury proposals

In-principle support

The AICD in principle supports the four key areas of reform outlined in the consultation paper, being to:

- make it harder to register or appoint directors without their clear consent;
- make sure victim-survivors can access defences for insolvency-related directors' duties;
- extend the timeframe to respond to Director Penalty Notices and extend defences for Director Penalty Notices; and
- hold perpetrators to account for harm.

Given the very specific context, we think it is appropriate for specific, targeted legislative amendments addressing coercive control to be included in the Corporations Act and the TAA. This approach should mitigate the risk of unintended consequences flowing from the amendments, by providing a specific context for the changes and the intention behind the clauses.

The inclusion of targeted amendments also will limit the number of new provisions, which is desirable given the already voluminous and extensive scope of the Corporations Act and TAA.

Use of existing provisions and concepts

The AICD strongly supports reforms that empower victim-survivors to escape financial abuse and recognises the complexities such circumstances may give rise to.

This is particularly relevant in relation to expanding the avenues available for coerced directors to resign, strengthening defences for insolvency-related directors' duties and improving support for coerced directors to respond to director penalties.

Accordingly, rather than include new or bespoke definitions under the Corporations Act and TAA, the AICD encourages the use of existing concepts in Federal legislation. In particular, the AICD notes that significant work has been done on *Family Law Act 1975* (Cth) (**Family Law Act**) reforms, including to introduce the concept of 'family violence'.

'Family violence' is defined in section 4AB of the Family Law Act. Section 4AB describes family violence as violent, threatening or other behaviour by a person that coerces or controls a member of the person's family (the **family member**) or causes the family member to be fearful. Examples of behaviours that may constitute family violence include economic or financial abuse. It is a well-known and understood civil standard that is used in family law court matters (for example, to provide protection to victims of family violence who are cross-examined as part of family law proceedings).

The cornerstone principle should be that the victim-survivor's appointment as, or exercise of their powers or discharge of their duties as, a director was compromised by their exposure to family violence as defined in s 4AB of the Family Law Act.

The same provision could apply to extend the timeframe to respond to Director Penalty Notices and extend defences for Director Penalty Notices under the TAA. For example, if an individual asserts that they are in a situation of coerced directorship, a presumption should operate in their favour allowing them additional time to respond. They should not have to provide evidence of the coerced directorship in order to obtain the extended timeframe to respond to a Director Penalty Notice.

The situation is more complex in insolvency related matters where the interests of various parties would need to be carefully balanced to ensure a just outcome. This requires careful consultation with relevant stakeholders and experts including victim survivor groups, lawyers and insolvency practitioners.

There should be clear guidance provided to both ASIC staff and victim-survivors that a coerced director could resign by providing an application to ASIC, stating that they are unable to participate in management of the company due to family violence. This would bring into play existing evidentiary requirements under the Family Law Act to demonstrate the occurrence of family violence. In many cases, the victim-survivor will have already taken action under the Family Law Act, to obtain relevant family law court orders.

Using existing legal concepts avoids differing standards of evidence and increases the likelihood of victim-survivors being familiar and comfortable with terminology and evidentiary requirements. Creating different concepts through new definitions adds complexity, which can confuse and re-traumatise victims.

Director IDs and registration of directors

The AICD notes the current proposal to link the Director Identification Number (**Director ID**) database to the Companies Register set out in the *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025* ([Bill](#)). This will restrict the ability of perpetrators to fraudulently register directors without their consent.

In the AICD's opinion this is a sensible improvement, particularly given ASIC's commitment in the [Background Paper](#) to notify each director of the linkage of their Director ID to the company record, asking directors to confirm that they are aware of their appointment.

One possibility for decreasing the possibility of fraud is to require both the company (using the corporate key) and the director (using both their DIN and myID) separately to confirm the director's appointment as a precondition to their name being entered in the Register.

In the context of this linking proposal, which the AICD supports, we note that it is critical that the ongoing availability of director personal information on the Companies Register is addressed as soon as possible and preferably prior to the Director ID being linked in full on the Register.

The disclosure of directors' personal information (residential addresses and full dates of birth) gives rise to significant privacy, cyber, identity-theft and personal safety risks. In relation to the matters seeking to be addressed in the consultation paper, it can increase the risks to victims of family violence by making them easier to locate and target. It is imperative that these risks are addressed as soon as possible.

Following the passage of the Bill and the commencement of Director ID linking, there may also be other ways to make coerced directors aware of the fact that they are registered as directors, to enable them to resign before they incur liabilities. These include:

- myGov notification, with inclusion of Director ID and appointments;
- including director ID information on credit reports; and
- sending a copy of any new Notice of Appointments to an individual's address as listed with the ATO (as opposed to the address listed with ASIC).

Finally, in relation to the Bill and new Director ID provisions, we note that there will also need to be defences for coerced directors in the context of the new liabilities and penalties for not obtaining and notifying Director IDs.

Removal of directors from Register

In the case of a coerced director who has not been validly appointed and has never acted as a director, there should be the ability for ASIC to correct the Register and remove that person. The legislation could be clarified to set out this process and ensure a consistent procedure is in place for this type of rare situation.

In other situations, where rights of third parties may be involved, it would remain appropriate for this ability to be reserved to a court as is currently provided

Enforcement

The AICD believes that the existing provisions in the Corporations Act are sufficient to hold perpetrators to account for coerced director appointments. As the consultation paper identifies, it is already a criminal offence to provide false or misleading information to ASIC and failure to obtain a person's consent to act as a director.

The 'shadow director' concept, long recognised in case law, also ensures that perpetrators can be held responsible for the management of a company.

In the case of alleged perpetrators of coerced directorships, enforcement by ASIC is key. The desired policy outcome will only be achieved if there is a dedicated focus and associated funding provided to ASIC to prosecute alleged abusers.

Guidelines

It will be vital for clear and accessible guidelines to be published to explain both the new provisions and the processes that victim-survivors can take to access and benefit from the provisions.

This is particularly important given the complexity and length of the corporations and taxation legislation.

Exposure draft

Given the position paper is a very high-level document that explores in-principle options, it is difficult to gauge the consequences of any changes to the Corporations Act, TAA or other legislation.

The AICD agrees that it is very important to avoid unintended consequences, particularly given that they may impact on third parties dealing in good faith with companies where they are assuming that the directors have been validly appointed and are exercising proper authority.

We encourage Treasury to engage in a further round of consultation on an exposure draft of the legislative amendments, so that we can give an informed view of the practical implications of the intended changes.

Support services

The reforms to address coerced directorships should be accompanied by dedicating funding to support services to assist victim survivors navigate pathways to resolution of coerced directorship issues. National

specialist support services for business-related financial abuse should be considered to allow the reforms to be effective in practice.

3. Next Steps

If you would like to discuss any aspects of our submission further, please contact Christian Gergis, Head of Policy (cgergis@aicd.com.au) or Ilana Waldman, Senior Policy Adviser (iwaldman@aicd.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Louise', with a long horizontal stroke extending to the right.

Louise Petschler GAICD

GM, Education and Policy Leadership