



## Opportunity to Reduce Delaware Unclaimed Property Liability through Voluntary Disclosure

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Delaware has started a new Unclaimed Property Voluntary Disclosure Program that will give benefits to companies that have not reported unclaimed property to Delaware in past years. Companies that should give serious consideration to this new Program include publicly traded and closely held companies formed in Delaware.

For those companies that have not reported unclaimed property to Delaware in the past, Delaware can go back to 1981 in audit. For companies that have not complied, finding those records can be next to impossible. The result could be a major assessment with accompanying interest and maybe penalty.

The New Voluntary Disclosure Program (“VDP”) will limit the look back period to 1996. This is a 15 year reduction in liability.

The sign up period for the new VDP is June 30, 2013. Benefits of the new VDP include:

- Reduced look back period;
- No interest on liability;
- Protection from audit for the periods reported under the VDP;
- Ability to work with the Plan Administrator to develop a Work Plan
- Use of estimation techniques in determining the liability;
- Use of a payment plan on the identified liability.

This opportunity has a limited period of time to notify Delaware of the intent to participate in the VDP, and any company interested in taking advantage of the VDP needs to start moving on the process now.

Next steps in the decision process may include:

- Due Diligence on your company's reporting status;
- Reviews of possible areas of unclaimed property, including accounts payable (such as employee payments and reimbursements, vendor payments, stock and dividends, and gift cards) to determine possible liability;
- Review of record retention policies to determine availability of records; and,
- Review of any recent acquisitions to determine carryover liabilities.

Unclaimed property liability can seriously impact a company's bottom line, so a review of your company's status in reporting unclaimed property can add real value.

?For more information about this topic, please contact the authors or any member of the Williams Mullen State & Local Tax Team.

## **Related People**

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