

UNCLAIMED PROPERTY NOTICE

► SUBJECT

PRESSING NOTICE FLORIDA UNCLAIMED PROPERTY AUDITS LIKELY

Introduction

The State of Florida has recently been sending out notices to potential holders of unclaimed property requiring them to undertake a self-audit review of their businesses for unclaimed property or face a formal examination of their books and records in addition to the application of penalties, interest and audit fees (see [sample letter](#)). Florida has previously sent out notices to potential holders informing them of the voluntary compliance self-audit review and encouraging companies to participate if they have unclaimed property to report but has not threatened formal examination. It is BDO's belief that if recipients of these new letters do not conduct a self-audit review they will likely be audited by the State of Florida at some point in the future.

History of Florida Unclaimed Property

Florida has historically encouraged holders of unclaimed property to file and report any dormant (no activity for one to five years) unclaimed property held but has not been aggressive with respect to conducting audits. The new letters being sent to potential holders have taken a different tone and have stated explicitly that companies that do not participate in the voluntary compliance self-audit review will be audited by the state.

Potential Risks for Unclaimed Property Holders

- Required participation in an audit conducted by the State of Florida that typically lasts three or more years
- Audits conducted by state and/or contingent fee auditors
- Piggyback audits that include multiple states on the audit
- Imposition of penalties and interest on any assessments resulting from audits
- Risk of state addressing other tax areas through tax questionnaires (e.g., sales and use, income tax, payroll tax, etc.)



BDO SUPPORT

If you have received a notice, have not addressed your unclaimed property posture, or would like to learn more about California and other state's escheat climate, we urge you to contact BDO to discuss this as soon as possible. There is still time to mitigate exposures, comply with the laws efficiently and drive long term practice.

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RESOURCES

[Florida Unclaimed Property Notice Letter](#)

[Self-Audit Questionnaire](#)

Florida VDA Program and Its Benefits

Florida has a voluntary disclosure program that requires holders to submit reports for the 10 prior years including outstanding payroll checks, accounts payable/vendor checks, unidentified deposits, outstanding credit balances, refunds, dividend payments, rebates, gift cards and other reportable property.

In order to participate in the program the company cannot be currently under audit, have previously filed a Florida unclaimed property report, or have been notified of or agreed to a State or contractor-assisted audit. The Holder must submit a detail plan outlining the disclosure process to be completed by the Holder, the estimation calculations used by the Holder, and a report identifying the unclaimed property due to the Department. The unclaimed property remittance must accompany the report.

Benefits of the program include:

- Elimination of liability for any prior periods upon filing reports under the voluntary disclosure agreement
- Limitation of the look back period for reporting (there is generally no statute of limitations for unclaimed property)
- Waiver of penalties and interest
- Avoidance of piggy back audits
- Avoidance of audits conducted by third-party commission-based auditing firms

Florida Headquartered and Florida Incorporated Entities

Companies that are headquartered in Florida or are incorporated in Florida are the most likely targets of the above-discussed letters and examination by the State. These companies and others with a material presence in Florida are encouraged to participate in the Florida voluntary disclosure program.

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