



MULTISTATE TAX

Expansion of Delaware's unclaimed property compliance efforts

Tax Alert

Overview

The Delaware Department of Finance ("DOF") is seeking to expand unclaimed property compliance enforcement efforts by issuing a Request for Proposal ("RFP") for third-party vendors to assist with reviewing submissions to the state's Unclaimed Property Verified Report and Compliance Review programs. These programs allow the state, under 12 Del. C. § 1170, to request additional information about a company's most recent unclaimed property report filed with the state. Based on the publicly available RFP documentation on Delaware's website, the state intends to send between 500 and 700 Verified Report notifications during its Fiscal Year 2024.

This Tax Alert summarizes the state's plan to expand compliance efforts.

Expansion of unclaimed property compliance efforts

Under the Verified Report program, the state requests that an officer of the company certify that an unclaimed property report (or lack thereof) is complete. Once the company has produced the Verified Report and required copy of unclaimed property policies and procedures, the third-party vendor will determine whether the information provided is adequate. If deemed complete, then the third-party vendor will send the information obtained to the state to be recorded in the company's reporting history. If the company does not complete or responds inadequately to the request for a Verified Report (e.g., if an unclaimed property policy is excluded from the response), the company can be referred to the DOF for an unclaimed property audit based on 12 Del. C. § 1170.

Based on the sample timeline in the RFP, the company can also be referred from a Verified Report review to a Compliance Review if any of the following situations take place:

- The company does not respond to the Notification of a Verified Report;
- It is determined that the company's policies and procedures are inadequate, or the company confirms written policies do not exist;
- The company provides an incomplete response (e.g., not including a policy) or does not respond by the deadline; or

- The Verified Reported appears to be inaccurate, incomplete, or false.

In a Compliance Review, the state requests an expansive amount of extensive source records and supporting documentation to confirm that the report in question includes all Delaware-sourced property that should have been reported. Within one year from the date of authorization of the Compliance Review, the DOF shall notify the company of any deficiency. The company has either 30-days of receipt of the notification of findings to dispute or 90-days of receipt of the notification of findings to pay the deficiency. Based on the sample timeline in the RFP, the company may be referred to Delaware's unclaimed property Voluntary Disclosure Agreement program, or be subject to an unclaimed property examination, based on the following circumstances:

- The company does not respond the Notification of a Compliance Review;
- The company certifies in writing that they do not have substantiating records; or
- The Compliance Review cannot be completed within one year due to lack of response and/or cooperation from the company.

Considerations for taxpayers:

- Taxpayers should be mindful of notifications received from Delaware to ensure prompt responses are communicated to the state or reviewing vendor; otherwise, the state may pursue enforcement by subjecting the taxpayer to an unclaimed property examination. See Deloitte's earlier [alert](#) on the most recent mailing of Delaware VDA invitation letters.
- Taxpayers should also consider developing a formal, written policy related to unclaimed property compliance so they can adequately respond to the state's Verified Report and/or Compliance Review programs.

Please contact us with any questions.

Get in touch

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