

Handling unclaimed property in Visual AccountMate

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It's not well publicized, but if one of your checks, either for payroll or business expenses, goes uncashed for over three to five years, it's considered *unclaimed property*, and belongs to the state. You can't just cancel the check and pocket the money. Instead, you're supposed make an attempt to locate the payee, and if you can't, you have to turn the money over to the state in which the payee resided at the time of payment. The state then holds the money indefinitely for the payee.

The reporting deadline for Connecticut is March 31, and you can get an extension. You can look it all up at this Web site:

www.state.ct.us/ott/holderreporting/ucpholder2005.pdf

Attached is a list of information for selected states.

Whoa! What if I don't turn it over? If you get audited by the state Treasurer's office, they can make you cough up the money and pay penalties and interest. That's a big IF, because the Treasurer mainly concentrates on financial institutions and bigger companies.

Procedure

Say you want to do the right thing and turn the money over to the state. Do you have to void every single check and reissue it to the state? No! That would be a lot of work, and might alter the original accounting for the check. There's a simple way, that won't mess up the accounting. This will work in VAM and just about every other accounting system:

Step 1. Print a list of checks that are outstanding from before the cutoff date, usually three years.

Step 2. The next time you reconcile your bank account, cancel those checks.

Step 3. Enter an invoice, payable to the state, for the amount of checks you're turning over. In the GL Distribution, distribute the amount to the cash account from which you're paying the state.

Step 4. Pay the invoice.

The result is that the checks are out of your system and you wind up with a pair of self-canceling entries in the cash account. Moreover, you have a convenient "trail" to show what happened.

Questions

Q. What if I have several bank accounts, some of which are closed?

A. Make the payment from a single account.

Q. Should I issue a stop payment order? What if one of those checks gets cashed?

A. That's a judgement call. Chances are a three-year old check is long gone, but if the payee cashes a check, there's a refund procedure to get the money back from the state.

Q. What if I have a lot of items?

A. Most states require electronic reporting. You can generate the necessary upload file from VAM's table browser. Export it to Excel, insert the necessary columns and export it in the format required by the state, usually CSV. Free reporting software is available from ACS Software: www.wagers.net/hrs/index.php. This is accepted by 36 states that support it financially and by most others, too. See the attached list for details.

Summary of Unclaimed Property Laws			
State	Due date	ACS ?	Remark/Website
Alabama		Y	
Alaska		Y	
American Samoa			
Arizona		Y	
Arkansas			
California			
Colorado	Nov 1	Y	www.treasurer.state.co.us/payback/reporting/index.htm
Connecticut	Mar 31		www.state.ct.us/ott/holderoutreachoverview.htm
Delaware		Y	
District of Columbia		Y	
Florida		Y	
Georgia		Y	
Guam			
Hawaii		Y	
Idaho			
Illinois		Y	
Indiana		Y	
Iowa		Y	
Kansas			
Kentucky		Y	
Louisiana		Y	
Maine		Y	
Maryland			
Massachusetts			
Michigan		Y	
Minnesota			
Mississippi		Y	
Missouri		Y	
Montana			
Nebraska		Y	
Nevada		Y	
New Hampshire		Y	
New Jersey	Nov 1	Y	http://www.state.nj.us/treasury/taxation/index.html?updiscl.htm
New Mexico		Y	
New York	Mar 10		www.osc.state.ny.us/ouf/oufhandbook/money.htm
North Carolina		Y	
North Dakota			
Ohio		Y	
Oklahoma		Y	
Oregon		Y	
Pennsylvania		Y	

Summary of Unclaimed Property Laws			
State	Due date	ACS ?	Remark/Website
Puerto Rico		Y	
Rhode Island			www.treasury.ri.gov/home.htm
South Carolina		Y	
South Dakota		Y	
Tennessee	April 30	Y	www.treasury.state.tn.us/unclaim/compliance.htm
Texas			
Utah		Y	
Vermont		Y	
Virginia			
Virgin Islands			
Washington		Y	
West Virginia			
Wisconsin		Y	
Wyoming			