



Volume 18 Number 4 December 2011

NEWSFLASH: MICHIGAN UNCLAIMED PROPERTY VOLUNTARY DISCLOSURE PROGRAM REQUIRES NOTICE OF PARTICIPATION BY JANUARY 31 AND FILING OF 2008 – 2012 REPORTS WITH PAYMENT BY JULY 1, 2012

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The Michigan Department of Treasury has announced a limited-time opportunity for companies not currently under audit to obtain waiver of interest and penalties by reporting previously unreported or under-reported property. To take advantage of the voluntary disclosure program, holders must (1) file a fairly simple, one-page Form 4689, Michigan Unclaimed Property Voluntary Disclosure Agreement by January 31, 2012, and (2) file unclaimed property reports with any delinquent payments for report years 2008 through 2012 by July 1, 2012.

WHO Can Participate?

Michigan's voluntary disclosure program is available to any entity that is aware of the unclaimed property types and dormancy periods under the Michigan Unclaimed Property Act (the "Act") and that is not currently under audit and has not been notified by Treasury or one of Treasury's contract auditors of the intention to conduct an unclaimed property examination. Michigan currently has state-employed auditors and at least five third-party contract auditors -- Audit Services U.S., LLC, Abandoned Property Experts, LLC, Kelmar Associates, LLC, Verus Financial LLC, and ACS. Companies currently under audit or that have received (or receive before the Form 4689 filing) a notice from any auditor cannot participate in the voluntary disclosure program.

WHAT Is Required to Participate?

To participate in the Michigan voluntary disclosure program, companies must file the one-page Form 4689 by January 31, 2012, and agree to the following terms:

(1) To accurately complete and file unclaimed property reports and remit payments for the current reporting year and the previous four reporting years by July 1, 2012. If estimates are involved in determining the amounts to be reported due to inadequate records, the business must provide the calculations for any estimation techniques used.

- (2) To perform due diligence for unclaimed property items valued \$50 and greater as mandated by the Act.
- (3) To disclose all subsidiaries or entities including their FEIN, TR or ME numbers that are part of the agreement by attaching a list of all such entities.
- (4) To be fully compliant with the Act from this point forward. This includes, but is not limited to, performing an annual review of all financial records for abandoned and unclaimed property and filing a complete and accurate unclaimed property report each year. If there is no reportable unclaimed property, a Form 4305, Attestation of Compliance with Unclaimed Property Reporting, shall be filed by the reporting deadline (if required).
- (5) To file the unclaimed property reports using electronic reporting software in the nationally recognized National Association of Unclaimed Property Administrators (NAUPA) format. According to the Treasury website, companies reporting less than 10 property types may file using either electronic reporting software or paper forms.
- (6) The Michigan Department of Treasury does not waive its right to audit the business after July 1, 2012 or anytime after the submission of the unclaimed property reports filed under the voluntary disclosure program. An unclaimed property examination may cover up to the last ten reportable years and result in an assessment of penalty and interest.

WHERE Are the Participants?

The companies most likely to benefit from the Michigan voluntary disclosure program are those that are incorporated in Michigan since federal law provides Michigan the priority claim for unclaimed property held by Michigan incorporated businesses if their books and records do not show an address for the owner of the property. Companies with unpaid amounts owing to Michigan employees, Michigan vendors, Michigan customers, Michigan shareholders or bondholders, and/or other Michigan owners of obligations or intangible rights may also receive meaningful benefit from participation.

WHY Participate?

One of Michigan's contract auditors has provided the Michigan Department of Treasury an audit target list of virtually every company having a location in Michigan and revenue over \$100 million. By filing the Form 4689, companies not yet under audit will be excluded from Michigan's audit efforts until July 1, 2012. The economic benefit is the (1) waiver of interest (accruing at 1 percentage point above the adjusted prime rate per annum per month) and (2) waiver of penalty (25 percent of the value of unpaid property) related to amounts reported on the required unclaimed property reports by July 1, 2012. According to recent discussion with the Michigan Department of Treasury, interest will be assessed for past due amounts reported after July 1, 2012. If companies have difficulty identifying all possible unclaimed property by July 1, 2012, the Michigan Department of Treasury encourages such businesses to report as much they know by the deadline. Later identified amounts that are voluntarily reported may receive waiver of penalty, but will not receive waiver of interest.

For more information on the voluntary disclosure program, see the Michigan website at <http://michigan.gov/treasury/0,1607,7-121-44435-5585--,00.html>.



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