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State officials establish tax audit program

PROVIDENCE — In a cooperative effort with Tax Administrator David M. Sullivan and the Department of Administration, General Treasurer Frank Caprio has developed an auditor training program to ensure that companies in the state are properly reporting unclaimed or abandoned property in their possession. Forty-five state corporate and sales tax auditors have received training in unclaimed property audit procedures, which will help them identify possible under-reporting or inadequate reporting by companies being examined by the Division of Taxation.

Caprio said the state has not had auditors doing this work in Rhode Island for nearly a decade and putting taxation officials in the field to make sure companies are fulfilling their responsibilities under the state's unclaimed property law will improve reporting of unclaimed property and bolster the state's efforts to restore that property to its rightful owners. As part of this new compliance effort, Caprio said, an amnesty program has been established to give companies until Dec. 31 to report unclaimed property being held without being penalized under the state's general laws for inadequate reporting.

"The people of Rhode Island lose out when companies are not reporting the existence of unclaimed property," said Caprio. "That is why we need an effective enforcement program in place to make sure companies are complying with the law and giving us the information we need to get unclaimed property back to its owners."

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R.I. general treasurer

"We are pleased that our partnership with the general treasurer's office will provide Rhode Islanders with greater opportunities to reclaim property they may not have known existed," said Sullivan. "With this advanced training, our auditors will be able to better identify unclaimed property and return it to Rhode Island citizens."

The program was included in the governor's budget and approved by the General Assembly as a revenue source. Under state law, companies are required to report to the state any property — including inactive financial accounts, payroll checks, stocks and dividends, safe deposit boxes, life insurance policies, customer deposits or overpayments, utility deposits, and certificates of deposit — left unclaimed after attempts to contact the owners. The revenue from that program goes to the state and it is the General Treasurer's duty to try to find the owners and return their funds to them.

Companies failing to report unclaimed property can face fines of up to $100 per day for each examiner/auditor required to assess the value of the property being held. State law also allows for a civil penalty of between $100 and $500 for each day a report of unclaimed property is withheld as well as a civil penalty of 25 percent of the value of the property that should have been paid or delivered.

With the new auditor training effort, Caprio said, the state's enforcement efforts will be greatly enhanced. He said the Unclaimed Property Amnesty Program will give companies adequate opportunity to evaluate their reporting procedures and make sure they are fully complying with state laws regarding the disclosure of unclaimed property.

"Our goal is to promote compliance with the law by having effective enforcement tools coupled with an improved effort to inform companies about their responsibilities," said Caprio. "The Unclaimed Property Amnesty Program will give companies the chance to review their reporting process and make sure they are turning over unclaimed property to the state so we can return it to the rightful owners."