

Unclaimed money

A tax policy consultation document

January 2020

Prepared by Policy and Strategy, Inland Revenue

First published in January 2020 by Policy and Strategy, Inland Revenue, PO Box 2198, Wellington 6140.

Unclaimed money – a tax policy consultation document

ISBN 978-1-98-857311-3



© Crown Copyright

This work is licensed under the Creative Commons Attribution 4.0 International Licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

The Persistent URL for this document is <https://purl.org/nzir-tp/2020-001>

The document is available at <https://taxpolicy.ird.govt.nz/publications/2020-ip-unclaimed-money/overview>

Proposed changes to unclaimed money

Introduction

1. The Government is proposing to make changes to the Unclaimed Money Act 1971 (the Act), with the aim of:
 - making it easier for people to claim amounts held in defunct accounts; and
 - reducing the administration costs for organisations holding unclaimed money.
2. The Act governs the administration of money held by an entity which cannot be attributed to an owner after a certain period has passed (the length of time varies and is either six or 25 years).
3. Inland Revenue's Business Transformation April 2021 release offers an opportunity to modernise and simplify the administrative processes which underlie the operation of the Act.

Why the Government is considering changing the Act

4. A range of entities can hold unclaimed money. This includes banks, building societies, auctioneers, real estate agents, accountants, and motor vehicle traders.
5. While the Act establishes a process for owners to reclaim their unclaimed money, the Act has become out of date in many areas. For example, the Act requires holders of unclaimed money to maintain a physical register that contains the details of unclaimed money arising over the previous year and to make this register available for inspection at their head office in New Zealand. In the digital age this may now be an onerous requirement for many businesses.
6. Holders of unclaimed money are also required to retain unclaimed money for several years before sending it to Inland Revenue.

The proposed changes

7. The Government is considering several proposals that would allow it to more efficiently administer unclaimed money, including:
 - Reducing the period of time that money must sit in an account before it is deemed unclaimed. Currently this period is either six or 25 years, depending on the nature of the account.
 - Removing the requirement for unclaimed money holders to:
 - Hold unclaimed money and associated information for an extended period after the funds become unclaimed money. Instead, unclaimed money could be transferred to Inland Revenue more quickly, or even immediately (this would effectively make Inland Revenue the first point of contact for many unclaimed money claimants).
 - Keep a register of unclaimed money at their head offices. Instead, this could be held electronically (if a register is still required).

- Provide occupation information for owners of unclaimed money. Instead, it would be more useful for holders of unclaimed money to provide IRD numbers and any other information that would improve Inland Revenue’s ability to verify a claimant’s identity.
- Make detailed information about unclaimed money publicly available on their register. Instead, disclosure requirements could be reduced. This would improve privacy and reduce the risk of fraudulent claims.
- Reviewing the threshold for unclaimed money (currently \$100). This threshold could either be raised to reduce compliance costs for unclaimed money holders, or, alternatively, reduced to zero.
- Considering a time bar for claiming unclaimed money. Currently there is no time bar in place. This means that claims for unclaimed money can theoretically be made for all periods going back to the first unclaimed money record.
- Defining the Act as an Inland Revenue Act under the Tax Administration Act 1994. This would allow Inland Revenue to use the information that it holds to improve its matching ability and reduce its administration costs.
- Requiring unclaimed money holders to provide unclaimed money information and funds to Inland Revenue electronically and in a standard format. This would reduce Inland Revenue’s administration costs by improving the matching of unclaimed money with potential owners in Inland Revenue’s systems and reducing the amount of manual processing required.

Next steps

8. Inland Revenue officials have identified several unclaimed money holders and are seeking their views on the proposed changes.
9. The Government also welcomes submissions on the proposals from other interested parties.

Making a submission

10. The closing date for submissions is **28 February 2020**.
11. Send your submission by email to policy.webmaster@ird.govt.nz with “Unclaimed money” in the subject line.
12. Alternatively, send your submission by post to:
 - Unclaimed money
 - C/- Deputy Commissioner, Policy and Strategy
 - Inland Revenue Department
 - PO Box 2198
 - Wellington 6140
13. We may receive requests about unclaimed money under the Official Information Act 1982, including requests for copies of submissions. Any information withheld will be decided using this Act. Please let us know in your submission if there is anything that you wish to withhold.

Question and answer

Q. I think I may have unclaimed money owing to me. What do I do?

A. Inland Revenue maintains a database of the names of individuals and entities that are owed unclaimed money.

People who believe they are the owners of unclaimed money should send their full name, address, IRD number, and proof of identity to unclaimed.monies@ird.govt.nz.

For more information see <https://www.classic.ird.govt.nz/unclaimed-money/>.