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Delaware: More time allowed for unclaimed property voluntary disclosure (COVID-19)

Companies are being afforded more time to respond to a letter concerning the unclaimed property agreement program in Delaware, in response to the coronavirus (COVID-19) pandemic.

Recognizing the challenges many companies are facing in light of COVID-19, including difficulties with receipt and distribution of hardcopy mail, Delaware has extended the deadline to respond to the invitation for the voluntary disclosure agreement (VDA) program to July 18, 2020.

Background

The Delaware Secretary of State in February 2020 mailed letters to over 100 companies perceived as non-compliant with Delaware's unclaimed property law to "invite" them to enroll in the state's VDA program.

Under Delaware law, companies that do not enroll in the VDA program within 60 days of the mailing date of the letter will be "eligible" for an audit examination by the state.

COVID-19 relief

Recognizing the challenges many companies are facing in light of COVID-19, including difficulties with receipt and distribution of hard copy mail, Delaware has extended the deadline to respond to the invitation for the VDA program to July 18, 2020 (originally, the deadline was extended to May 22, 2020 (from April 20, 2020) and then again extended to July 18, 2020).

Read the [alert](#).

With the new deadline of July 18, 2020, companies that did not respond by the original April 20, 2020 deadline appear to have been given an additional "stay of execution" from selection for audit.

KPMG observation

As states are allowing more businesses to reopen, tax professionals believe it is unlikely that Delaware will continue to issue extensions. In fact, this is the only instance when the state has offered extensions to enroll in the VDA program since the law was revised to require invitations prior to initiation of audits in early 2017.

Companies in receipt of invitations to enroll in the Delaware VDA program need to consider enrolling by the new response deadline of July 18, 2020, even if they believe they are in compliance with Delaware's unclaimed property laws. In doing so, the company may avoid an intrusive and costly multi-state audit examination.

The VDA program include allows for: (1) a waiver of statutory penalty and interest charges; (2) more beneficial review criteria; and (3) more control over the review scope and process. Read additional information related to the VDA program: [TaxNewsFlash](#)

Companies that do not respond by the deadline can expect to receive audit examination notices from the state. For more information about navigating the complexities surrounding unclaimed property, read: [KPMG Unclaimed Property](#)

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