

2 March 2020

Unclaimed Money  
C/- Deputy Commissioner, Policy and Strategy  
Inland Revenue Department  
PO Box 2198  
Wellington 6140

Dear Sir/Madam

**Re: Unclaimed Money consultation document**

**Background**

I am writing to you regarding the Inland Revenue consultation document entitled 'Unclaimed Money' (referred to as "the Document").

Overall, BusinessNZ supports moves towards reviewing the Unclaimed Money Act 1971. We agree with the views expressed in both the Document and consultation letter sent to us that the Act currently imposes a high degree of administrative burden on unclaimed money (UCM) holders. Therefore, steps to reduce compliance costs in this space are welcome.

**Details**

The following table outlines BusinessNZ's views on the various proposals outlined in the Document.

Table 1: Proposals and BusinessNZ's comments

<b>Proposal</b>	<b>BusinessNZ support/oppose</b>	<b>Comments</b>
<i>Reducing the time period that money must sit in an account before it is deemed unclaimed</i>	Support	<p>The current period of either six or 25 years (depending on the nature of how it deposited) does seem a lengthy time period, particularly for the latter period.</p> <p>However, it is important to point out that the issue of unclaimed money is typically an industry specific issue, most notably affecting those in the</p>

		<p>banking and insurance sectors. For these industries, a longer timeframe may be required, particularly if the owner of the unclaimed money has had a lengthy relationship with that holder.</p> <p>While we have no strong view as to the exact time period going forward, a starting point may involve steps to roughly halve the 25-year period.</p>
<i>Reduce or even eliminate time period unclaimed money and associated information is held by UCM holders</i>	Support	<p>Currently, unclaimed money holders must hold unclaimed money and associated information for a year after the funds become unclaimed money. We agree that this time period could be greatly reduced, and even eliminated if supported by most submitters.</p> <p>We also agree with the proposal that the money is transferred to Inland Revenue on a more immediate basis, thus making them the first point of contact for many unclaimed money claimants.</p>
<i>Review the threshold for UCM (currently under \$100)</i>	Support in principle	<p>Any change to the threshold would need to be put into context of other changes proposed that seek to reduce administrative and compliance costs.</p> <p>It may well be the case that after other changes are made, the process is simplified to the extent that a threshold is not required. However, this is very rarely the case as there are often different systems being used between the public and private sectors. Therefore, any such decisions should not be made until other aspects of the revised process are known and well understood.</p>
<i>Remove the need for a register of unclaimed money at head offices</i>	Support in principle	<p>We would support moves for a register being held electronically. It has also been pointed out that if other proposals proceed, the need for a register becomes largely redundant. However, it still may be the case that there remains a tangible link via records between the holder and Inland Revenue so as to avoid any confusion between the holder and the owner.</p>
<i>Remove the requirement for UCM holders to provide occupation information for owners of unclaimed money</i>	Support	<p>BusinessNZ sees little need for occupation information to be kept. We agree that for tracing purposes, other information like IRD numbers would be more effective going forward. Ideally, the holders should be allowed to provide information that they already have as part of their standard customer information requests.</p>

<i>Remove the requirement for making detailed information about unclaimed money publicly available on their register.</i>	Support	If the proposals are to proceed along the lines of what is both outlined in the document, as well as what we have raised in our submission, then we would support disclosure requirements being reduced.
<i>Considering a time bar for claiming unclaimed money</i>	Support in principle	While we do not have an issue with the idea of introducing a time bar for claiming UCM (which can theoretically go back as far as 1908), we would also not want any time bar shortened to the point where those who would have claimed after a certain time period miss out. A time bar of 50 years might be a logical place to start.
<i>Defining the Act as an Inland Revenue Act under the Tax Administration Act 1994</i>	Support in principle	<p>Although we appreciate this proposal would improve matching ability and reduce administration costs for Inland Revenue, we would also want to ensure there is a significant degree of flexibility around the unclaimed money process under the Tax Administration Act. We would want to ensure that unclaimed money is not caught by the more stringent processes and requirements that exist for other tax arrangements (for instance the penalty regime).</p> <p>Unclaimed money is a different proposition to typical tax issues under the Act, so we would not be averse to the idea of somehow ring-fencing unclaimed money processes to ensure low administration and compliance costs for all concerned.</p>
<i>Requiring unclaimed money holders to provide unclaimed money information and funds to Inland Revenue's electronically and in a standard format</i>	Support in principle	<p>There is the possibility this may add some compliance costs for UCM holders. Therefore, we would expect Inland Revenue to ensure the compliance cost reductions in the other proposals more than offsets what is being proposed here.</p> <p>We would also expect Inland Revenue to discuss with holders what the best standard format to keep compliance costs at a minimum is.</p>

In addition to the points raised above, we would also like to point out the following:

**Clear definition of unclaimed money**

Given the swift and changing nature of business transactions, what could be considered as unclaimed money has undoubtedly widened over time. Therefore, we would expect future work by Inland Revenue into this area to include a clear definition of what unclaimed money is and is not.

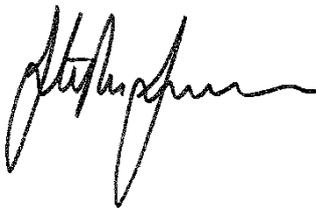
For instance, for those industries that can find themselves as holders, no activity for an account can be very different when compared with no activity for the customer in question. Therefore, a clear definition, which could also include accompanying guidelines, would help minimise any confusion and uncertainty.

**Transition period required**

If the proposals outlined in the Document are to proceed, we recommend that holders should be allowed a transition period of say 1-2 years to ensure there is enough time for any required internal system changes to take place. This would make sure holders are fully compliant with any legislative changes as they would have time to check and test any system changes made.

Thank you for the opportunity to comment, and we look forward to hearing about any further developments.

Kind regards,

A handwritten signature in black ink, appearing to read 'Steve Summers', with a long, sweeping horizontal stroke at the end.

Steve Summers  
**Economist**  
BusinessNZ