

ABANDONED PROPERTY AUDITS

New York, like most states, has abandoned property laws. More importantly, New York abandoned property tax audits have become more common with increased attention to abandoned property over the past few years. Economic downturns, as well as increased interest in finding new revenue streams, have resulted in more audits.

But for many companies, a New York abandoned property tax audit is a surprise, because while most entities have some type of abandoned property, few expect enforcement action. Abandoned property laws in New York City apply to partnerships, corporations and every other type of entity.

Can You Be Subject to an Abandoned Property Audit?

Any organization that possesses property legally owned by another, which has not conducted any communication about said property during the specified “dormancy period,” has abandoned property. Under New York laws, property that is determined to be abandoned must be remitted to the state or to the last known address of the legal owner of the property. The property is also escheatable to the state in cases where the owner is a foreign country or where the owner cannot be located.

Abandoned property can include cash account payable checks, uncashed payroll checks, unredeemed vendor credits, unredeemed customer credits and other types of property. The term does not simply refer to real estate.

Since the state has larger resources, the idea is that the state eschews the property because it has a greater chance of returning the property or acting on behalf of lawful owners.

New York and other states are also permitted to use abandoned property funds as part of their budgets on the principle that abandoned property should be used for the advantage of all citizens of the state, rather than just the holder of an abandoned property.

If you have received notice of an abandoned property audit, contact Hodgson Russ LLP for a consultation. Our attorneys can help determine whether the audit is unwarranted in the first place and can vigorously defend you if the audit has no basis.

If you do have abandoned property, the New York abandoned property taxes attorneys at Hodgson Russ LLP can gather evidence of any communication you may have had with the rightful owners of the property and can work to ensure that any proof of action on your behalf is clear.

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With frequently changing abandoned property laws and the increased interest of New York and other states to enforce abandoned property laws, consulting with a tax firm such as Hodgson Russ LLP is an important part of your company's taxation plan.

Hodgson Russ LLP provides corporate clients with guidance and assistance in refuting or managing abandoned property audits. Our attorneys evaluate the legitimacy of the state's order and, where possible, assist in preventing the audit from going forward.

We have experience in handling multistate audits and in working with state voluntary compliance programs to reduce penalties and prevent potential exposure through shareholder suits. Our attorneys are extremely familiar with the changing laws regulating unclaimed property filings from state to state, and advise clients regarding compliance, with an emphasis on eliminating or minimizing possible financial or reputational damage.

In the News

Abandoned Property Law brings surprises
Buffalo Law Journal, May 21, 2018

Press Releases

Two Hodgson Russ Attorneys Selected to Author Monthly Columns in Tax Notes State
Hodgson Russ Press Release, April 27, 2020

Publications

Abandoned Property Filing Deadlines Approach
State & Local Tax Alert, November 2, 2015

Abandoned Property: The Silent Liability
Tax Stringer, November 1, 2015

Are You Prepared for the Rapidly Approaching Abandoned Property Deadlines?
State & Local Tax Alert, December 1, 2014

Presentations & Events

2019 Summer Tax Series
Understanding New York State Tax Issues of 2019
The Harvard Club 35 W. 44th Street, New York, NY, June 12 - August 7, 2019