



# Unclaimed Property<sup>®</sup> These Mandatory Rules Apply to EVERY Dental Practice

Unclaimed property is money or other property owed to an individual. Property is considered unclaimed after it is held for an extended period of time with no owner contact and a “good faith” effort or due diligence has been made to locate the owner.

🔑 **Virtually all dental practices experience uncashed refund or other checks. These represent the quintessential example of Unclaimed Property.**

Washington State law **requires** businesses to review their records each year to determine whether they hold any funds that have remained unclaimed for the required dormancy or abandonment period (the time period you wait before reporting and remitting to the state). Holders must file an annual report and transfer the property to the state by October 31 of each year.

🔑 **The State has greatly stepped up enforcement of these rules!**

Fiscal years of July 1 through June 30 are used to track unclaimed property. In most instances, including patient refund checks, the dormancy or abandonment period is three years. However, in the case of payroll checks, the dormancy period is just one year.

The Report Year Conversion Table below will help determine when general unclaimed property should be reported each year. For example, uncashed refund checks from the time period July 1, 2019 through June 30, 2020 must be reported and paid to the state, with a report due no later than October 31, 2023.

### REPORT CONVERSION TABLE for MOST PROPERTY INCLUDING UNCASHED REFUND CHECKS

7/1/18 thru 6/30/19	October 31, 2022
7/1/19 thru 6/30/20	October 31, 2023
7/1/20 thru 6/30/21	October 31, 2024

Reporting forms are available from the Washington State Department of Revenue’s Unclaimed Property Section at <https://ucp.dor.wa.gov/app/submit-a-report>.

**Note: You cannot avoid these rules by simply failing to issue refund checks on credit balances or by simply writing off the credit balance. In fact, such actions could be illegal.**

## Recordkeeping

Make sure you are reviewing and dealing with your accounts receivable credit balances on a routine basis. Issuing timely refund checks when appropriate is the first step in minimizing the time and effort of the unclaimed property process.

When reconciling bank accounts if you come across a check older than 90 days, make sure you document how you researched the check. If the relevant records have been lost, writing the owner may be the only option. If you need to write to or call the owner, you should provide them the option of receiving the funds (***of course you can also suggest scheduling diagnosed treatment!***).

Resolve outstanding checks frequently and make notes if you void or reissue checks. A consistent procedure for handling unclaimed checks will provide a trail of your actions in the event of an audit.

The state considers a check to be a potential for unclaimed property after it remains outstanding four to six months. Document your adjustments to remove outstanding checks. Maintain a listing of the checks by payee, amount and by issue date, rather than the date removed or written-off.

We recommend that dental practices keep a file folder for each fiscal year (July 1 to June 30) into which all information regarding uncashed checks can be stored. This would include returned mail/checks and applicable correspondence including Due Diligence Letters. Unclaimed checks can be accounted for in QuickBooks – but this requires advanced bookkeeping ability.

**Due Diligence Letters:** For any items \$75 or greater, you must first send out “due diligence letters” between May 1 and August 1 of the remittance year to all owners with a valid address. The letter is intended to inform the owners that there is property being held for them which may be turned over to the Washington State Department of Revenue’s Unclaimed Property Section.

**Twice Annual Tickler:** You will want to review your file in late spring/early summer for Due Diligence Letters. You will then want a tickler to file your Unclaimed Property Report on or before October 31.

## Possible Unclaimed Property

Uncashed refund checks are the most likely unclaimed property to apply to a Dental Practice. The next most likely item would be an uncashed payroll check. Typically, these are reissued and cashed; however, occasionally we see checks to temporary or terminated employees go uncashed with no forwarding address.

🔑 **Uncashed Payroll Checks are due after one full year** (i.e. uncashed during July 1, 2021 through June 30, 2022 would be reportable and payable to the state with the October 31, 2023 report).

## What Happens to the Money

Once reported to the Department of Revenue, unclaimed property is available for refund to the owner or their heirs indefinitely. A claim form is mailed to the last known address of each owner reported in the current reporting cycle for property valued at more than \$75. A database of names is available for searches on the state website at <http://ucp.dor.wa.gov>.

**Need Help? Contact your Dental Group Advisor or Account Manager: 425.739.0300**