

This Week in State Tax (TWIST)

April 14, 2025



Washington State: New Administrative Rules Enhance Unclaimed Property Enforcement

On March 24, 2025, the Washington State Department of Revenue (Department) adopted [new administrative rules](#) to update its approach to unclaimed property audits. These regulations establish a comprehensive framework for audits, including clear guidelines on when estimation can be used to determine a business's unclaimed property liability. Under the rules, estimation is permissible only with explicit written consent from the business or if the business fails to provide access to its records. Further, the Department will now be empowered to issue administrative subpoenas and pursue judicial enforcement to require the production of records. These rules also permit the Department to engage third-party contingent-fee auditors for unclaimed property examinations. A contingent fee may not exceed 10 percent. In addition, the rules offer businesses a mechanism to address concerns during audits, such as unreasonable or unauthorized requests and delays, by enabling them to seek Department intervention for remedial action.

To further ensure clarity of the audit process, the new rules outline the audit procedure in three distinct phases: (a) An opening conference to outline the processing and period covered by the audit; (b) A records request and initial examination in which the unclaimed property holder is required to respond to the requested documents within 30 days, unless extended by the examiner. After issuance of the initial exam report, a holder has 90 days to provide additional records and information; and (c) A final report that is required to provide certain information will be issued. The holder may request an informal conference to protest the results and may seek an administrative hearing if desired.

KPMG will monitor the situation as the new rules are implemented and as any related state guidance is issued. For more information please contact: [Will King](#), [Marion Acord](#), [Ryan Hagerty](#), [Keela Ross](#), [Karen Anderson](#), or [Quin Moore](#).

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