



SALT Alert! 2025-15: California: Upcoming Holder Outreach to Spur Voluntary Compliance with Unclaimed Property Reporting Requirements

The California State Controller's Office (SCO) recently announced a new holder outreach and education initiative aimed at encouraging businesses to comply with the state's unclaimed property requirements through participation in the State's Voluntary Compliance Program (VCP). This initiative seeks to identify businesses potentially out of compliance with California's unclaimed property laws and educate them on the benefits of enrolling in the VCP. As part of this effort, the SCO has shared that it will begin sending notices in mid-to-late November to approximately 4,000 businesses identified as the largest potential "holders" of unclaimed property with reporting obligations in the state. Mailings are expected to continue to different groups of holders throughout 2026.

Background

As previously [reported by KPMG](#), legislation enacted in Fall 2022 authorized the SCO to establish the VCP for businesses holding past-due unclaimed property. Under the VCP, qualified holders who meet all program requirements, including completing mandatory training and adhering to reporting deadlines, may be eligible for a waiver of interest on past-due unclaimed property. *This waiver is significant, as California law imposes interest on non-compliant businesses at a rate of 12 percent per year.*

Additionally, beginning in 2021, California income tax forms (e.g., Form 100, Form 100W, and others) have included questions regarding unclaimed property filings, such as whether the business has filed unclaimed property reports and the amount remitted. The SCO has access to this information, which may be used to identify businesses for outreach (more information on that development can be found [here](#)).

To qualify for the VCP, a business must meet specific eligibility criteria. It cannot be undergoing a California unclaimed property audit, have received notice of such an audit, or be subject to civil or criminal prosecution related to unclaimed property compliance. Further, businesses that have been notified of an interest assessment within the past five years (and have not paid it) or have had interest waived under the VCP within the past five years are ineligible. However, holders who are seeking to resolve unclaimed property liabilities related to an acquisition or merger may still be eligible to enroll in the VCP under certain circumstances.

Action Steps

If a business receives a California VCP notice letter, the first step is to assess whether it holds reportable unclaimed property. Businesses with a significant presence in California, those domiciled in the state, or those that have acquired California-based companies within the past 10 years may face a higher risk of holding reportable unclaimed property. Receipt of a notice letter could create a timely opportunity to do a health check or diagnostic review on an existing compliance processes.

To apply for the California VCP, businesses should complete and submit the application form available [here](#). Once submitted, the SCO will review the application and notify the business of its approval or denial. If approved, the SCO will issue a confirmation of enrollment letter and provide the VCP Requirements Form (VCP02), which outlines program deadlines and obligations.

Upon enrollment, businesses must ensure their participating staff complete the SCO's mandatory two-hour online training session. Following this, businesses should conduct a thorough review of their books and records for at least the past 10 years to identify any unclaimed property. If unclaimed property is identified, the business must send due diligence notices to the property owners. After at least 30 days have passed since the notices were sent, the business must file a "notice" report with the SCO, listing the unresolved property. However, no remittance is required at this stage. Between seven and seven and a half months after submitting the "notice" report, the business must file the "remit" report and remit the identified property to the SCO.

KPMG Observations

It is critical for businesses to conduct a comprehensive review of their records to determine whether they hold unclaimed property and to ensure compliance with applicable laws and regulations. Businesses should be aware that even after completing the VCP, the SCO retains the authority to audit their books and records. Additionally, if unclaimed property is discovered during an audit that was not disclosed through the VCP, interest and penalties may apply.

KPMG's National Unclaimed Property Team has extensive experience assisting clients with record reviews, identifying reportable unclaimed property, completing state VCP applications, and preparing unclaimed property reports that meet state requirements, including those specific to California's VCP.

Contacts

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