

28 February 2020

Unclaimed money  
C/- Deputy Commissioner, Policy and Strategy  
Inland Revenue Department  
PO Box 2198  
**WELLINGTON 6140**

By email: [policy.webmaster@IRD.govt.nz](mailto:policy.webmaster@IRD.govt.nz)

## ERANZ submission on unclaimed money reforms

The Electricity Retailers Association of New Zealand (ERANZ) welcomes the opportunity to provide feedback on Inland Revenue's January 2020 consultation paper: Unclaimed money.

Overall, we are supportive of the proposed changes. We strongly agree with the aim of making it easier for people to claim amounts held in defunct accounts.

The current requirements of the Act can impose a high degree of administrative burden on unclaimed money holders, and we appreciate the steps Inland Revenue is proposing in order to reduce compliance costs.

Table 1: Proposals and ERANZ comments

<b>Proposal</b>	<b>ERANZ view</b>
<i>Reducing the time period that money must sit in an account before it is deemed unclaimed</i>	Support. There is benefit in having some time period that money must sit in an account before it is deemed unclaimed – as at times returning customers expect any credit balance on their old account to be carried forward. Three years may be an appropriate length of time.
<i>Reduce or even eliminate time period unclaimed money and associated information is held by UCM holders</i>	Support. 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 reduced.  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.
<i>Review the threshold for UCM (currently under \$100)</i>	Any review would need to consider compliance costs – which could mean the threshold should be increased rather than reduced.

	<p>Even with the proposed reforms there will still be substantial compliance costs regarding unclaimed money, and as such ERANZ is unlikely to support a reduction in the threshold.</p> <p>A threshold also has the benefit of reducing the chance of transferring as unclaimed monies, account balances that are in fact credit balances as a result of sign up incentives or other credit adjustment transactions. In these cases organisations may not have actually received the value from the customer in cash.</p>
<i>Remove the need for a paper copy register of unclaimed money at head offices</i>	Support.
<i>Remove the requirement for UCM holders to provide occupation information for owners of unclaimed money</i>	Support. As noted in the proposal, there seems little reason for this information to be kept. We agree that other information such as IRD numbers would be more effective.
<i>Reduce the requirement for making detailed information about unclaimed money publicly available</i>	Support in principle, but note that a balance is needed between reducing compliance costs and making it easier for people to claim amounts held in defunct accounts.
<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>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. 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. We would also expect Inland Revenue to discuss with holders what the best standard format to keep compliance costs at a minimum is – ideally this would be something very simple.

Thank you for your consideration of this letter.

Yours sincerely



Cameron Burrows  
**Chief Executive**