



INDIRECT TAX

California Voluntary Compliance Program outreach and education letters

Tax Alert

Overview

The California State Controller's Office Unclaimed Property Division ("UPD") will soon launch a holder outreach campaign to highlight California's relatively new [Voluntary Compliance Program](#) ("VCP"), whereby letters were mailed to some companies that may be non-compliant with California's unclaimed property reporting requirements. The UPD issued approximately 4,000 letters in December 2025 to companies in the initial mailing.

For additional information and background, see this article, ["Navigating the abandoned and unclaimed property environment"](#), which discusses risks associated with non-compliance with state unclaimed property laws.

Background

The California VCP was introduced to offer businesses a streamlined path to compliance with California's unclaimed property reporting laws. The new program was enacted on September 13, 2022 in Assembly Bill [2280](#). This legislation authorized the State Controller to create the VCP, an initiative that allows qualifying Taxpayers to report past due property without incurring the statutory interest rate of 12% per year.

It is important for companies to review their financial records carefully before enrolling, noting eligibility excludes companies currently under California unclaimed property audit, companies subject to civil or criminal prosecution, and companies with specific unresolved or previously waived interest assessments in the last five years. After joining the program, participants are required to complete an educational training within three months, review their records for the past ten years, send due diligence letters to property owners, and submit both a preliminary report within an agreed upon time-frame ranging from six months to more than 18 months and a final report roughly seven and a half months after the initial filing of the notice report.

California's efforts to promote awareness of the state's unclaimed property compliance requirements were strengthened following amendments to the Code of Civil Procedure §§ 1577, 1577.5, and 1582, and the addition of Government Code §§ 7925.015 and 7927.425, effective January 1, 2022. These provisions authorize the State Controller's Office ("SCO") to administer the VCP, modify interest-waiver rules, update requirements for holder outreach and reporting, and expand confidentiality protections for records obtained under the Controller's examination authority.

In addition, amendments to Revenue and Taxation Code § 19554 authorize the Franchise Tax Board to share relevant taxpayer data with the SCO and require companies to disclose unclaimed property filings with their California income tax returns. Any company filing a California income tax return is affected, making it critically important for organizations to review books and records to evaluate the advantages of the California VCP.

Companies who successfully complete the program may resolve past liabilities and avoid substantial interest costs, while demonstrating good-faith efforts to meet California's unclaimed property obligations.

Considerations for taxpayers

Companies should consider developing formal policies related to unclaimed property compliance and record retention so they are prepared to respond to the state's methods of compliance enforcement. Companies that do not respond or enroll in California's VCP may receive additional follow-up notices. Companies that receive unclaimed property notices from the UPD should consider consulting with experienced advisors for assistance in understanding the scope of each type of notice and any implications from not timely responding to the notices.

Get in touch

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