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UNCLAIMED
PROPERTY ALERT

[NAUPA provides guidance on reporting IRA tax withholding on the NAUPA file](#)

IRS Revenue Ruling 2018-17 goes into effect January 1, 2020 which requires holders to deduct the mandatory 10% withholding tax from Individual Retirement Accounts (IRAs) escheated to state unclaimed property programs. Considering the Revenue Ruling, industry working groups have reached out to the National Association of Unclaimed Property Administrators (NAUPA) for guidance on how the tax withheld will be reported on the current NAUPA file layout.

On December 5, 2019, NAUPA released guidance for reporting these properties using the NAUPA II File Format.

Holders should utilize the Standard Deduction and Withholding code “TW” to represent “Income Tax Withheld.” The value “TW” should be recorded in the PROPERTY record in the PROP-DEDUCTION-TYPE field. The amount of Federal Tax Withheld should be stored in the PROP-DEDUCTION-AMOUNT field. If the holder deducted federal and state withholding, the two

amounts should be combined and reported as one deduction on the NAUPA file.

The value of the property before the deduction should be stored in the PROP-AMOUNT-REPORTED field. The amount remitted to the state after the Federal Tax Withholding should be stored in the PROP-AMOUNT-REMITTED field.

The NAUPA file only allows for one deduction. If the holder has multiple deductions, the tax withholding code should take priority. NAUPA would like for holders to provide additional information to the states for the detail of the additional deductions.

What does this mean to you?

Holders escheating IRA accounts after January 1, 2020 will need to follow the guidance above. If using a third-party reporting vendor, it would be advisable to ensure that the vendor has updated the necessary systems to populate the NAUPA file correctly for the spring reporting season.

Georgeson's reporting system will be fully updated accordingly and ready to report the spring states based on the guidance from NAUPA.

The full text of the NAUPA Guidance can be found [here](#).

This article is intended for informational purposes and is not to be considered legal advice. For additional questions concerning this alert, contact Dana Terry at dterry@georgeson.com or 201-539-1998.

Georgeson actively tracks legislative changes and periodically reaches out to states for updates. Review previous Unclaimed Property Alerts:

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