

Unclaimed accounts windfall

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The federal government has scooped up more than \$400 million in unclaimed money from Australian bank accounts this year, with \$85 million linked to account holders overseas.

The windfall follows the previous government's introduction of lower thresholds for what constitutes an inactive account - from seven years to three years.



Source: Australian Securities and Investment Commission.

A breakdown of the inactive accounts by Business Day reveals a large amount of the offshore cash comes from depositors in Asia, with more than \$8 million linked to addresses in China, Hong Kong and Japan.

A total of \$48 million has come from Asia, along with \$19 million from Europe and \$8 million from North America.

The government is sitting on a cash pile worth \$704 million claimed since 2001, an increase of more than \$400 million since last year, figures from the Australian Securities and Investments Commission show. So far this year the Commonwealth has claimed more money than between 2001 and 2012 combined.

While most inactive accounts are held by Australians, many can be traced to addresses as far afield as North Korea and the Democratic Republic of the Congo.

More than 11,000 accounts from 131 countries have been claimed, with the largest overseas amount being \$1.8 million in an account of the Hong Kong-based Lai-Ming Chow.

The smallest amount claimed from an account holder based overseas was \$500 from someone in Osaka, Japan.

Account holders who want to recover their money must contact the regulator and prove ownership.

A total of \$36 million has been claimed back in the past month, with \$6 million going back to 329 overseas account holders, including almost \$600,000 from an account based in Germany.

Political stability, good governance and proximity to Asia make Australia a good place to store money for investors or wealthy individuals in that region.

As part of its revenue raising to balance the budget, the former Labor government picked up more lost bank accounts and super accounts this year.

The cash could be the result of tax evasion, asset protection or money laundering.

Since May 31, accounts not accessed for three years have been transferred to ASIC.

Griffith University professor Jason Sharman said large amounts of untouched money from people overseas could be the result of investors trying to get around capital controls in their home country.

"If you are a Chinese company and earn US or Australian dollars abroad, you may not want to bring it back to China because it might be difficult to take it back out again."

Capital controls are limits or restrictions to how much money can be taken into and out of a country. China, South Africa and Brazil continue to have some form of capital control.

Mr Sharman said the cash could be the result of tax evasion, asset protection or money laundering.

"If you don't like your spouse and are thinking of divorcing him or her, you might want to keep your money secret from that person by putting it in an offshore account.

"Or if you have worries about political instability in your own country."

"Potentially it could be money laundering, but usually you would see money in those accounts coming in and out more rapidly."

<https://www.smh.com.au/business/unclaimed-accounts-windfall-20131006-2v29o.html>

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