A BILL FOR AN ACT

RELATING TO ELECTRONIC FILING OF TAX RETURNS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1   SECTION 1. The increased use of computers for personal

2 purposes and in daily business operations has led to an increase

3 in electronic and computer-based interactions with government.

4 The department of taxation interacts with nearly every person in

5 Hawaii on a regular basis. The department of taxation also

6 regularly interacts with nonresident taxpayers and mainland-

7 based businesses that routinely file tax information.

8   In response to the increase in interactions with

9 out-of-state taxpayers and the increase in electronic tax

10 filings, the legislature, in 1997, made electronic filing an

11 acceptable means of carrying out a taxpayer's obligations under

12 the law. Since this law was enacted, the ability to interact

13 electronically has grown considerably, especially for

14 businesses, nearly all of which have a computer and access to

15 the Internet.

16   The purpose of this Act is to require that the department

17 of taxation, by rule, require electronic filing of certain tax

18 returns. This Act is a natural progression of how a majority,

1   if not all, tax filings are predicted to be made in the next

2   decade and beyond. This Act ensures that taxpayers will be

3   provided with sufficient notice and an opportunity to comment by

4   requiring compliance with chapter 91, Hawaii Revised Statutes.

5   The legislature, which is charged with the responsibility

6   of overseeing the effectiveness of tax incentives and the

7   efficacy of the tax system as a whole, finds that it can be

8   provided with more specific data on Hawaii taxes if the tax data

9   is captured electronically.

10   Finally, the legislature finds that there are certain tax

11   returns, such as fuel tax returns, tobacco tax returns, and

12   other specific tax credits, that impact a very small number of

13   taxpayers, all of whom likely have computer access. Allowing

14   the department of taxation to require this small population of

15   specific taxpayers to file tax returns electronically will not

16   adversely impact those taxpayers. As a result, taxpayers will

17   experience a considerable decrease in the time it takes to

18   process a tax return, and in turn the processing of a tax

19   refund.

20   SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is

21   amended to read as follows:

1   "[[] §231-8.5[]]   **Electronic filing of tax returns.**   The

2   department [may allow], by rule, adopted pursuant to chapter 91,

3   shall require filing by electronic, telephonic, or optical means

4   of any tax return, application, report, or other document

5   required under [the provisions of] title 14 administered by the

6   department [.]; provided that a service fee shall not be

7   required.   The date of filing shall be the date the tax return,

8   application, report, or other document is transmitted to the

9   department in a form and manner prescribed by departmental rules

10   adopted pursuant to chapter 91.   The department [may] shall

11   determine alternative methods for the signing, subscribing, or

12   verifying of a tax return, application, report, or other

13   document that shall have the same validity and consequences as

14   the actual signing by the taxpayer.   A filing under this section

15   shall be treated in the same manner as a filing subject to the

16   penalties under section 231-39."

17   SECTION 3.   Statutory material to be repealed is bracketed

18   and stricken.   New statutory material is underscored.

19   SECTION 4.   This Act shall take effect on July 1, 2050.

Report Title:
Tax Returns; Electronic Filing

Description:
Requires that the department of taxation, by rule adopted pursuant to chapter 91, Hawaii Revised Statutes, shall require the electronic, telephonic, or optical filing of tax returns under certain conditions; provides that a service fee shall not be required. (SD2)