
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. The legislature finds that the general excise
2 tax is unfairly administered to the detriment of many hard
3 working small businesses. Despite the severe slowdown in the
4 economy and the drastically reduced visitor spending statewide,
5 the general excise tax is still assessed and collected. This
6 policy has crippled numerous small businesses, causing many to
7 fall behind in their general excise tax filings or not pay the
8 tax at all. Many small businesses are on the brink of closing
9 and must often choose between meeting their payroll or paying
10 the general excise tax.

11 If these businesses are compelled under threats of criminal
12 prosecution to pay their general excise tax, they will be forced
13 to lay-off many employees, which will cause needless
14 exacerbation of an already overloaded state unemployment system,
15 as well as threaten a substantial source of state tax revenue.

16 By making reasonable modifications to the general excise
17 tax law, this Act assists these businesses to continue operating



1 with the assurance that all general excise tax obligations will
2 be met.

3 The purpose of this Act is to provide general excise tax
4 relief to overburdened small businesses.

5 SECTION 2. Section 237-30, Hawaii Revised Statutes, is
6 amended to read as follows:

7 **"§237-30 Monthly, quarterly, or semiannual return,**
8 **computation of tax, payment.** (a) The taxes levied hereunder
9 shall be payable in monthly installments on or before the last
10 day of the calendar month following the month in which they
11 accrue[-]; provided that a grace period of thirty days shall
12 apply to the payments if the applicable return is timely filed
13 pursuant to this section or the payment qualifies under section
14 237-33. The taxpayer [~~shall~~], on or before the last day of the
15 calendar month following the month in which the taxes accrue,
16 shall make out and sign a return of the installment of tax for
17 which the taxpayer is liable for the preceding month and
18 transmit the same, together with a remittance, in the form
19 required by section 237-31, for the amount of the tax, to the
20 office of the department of taxation in the appropriate district
21 hereinafter designated.



1 (b) Notwithstanding subsection (a), the director of
2 taxation, for good cause, may permit a taxpayer to file the
3 taxpayer's return required under this section and make payments
4 thereon:

5 (1) On a quarterly basis during the calendar or fiscal
6 year, the return and payment to be made on or before
7 the last day of the calendar month after the close of
8 each quarter^[7]; provided that a grace period of
9 ninety days shall apply to the payments if the
10 applicable return is timely filed pursuant to this
11 section or the payment qualifies under section 237-33,
12 to wit: for calendar year taxpayers, on or before
13 April 30, July 31, October 31, and January 31 or, for
14 fiscal year taxpayers, on or before the last day of
15 the fourth month, seventh month, and tenth month
16 following the beginning of the fiscal year and on or
17 before the last day of the month following the close
18 of the fiscal year; further that the director
19 is satisfied that the grant of the permit will not
20 unduly jeopardize the collection of the taxes due
21 thereon and the taxpayer's total tax liability for the



1 calendar or fiscal year under this chapter will not
2 exceed [~~\$4,000~~] \$12,000; or

- 3 (2) On a semiannual basis during the calendar or fiscal
4 year, the return and payment to be made on or before
5 the last day of the calendar month after the close of
6 each six-month period~~[7]~~; provided that a grace period
7 of one hundred eighty days shall apply to the payments
8 if the applicable return is timely filed pursuant to
9 this section or the payment qualifies under section
10 237-33, to wit: for calendar year taxpayers, on July
11 31 and January 31 or, for fiscal year taxpayers, on or
12 before the last day of the seventh month following the
13 beginning of the fiscal year and on or before the last
14 day of the month following the close of the fiscal
15 year; provided that the director is satisfied that the
16 grant of the permit will not unduly jeopardize the
17 collection of the taxes due thereon and the taxpayer's
18 total tax liability for the calendar or fiscal year
19 under this chapter will not exceed \$2,000.

20 The director, for good cause, may permit a taxpayer to make
21 monthly payments based on the taxpayer's estimated quarterly or
22 semiannual liability, provided the taxpayer files a



1 reconciliation return at the end of each quarter or at the end
2 of each six-month period during the calendar or fiscal year, as
3 provided in this section.

4 (c) [~~FF~~] Except as otherwise provided in this chapter, if
5 a taxpayer filing the taxpayer's return on a quarterly or
6 semiannual basis, as provided in this section, becomes
7 delinquent in either the filing of the taxpayer's return or the
8 payment of the taxes due thereon, or if the liability of a
9 taxpayer, who possesses a permit to file the taxpayer's return
10 and to make payments on a semiannual basis exceeds \$2,000 in
11 general excise taxes during the calendar year or exceeds
12 [~~\$4,000~~] \$12,000 in general excise taxes during the calendar
13 year if making payments on a quarterly basis, or if the director
14 determines that any such quarterly or semiannual filing of
15 return would unduly jeopardize the proper administration of this
16 chapter, including the assessment or collection of the general
17 excise tax, the director may, at any time, revoke a taxpayer's
18 permit, in which case the taxpayer will then be required to file
19 the taxpayer's return and make payments thereon as herein
20 provided in subsection (a).



1 (d) The director may adopt [~~and promulgate~~] rules [~~and~~
2 ~~regulations~~] pursuant to chapter 91 to carry out the purposes of
3 this section.

4 (e) Section 232-2 does not apply to a monthly return."

5 SECTION 3. Section 237-33, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§237-33 Annual return, payment of tax.** On or before the
8 twentieth day of the fourth month following the close of the
9 taxable year, each taxpayer shall make a return showing the
10 value of products, gross proceeds of sales or gross income, and
11 compute the amount of tax chargeable against the taxpayer in
12 accordance with this chapter and deduct the amount of monthly
13 payments (as hereinbefore provided), and transmit with the
14 taxpayer's report a remittance in the form required by section
15 237-31 covering the residue of the tax chargeable against the
16 taxpayer to the district office of the department of taxation
17 hereinafter designated[+]; provided that delinquent payments due
18 during the tax year covered by the annual return may be made
19 with the annual return; provided that all applicable returns
20 under section 237-30 and the annual return are timely filed and
21 the taxpayer has submitted a letter of hardship explaining the
22 late payment that the director of taxation deems reasonable and



1 warrants acceptance under this section. The return shall be
2 signed by the taxpayer, if made by an individual, or by the
3 president, vice-president, secretary, or treasurer of a
4 corporation, if made on behalf of a corporation. If made on
5 behalf of a partnership, firm, society, unincorporated
6 association, group, hui, joint adventure, joint stock company,
7 corporation, trust estate, decedent's estate, trust, or other
8 entity, any individual delegated by the entity shall sign the
9 same on behalf of the taxpayer. If for any reason it is not
10 practicable for the individual taxpayer to sign the return, it
11 may be done by any duly authorized agent. The department, for
12 good cause shown, may extend the time for making the return on
13 the application of any taxpayer and grant such reasonable
14 additional time within which to make the same as may, by it, be
15 deemed advisable.

16 Section 232-2 applies to the annual return, but not to a
17 monthly return."

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



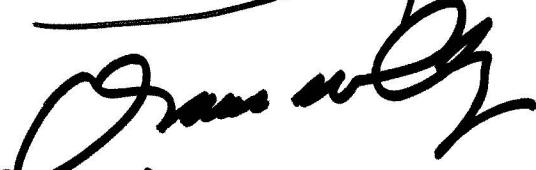
1 SECTION 5. This Act shall take effect upon its approval
2 and apply to taxable years beginning after December 31, 2008.
3

INTRODUCED BY:



Cindy Evans

Calvin H. Day





JAN 23 2009



Report Title:

General Excise Tax

Description:

Provides grace period for GET payment and broadens certain requirements for consolidated general excise tax payments.

