

SB 1461

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SUBJECT: ADMINISTRATION, GENERAL EXCISE, TRANSIENT ACCOMMODATION, FUEL, TOBACCO, TOUR VEHICLE SURCHARGE; Electronic filing required; amend filing date

BILL NUMBER: SB 1461, SD-1

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Amends HRS section 231-9.9 to authorize the director of taxation to require taxpayers who are required to electronically file a federal return and electronically remit any federal taxes to the federal government, to electronically file a state return and electronically remit to the department any state taxes due under title 14.

Amends HRS section 237-30 to provide that monthly general excise tax returns shall be filed by the 15th day of the month following the month in which the general excise tax liability accrues, rather than the last day of the month.

Quarterly general excise tax returns shall be filed by the 15th day of the calendar month after the close of each quarter rather than the last day of the calendar month. Fiscal year quarterly general excise tax returns shall be filed by the 15th day of the fourth month, seventh month, and tenth month following the beginning of the fiscal year, and before the 15th day of the close of a fiscal year. Replaces the \$4,000 threshold with \$_____.

Semiannual general excise tax returns shall be filed by the 15th day of the calendar month following the close of each six-month period. Fiscal year semiannual general excise tax returns shall be filed by the 15th day of the seventh month following the beginning of a fiscal year or before the 15th day of the month following the close of a fiscal year. Replaces the \$2,000 threshold with \$_____.

Amends HRS chapters 237D, 243, 245 and 251 to require an annual, monthly, quarterly, semiannual return or other return that is due on the last day of the month to be filed by the 15th day of the month.

EFFECTIVE DATE: July 1, 2009; applicable to tax years beginning after December 31, 2008

STAFF COMMENTS: The legislature by Act 121, SLH 1995, required taxpayers with tax liability of \$100,000 or more to remit the taxes due by electronic funds transfer. This measure proposes that taxpayers what are required to file a federal return electronically regardless of income shall be required to file electronically with the state.

While it would make sense for the state to require those taxpayers who are already required to file electronically to also file their state tax returns electronically for all taxes, hopefully this will not be a slippery slope to require all taxpayers to file electronically. Although most of society is moving into the digital and paperless age, consideration should be given to allow taxpayers to also file their tax returns in

the traditional method, by snail mail. At least taxpayers have the satisfaction that their tax return information was “physically” sent rather than lost in cyberspace.

The proposed measure also accelerates filing and payment of the general excise, transient accommodations, fuel, cigarette, and rental motor vehicle and tour vehicle surcharge taxes to the 15th day rather than the last day of the month following the business activity. While the proposed measure will address the “weekend” effect where the last day of the following month falls on a weekend, pushing collections of the tax into the next month as the mail is opened on the following Monday which might be the first day of the next month, consideration should be made to also amend other filing dates throughout title 14 for consistency, i.e., use tax, public service company, etc.

On the other hand a similar proposal was made in the early 1990 's to accelerate the day the monthly general excise tax return was due. That proposal elicited cries of foul with many larger businesses protesting that they could not meet the earlier deadline as their records needed to be reconciled. Perhaps technology has addressed those concerns, but in any case, lawmakers should check with the business community to see if this earlier deadline can be met.

Digested 3/3/09