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**SENATE COMMITTEE ON JUDICIARY AND GOVERNMENT OPERATIONS
TESTIMONY REGARDING SB 194
RELATING TO TAXATION**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 10, 2009

TIME: 9:00 AM

ROOM: 016

This measure requires tax refunds to be deposited in the taxpayer's accounts and prohibits deposit into a paid preparer's accounts. The measure also requires a paid preparer to sign returns prepared by the preparer and establishes penalties for failure to do so.

The Department of Taxation supports the measure which helps protect consumers in the State and provides comments.

PROTECTS THE CONSUMER/TAXPAYER—The Department strongly supports the measure which prohibits a paid preparer from designating the preparer's own personal or business accounts as the account into which a client's tax refund should be deposited.

GENERAL COMMENTS—The Department notes that the measure prohibits a paid preparer from designating the preparer's own accounts as the depository account for a client's tax refund and provides for penalties for doing so. This measure thus exempts unpaid tax preparers. In addition, the measure does not prohibit the preparer from using accounts other than preparer's own accounts. For example, an account held by the spouse, which the preparer has no authority over, would fall outside the realm of this measure. The Department would suggest that a preparer, whether paid or unpaid, be required to designate only accounts controlled by the taxpayer for direct deposit of refunds.