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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-       Withholding tax; self-funded retirement plan.

5           (a) The department of taxation shall adopt rules pursuant to  
6 chapter 91 to require the deduction and withholding of tax from  
7 any taxpayer who withdraws funds from a self-funded retirement  
8 plan; provided that the amount deducted and withheld is  
9 sufficient to cover the amount of funds withdrawn from the  
10 retirement plan and is consistent with federal law.

11           (b) Any tax withheld under this section shall be credited  
12 against the amount of income tax liability owed by the taxpayer;  
13 provided that, if the amount withheld is in excess of the tax  
14 due for the taxable year, the taxpayer shall be refunded the  
15 difference as provided in section 235-110.

16           (c) For the purposes of this section, "self-funded  
17 retirement plan" means a deferred compensation plan, individual  
18 retirement account, or any other type of retirement plan that



1 complies with federal or state law and is funded exclusively by  
2 the person who owns the plan."

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act shall take effect upon its approval  
5 and shall apply to taxable years beginning after December 31,  
6 2009.

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**Report Title:**

Income Tax Withholding; Self-Funded Retirement Plan

**Description:**

Requires the DOTAX to withhold state taxes for self-funded retirement plans.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

