
A BILL FOR AN ACT

RELATING TO TAX ADMINISTRATION.

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

1 SECTION 1. As a self-reporting system that relies upon the
2 honesty and integrity of taxpayers, enforcement of Hawaii's tax
3 laws is only as effective as the compliance tools that exist to
4 deter dishonest conduct. Hawaii lacks a vast majority of the
5 tools used by the Internal Revenue Service to ensure optimal
6 compliance and deter tax fraud.

7 The purpose of this Act is to amend title 14, Hawaii
8 Revised Statutes, to conform Hawaii tax administration
9 provisions to the Internal Revenue Code.

10 **PART I. TAX ADMINISTRATION ENFORCEMENT**

11 SECTION 2. Chapter 231, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 "§231-A Understatement of taxpayer's liability by tax
15 return preparer. (a) Any tax return preparer making
16 understatements of liability based upon unreasonable positions
17 on a tax return or claim for tax refund shall pay a penalty of

1 \$500, with respect to each such tax return or claim for tax
2 refund, unless there is reasonable cause for the understatement
3 and the tax return preparer acted in good faith. For the
4 purposes of this section, any position is not unreasonable
5 unless the position is contrary to or not supported by
6 substantial authority for the position.

7 (b) A tax return preparer wilfully or recklessly makes an
8 understatement of liability based upon unreasonable positions on
9 a tax return or claim for tax refund if the tax return preparer:

10 (1) Wilfully attempts to understate a person's tax
11 liability; or

12 (2) Recklessly disregards any tax law or rule.

13 Any tax return preparer who violates this subsection shall pay a
14 penalty of \$1,000, with respect to each such tax return or
15 claim. Penalties assessed under this subsection shall be
16 reduced by any penalties assessed under subsection (a).

17 (c) For purposes of subsections (a) and (b),
18 understatements of liability using unreasonable positions occur
19 when:

20 (1) Any part of a tax return or claim for tax refund is
21 based on a position that does not have substantial
22 authority;

1 (2) Any tax return preparer who prepares a tax return or
2 claim for tax refund knew or reasonably should have
3 known of such an unreasonable position; and

4 (3) The unreasonable position was not a disclosed item as
5 defined in subsection (h) or was frivolous.

6 (d) If within thirty days after the notice and demand of
7 any penalty under subsection (a) or (b) is made, the tax return
8 preparer:

9 (1) Pays an amount that is not less than fifteen per cent
10 of the penalty amount; and

11 (2) Files a claim for refund of the amount so paid, no
12 action to levy or file a proceeding in court to
13 collect the remainder of the penalty shall be
14 commenced except in accordance with subsection (e).

15 (e) An action that is stayed pursuant to subsection (d)
16 may be brought thirty days after either of the following events,
17 whichever occurs first:

18 (1) The tax return preparer fails to file an appeal to the
19 tax appeal court within thirty days after the day on
20 which the claim for refund of any partial payment of
21 any penalty under subsection (a) or (b) is denied; or

1 (2) The tax return preparer fails to file an appeal to the
2 tax appeal court for the determination of the tax
3 return preparer's liability for the penalty assessed
4 under subsection (a) or (b) within six months after
5 the day on which the claim for refund was filed.

6 Nothing in this subsection shall be construed to prohibit any
7 counterclaim for the remainder of the penalty in any proceeding.

8 (f) If there is a final administrative determination or a
9 final judicial decision that the penalty assessed under
10 subsection (a) or (b) should not apply, then that portion of the
11 penalty assessed shall be voided. Any portion of the penalty
12 that has been paid shall be refunded to the tax return preparer
13 as an overpayment of tax without regard to any period of
14 limitations which, but for this subsection, would apply to the
15 making of the refund.

16 (g) At the request of the director of taxation, a civil
17 action may be brought to enjoin a tax return preparer from
18 further acting as a tax return preparer or from engaging in
19 conduct prohibited under subsection (a) or (b) as follows:

20 (1) Any action under this subsection may be brought in the
21 circuit court of the circuit in which the tax return
22 preparer resides or has a principal place of business,

1 or in which the taxpayer with respect to whose tax
2 return the action is brought resides;

3 (2) The court may exercise its jurisdiction over the
4 action separate and apart from any other action
5 brought by the State against the tax return preparer
6 or taxpayer;

7 (3) If the court finds that a tax return preparer has
8 engaged in conduct subject to penalty under subsection
9 (a) or (b) and that injunctive relief is appropriate
10 to prevent the recurrence of that conduct, the court
11 may enjoin the preparer accordingly; and

12 (4) If the court finds that a tax return preparer has
13 continually or repeatedly engaged in conduct
14 prohibited under subsection (a) or (b) and that an
15 injunction prohibiting that conduct would not be
16 sufficient to prevent the preparer's interference with
17 the proper administration of this chapter, the court
18 may enjoin the preparer from acting as a tax return
19 preparer.

20 (h) For purposes of this section:

21 "Disclosed item" means any item where:

1 (1) The relevant facts affecting the item's tax treatment
2 are adequately disclosed in a tax return or in a
3 statement attached to a tax return; and

4 (2) There is a reasonable basis for the tax treatment of
5 the item by the taxpayer.

6 "Substantial authority" means, in addition to any
7 definition of substantial authority incorporated by subsection
8 (j), only the following authority for purposes of determining
9 whether there is substantial authority for the tax treatment of
10 an item:

11 (1) Statutory provisions;

12 (2) Proposed or final administrative rules;

13 (3) Tax information releases or procedures;

14 (4) Department of taxation announcements or official
15 explanations;

16 (5) Court cases;

17 (6) Legislative intent reflected in committee reports and
18 floor statements;

19 (7) Private letter rulings, comfort letters, technical or
20 advice letters, and written determinations to the
21 extent such are valid and not overruled by other
22 authority;

1 (8) Department of taxation press releases; or

2 (9) Notices or other official pronouncements of the
3 department of taxation.

4 "Tax return preparer" means any person who prepares,
5 employs, or supervises one or more persons who prepare a tax
6 return or a claim for tax refund. Preparation of a substantial
7 portion of a tax return or claim for tax refund shall be treated
8 as if it were the preparation of a tax return or claim for tax
9 refund.

10 "Understatement of liability" means any understatement of
11 the net amount payable for any tax imposed or any overstatement
12 of the net amount creditable or refundable for any tax. Except
13 as otherwise provided in subsection (f), the determination of
14 whether there is an understatement of liability shall be made
15 without regard to any administrative or judicial action
16 involving the taxpayer.

17 (i) The penalty imposed by this section shall be in
18 addition to any other penalty provided by law.

19 (j) This section shall be construed in accordance with
20 regulations and judicial interpretations given to similar
21 provisions of the Internal Revenue Code."

1 SECTION 3. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231-B Promoting abusive tax shelters. (a) A person
5 promotes an abusive tax shelter by:

6 (1) Organizing or assisting in the organization of, or
7 participating directly or indirectly in the sale of an
8 interest in:

9 (A) A partnership or other entity;

10 (B) Any investment plan or arrangement; or

11 (C) Any other plan or arrangement; and

12 (2) In connection with any activity described under
13 paragraph (1), making, furnishing, or causing another
14 person to make or furnish a statement with respect to:

15 (A) Whether any deduction or credit is allowed;

16 (B) Whether any income may be excluded; or

17 (C) The securing of any other tax benefit by reason
18 of holding an interest in the entity or
19 participating in the plan or arrangement,

20 which the person knows or has reason to know is false
21 or fraudulent or is a gross valuation overstatement as
22 to any material matter.

1 (b) A person found promoting an abusive tax shelter shall
2 pay, with respect to each activity described in subsection (a),
3 a penalty of \$1,000 or, if the person establishes that the
4 abusive tax shelter generated less than \$1,000 of gross income,
5 then one hundred per cent of the gross income derived or to be
6 derived by the person from the activity. For purposes of this
7 section, activities described in subsection (a)(1) shall be
8 treated as a separate activity for each entity or arrangement.
9 Participation in each sale described in subsection (a)(2) shall
10 be treated as a separate activity for each entity or
11 arrangement.

12 (c) At the request of the director, a civil action may be
13 brought to enjoin any person described in subsection (a) from
14 engaging in any conduct described in subsection (a). Any action
15 under this section shall be brought in the circuit court of the
16 circuit where the person in subsection (a) resides or where the
17 person's principal place of business is located. The court may
18 exercise its jurisdiction over the action separate and apart
19 from any other action brought by the State against those persons
20 described in subsection (a). If the court finds that a person
21 described in subsection (a) has engaged in any conduct subject
22 to penalty under subsection (b) and that injunctive relief is

1 appropriate to prevent the recurrence of that conduct, the court
2 may enjoin the person accordingly.

3 (d) For purposes of this section, "gross valuation
4 overstatement" means any statement of value for any property or
5 services if:

6 (1) The value so stated exceeds two hundred per cent of
7 the amount determined to be the correct valuation; and

8 (2) The value of the property or services is directly
9 related to the amount of any deduction or credit
10 allowable to any participant.

11 (e) The director may waive all or any part of the penalty
12 provided by subsection (b) with respect to any gross valuation
13 overstatement on a showing that there was a reasonable basis for
14 the valuation and that the valuation was made in good faith.

15 (f) The penalty imposed by this section shall be in
16 addition to any other penalty provided by law.

17 (g) This section shall be construed in accordance with
18 regulations and judicial interpretations given to similar
19 provisions of the Internal Revenue Code."

20 SECTION 4. Chapter 231, Hawaii Revised Statutes, is
21 amended by adding a new section to be appropriately designated
22 and to read as follows:

1 "§231-C Erroneous claim for refund or credit. (a) If a
2 claim for refund or credit with respect to tax is made for an
3 excessive amount, the person making such claim shall be liable
4 for a penalty in an amount equal to twenty per cent of the
5 excessive amount; provided that there shall be no penalty
6 assessed where the penalty calculation under this section
7 results in an amount of less than \$400.

8 (b) It shall be a defense to the penalty under this
9 section that the claim for refund or credit had a reasonable
10 basis. A person claiming the reasonable basis defense shall
11 have the burden of proof to demonstrate the reasonableness of
12 the claim.

13 (c) For purposes of this section:

14 "Excessive amount" means the amount by which the amount of
15 the claim for refund or credit for any taxable year exceeds the
16 amount of such claim allowable for such taxable year.

17 "Reasonable basis" means a standard of care utilized in tax
18 reporting that is significantly higher than not frivolous or not
19 patently improper. A reasonable basis position will be more
20 than arguable and based on at least one or more authorities of
21 either state or federal tax administration. A position is
22 considered to have a reasonable basis if a reasonable and well-

1 informed analysis by a person knowledgeable in tax law would
2 lead that person to conclude that the position has approximately
3 a one-in-four, or greater, likelihood of being sustained on the
4 merits. A reasonable basis includes innocent mistakes where the
5 excessive amount is the result of inadvertence, mathematical
6 error, or where otherwise defined as innocent by the director
7 pursuant to a formal pronouncement issued without regard to
8 chapter 91.

9 (d) This section shall be construed in accordance with
10 regulations and judicial interpretations given to similar
11 provisions of the Internal Revenue Code."

12 SECTION 5. Chapter 231, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **"§231-D Substantial understatements or misstatements of**
16 **amounts; penalty.** (a) There shall be added to the tax an
17 amount equal to twenty per cent of the portion of any
18 underpayment that is attributable to any substantial
19 understatement of any tax. The penalty under this section shall
20 be in addition to any other penalty assessable by law.

21 (b) Except as provided under subsection (c), there is a
22 substantial understatement of tax for any taxable year if the

1 amount of the understatement for the taxable years exceeds the
2 greater of:

3 (1) Ten per cent of the tax required to be shown on the
4 return for the taxable year, or

5 (2) \$1,500.

6 (c) In the case of a corporation other than a corporation
7 taxable under subchapter S of the Internal Revenue Code, there
8 is a substantial understatement of tax for any taxable year if
9 the amount of the understatement for the taxable year exceeds
10 the greater of:

11 (1) Ten per cent of the tax required to be shown on the
12 return for the taxable year; or

13 (2) \$30,000.

14 (d) For purposes of this section, "understatement" means
15 the excess of:

16 (1) The amount of tax required to be shown on the return
17 for the taxable year; over

18 (2) The amount of tax imposed that is shown on the return,
19 reduced by any rebate as that term is defined by
20 section 6211(b)(2) of the Internal Revenue Code.

21 (e) The amount of any understatement shall be reduced by
22 that portion of the understatement that is attributable to:

1 (1) The tax treatment of any item by the taxpayer if there
2 is or was substantial authority for such treatment; or

3 (2) Any item if the relevant facts affecting the item's
4 tax treatment are adequately disclosed in the return
5 or in a statement attached to the return and there is
6 a reasonable basis, as defined under section 231-C,
7 for the tax treatment by the taxpayer.

8 The reduction in this subsection shall not apply to any item
9 attributable to a tax shelter as described in section 231-B.

10 (f) This section shall be construed in accordance with
11 regulations and judicial interpretations given to similar
12 provisions of the Internal Revenue Code."

13 SECTION 6. Chapter 231, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "**§231-E Statute of limitations; extension for substantial**
17 **omissions.** (a) Notwithstanding any other law to the contrary
18 limiting the time for assessment of any tax, if a taxpayer omits
19 any amount of:

- 20 (1) Gross income or gross proceeds of sale;
21 (2) Gross rental or gross rental proceeds;

1 (3) Price, value, or consideration paid or received for
2 any property;
3 (4) Gross receipts;
4 (5) Gallonage, tonnage, cigarette count, day, or other
5 weight or measure applicable to any tax;
6 properly includible therein that is in excess of twenty-five per
7 cent of the amount stated in the return, the tax may be assessed
8 or a proceeding in court with respect to such tax without
9 assessment may be begun without assessment, at any time within
10 six years after the return was filed.

11 (b) In determining any amount omitted, there shall not be
12 taken into account any amount that is stated in the return if
13 such amount is disclosed in the return or in a statement
14 attached to the return in a manner adequate to apprise the
15 department of taxation of the nature and amount of such item.

16 (c) This section shall be construed in accordance with
17 regulations and judicial interpretations given to similar
18 provisions of the Internal Revenue Code."

19 SECTION 7. Section 231-7, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§231-7 Hearings and subpoenas.** (a) The director of
22 taxation, and any representative of the director duly authorized

1 by the director, may conduct any inquiry, investigation, or
2 hearing, relating to any assessment, or the amount of any tax,
3 or the collection of any delinquent tax, including any inquiry
4 or investigation into the financial resources of any delinquent
5 taxpayer or the [~~collectibility~~] collectability of any
6 delinquent tax.

7 (b) The director or other person conducting [~~such hearing~~]
8 hearings may administer oaths and take testimony under oath
9 relating to the matter of inquiry or investigation, and subpoena
10 witnesses and require the production of books, papers,
11 documents, and records pertinent to such inquiry.

12 (c) If any person disobeys [~~such process,~~] any process or,
13 having appeared in obedience thereto, refuses to answer
14 pertinent questions put to the person by the director or other
15 person conducting such hearing, or to produce any books, papers,
16 documents, or records pursuant thereto, the director or other
17 person conducting such hearing may apply to the circuit court of
18 the circuit wherein the inquiry or investigation is being
19 conducted, or to any judge of such court, setting forth such
20 disobedience to process or refusal to answer, and such court or
21 judge shall cite such person to appear before such court or
22 judge to answer such questions or to produce such books, papers,

1 documents, or records, and upon the person's refusal so to do
2 commit such person to jail until the person testifies but not
3 for a longer period than sixty days. Notwithstanding the
4 serving of the term of commitment by any person, the director
5 may proceed in all respects as if the witness had not previously
6 been called upon to testify. Witnesses (other than the taxpayer
7 or the taxpayer's or its officers, directors, agents, and
8 employees) shall be allowed their fees and mileage as in cases
9 in the circuit courts, to be paid on vouchers of the department
10 of taxation, from any moneys available for expenses of the
11 department.

12 (d) Any subpoena issued under this section that does not
13 identify the person with respect to whose liability or
14 investigation the subpoena is issued may be served on any person
15 only after a court proceeding in which the director or other
16 person establishes that:

17 (1) The subpoena relates to the investigation of a
18 particular person or ascertainable group or class of
19 persons;

20 (2) There is a reasonable basis for believing that such
21 person or group or class of persons may fail or may

1 have failed to comply with any provision of title 14;

2 and

3 (3) The information sought to be obtained from the
4 examination of records or testimony and the identity
5 of the person or persons with respect to whose
6 liability the subpoena is issued is not readily
7 available from other sources.

8 (e) The provisions of this section are in addition to all
9 other provisions of law, and apply to any tax within the
10 jurisdiction of the department."

11 **PART II. CRIMINAL TAX ENFORCEMENT**

12 SECTION 8. Chapter 231, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **"§231-F Wilful failure to collect and pay over tax. Any**
16 **person required to collect, account for, and pay over any tax**
17 **imposed by title 14, who wilfully fails to collect or truthfully**
18 **account for and pay over such tax shall be guilty of a class C**
19 **felony, in addition to other penalties provided by law and, upon**
20 **conviction, shall be subject to one or any combination of the**
21 **following:**

22 (1) A fine of not more than \$100,000;

1 (2) Imprisonment of not more than five years; or
2 (3) Probation;
3 provided that a corporation shall be fined not more than
4 \$500,000."

5 SECTION 9. Section 231-40, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "~~§~~**231-40**~~§~~ **Interpretation.** Sections 231-34, 231-35,
8 [~~and~~] 231-36, and 231-F shall be construed in accordance with
9 judicial interpretations given to similar provisions of Title 26
10 of the United States Code; consistent therewith, the term
11 "wilfully" shall mean a voluntary, intentional violation of a
12 known legal duty."

13 SECTION 10. Section 231-41, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "~~§~~**231-41**~~§~~ **Statute of limitation for criminal**
16 **penalties.** Notwithstanding any laws to the contrary,
17 prosecutions under sections 231-34, 231-35, [~~and~~] 231-36, and
18 231-F shall be commenced within seven years after the commission
19 of the offense."

20 **PART III. TAX FRAUD PROCEEDINGS**

1 SECTION 11. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231-G Signature presumed authentic. The fact that an
5 individual's name is signed on a return, statement, or other
6 document shall be prima facie evidence for all purposes that the
7 return, statement, or other document was actually signed by the
8 individual."

9 SECTION 12. Section 235-111, Hawaii Revised Statutes, is
10 amended by amending subsection (c) to read as follows:

11 "(c) Exceptions; fraudulent return or no return. In the
12 case of a false or fraudulent return with intent to evade tax or
13 liability, or of a failure to file return, the tax or liability
14 may be assessed or levied at any time; provided that [~~in the~~
15 ~~ease of a return claimed to be false or fraudulent with intent~~
16 ~~to evade tax or liability, the determination as to the claim~~
17 ~~shall first be made by a judge of the circuit court for or in~~
18 ~~the circuit within which the taxpayer or employer has the~~
19 ~~taxpayer's or employer's residence or principal place of~~
20 ~~business, or if none in the State then in the first circuit,~~
21 ~~upon petition filed by the department of taxation. The petition~~
22 ~~and other pleadings and proceedings in the matter shall be~~

1 ~~governed and conducted in accordance with statutory and other~~
2 ~~requirements relating to proceedings in equity, including all~~
3 ~~rights to appeal allowed in the proceedings. No assessment or~~
4 ~~levy of the tax or liability after the expiration of the three-~~
5 ~~year period shall be made unless so provided in the final decree~~
6 ~~entered in the proceedings.] the burden of proof with respect to~~
7 ~~the issue of falsity or fraud shall be upon the government."~~

8 SECTION 13. Section 237-40, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) Exceptions. In the case of a false or fraudulent
11 return with intent to evade tax, or of a failure to file the
12 annual return, the tax may be assessed or levied at any time;
13 [~~however, in the case of a return claimed to be false or~~
14 ~~fraudulent with intent to evade tax, the determination as to the~~
15 ~~claim shall first be made by a judge of the circuit court as~~
16 ~~provided in section 235-111(c) which shall apply to the tax~~
17 ~~imposed by this chapter.] provided that the burden of proof with~~
18 ~~respect to the issue of falsity or fraud shall be upon the~~
19 ~~government."~~

20 SECTION 14. Section 237D-9, Hawaii Revised Statutes, is
21 amended by amending subsection (d) to read as follows:

1 "(d) In the case of a false or fraudulent return with
2 intent to evade tax, or of a failure to file the annual return,
3 the tax may be assessed or levied at any time; [~~however, in the~~
4 ~~case of a return claimed to be false or fraudulent with intent~~
5 ~~to evade tax, the determination as to the claim shall first be~~
6 ~~made by a judge of the circuit court as provided in section~~
7 ~~235-111(c) which shall apply to the tax imposed by this~~
8 ~~chapter.~~] provided that the burden of proof with respect to the
9 issue of falsity or fraud shall be upon the government."

10 SECTION 15. Section 243-14, Hawaii Revised Statutes, is
11 amended by amending subsection (c) to read as follows:

12 "(c) In the case of a false or fraudulent statement with
13 intent to evade tax or liability, or of a failure to file a
14 statement, the tax or liability may be assessed or levied at any
15 time; provided that [~~in the case of a statement claimed to be~~
16 ~~false or fraudulent with intent to evade tax or liability, the~~
17 ~~determination as to the claim shall first be made by a judge of~~
18 ~~the circuit court as provided in section 235-111(c) which shall~~
19 ~~apply to the tax imposed by this chapter.~~] the burden of proof
20 with respect to the issue of falsity or fraud shall be upon the
21 government."

1 SECTION 16. Section 251-8, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) In the case of a false or fraudulent return with
4 intent to evade the surcharge tax, or of a failure to file the
5 annual return, the surcharge tax may be assessed or levied at
6 any time; [~~however, in the case of a return claimed to be false
7 or fraudulent with intent to evade the surcharge tax, the
8 determination as to the claim shall first be made by a judge of
9 the circuit court as provided in section 235-111(e) which shall
10 apply to the surcharge tax imposed by this chapter.] provided
11 that the burden of proof with respect to the issue of falsity or
12 fraud shall be upon the government."~~

13 SECTION 17. Except as provided in section 20, this Act
14 does not affect returns prepared and transactions promoted,
15 rights and duties that matured, penalties that were incurred,
16 and proceedings that were begun, before its effective date.

17 SECTION 18. In codifying the new sections created by
18 section 2 through 6, section 8, and section 11 of this Act, the
19 revisor of statutes shall insert appropriate section numbers for
20 the letters used in designating and referring to the new
21 sections in this Act.

1 SECTION 19. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 20. This Act shall take effect on July 1, 2050;
4 provided:

5 (1) Section 2 (relating to penalties for preparing returns
6 with unreasonable positions), section 4 (relating to
7 erroneous refund claims), section 5 (relating to
8 substantial understatements), section 6 (relating to
9 the statute of limitations on substantial omissions),
10 section 11 (relating to fraud assessments), section 12
11 (relating to fraud assessments), section 13 (relating
12 to fraud assessments), section 14 (relating to fraud
13 assessments), and section 15 (relating to fraud
14 assessments), shall apply to any return prepared,
15 refund claim, understatement, omission, or fraud
16 contained in any return where the statute of
17 limitations on assessment has not expired; provided
18 that this Act shall not apply to any return prepared,
19 refund claim, understatement, omission, or fraud in
20 any return where an amended return is filed by
21 October 1, 2009, to the extent the amended return
22 cures, corrects, or eliminates any item constituting

1 an unreasonable position, erroneous refund claim,
2 substantial understatement, substantial omission, or
3 fraud as provided in this Act; and
4 (2) Section 3 (relating to promoting abusive tax shelters)
5 and section 8 (relating to failure to collect and pay
6 tax), section 9 (relating to failure to withhold and
7 pay tax), section 10 (relating to failure to withhold
8 and pay tax), shall take effect on July 1, 2050.

Report Title:

Tax Administration; Penalty and Enforcement Conformity

Description:

Deters tax fraud and promotes uniformity in the tax system by conforming Hawaii tax law to the Internal Revenue Code for preparer penalties and accuracy-related penalties. Effective 7/1/2050. (SD1)