
A BILL FOR AN ACT

RELATING TO EARNED INCOME TAX CREDIT.

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

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

4 "§235- Earned income tax credit. (a) Each resident
5 individual taxpayer who files an individual income tax return
6 for a taxable year, and who is not claimed or is not otherwise
7 eligible to be claimed as a dependent by another taxpayer for
8 income tax purposes, may claim a nonrefundable earned income tax
9 credit. The tax credit, for the appropriate taxable year, shall
10 be equal to twenty per cent of the earned income credit allowed
11 under Section 32 of the Internal Revenue Code and reported as
12 such on the resident individual's federal income tax return.

13 (b) In the case of a part-year resident, the tax credit
14 shall equal the amount of the tax credit calculated in
15 subsection (a) multiplied by the ratio of adjusted gross income
16 attributed to this State to the entire adjusted gross income
17 computed without regard to source in the State pursuant to
18 section 235-5.



1 (c) For purposes of claiming the tax credit allowed by
2 this section, a resident individual taxpayer shall use the same
3 filing status (i.e., "married filing jointly," "head of
4 household," "qualifying widow(er)," or "single") on the
5 taxpayer's Hawaii tax return as used on the taxpayer's federal
6 return for the taxable year. In the case of a husband and wife
7 filing separately, the credit allowed may be applied against the
8 tax of either, or divided between them, as they elect.

9 If the tax credit under this section exceeds the taxpayer's
10 income tax liability, the excess of tax credit over liability
11 may be used as a credit against the taxpayer's income tax
12 liability in subsequent years until exhausted.

13 All claims including any amended claims for a tax credit
14 under this section shall be filed on or before the end of the
15 twelfth month following the close of the taxable year for which
16 the tax credit may be claimed; provided that failure to comply
17 shall constitute a waiver of the right to claim the tax credit.

18 (d) The director of taxation:

19 (1) Shall prepare such forms as may be necessary to claim
20 a tax credit under this section;

21 (2) May require proof of the claim for the tax credit;



Report Title:

Earned Income Tax Credit

Description:

Provides a state earned income tax credit.

