

JAN 23 2009

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- Direct deposit of refund. (a) An individual
5 taxpayer who:

6 (1) Is subject to this chapter;

7 (2) Qualifies for an income tax refund; and

8 (3) Requests a direct deposit of the refund,

9 shall designate the taxpayer's checking or savings accounts at
10 financial institutions for direct deposit of the taxpayer's
11 income tax refund.

12 (b) A paid preparer shall not designate the paid
13 preparer's personal or business checking or savings account for
14 direct deposit of a client taxpayer's income tax refund.

15 A paid preparer who violates this subsection shall be fined
16 \$500 for each separate offense and shall return the full amount
17 of the direct deposit to the taxpayer for whom the return was



1 prepared. All moneys collected for violation of this subsection
2 shall be credited to the department of taxation and shall not
3 lapse to the general fund."

4 SECTION 2. Section 235-98, Hawaii Revised Statutes, is
5 amended to read as follows:

6 **"§235-98 Returns; form, verification and authentication,**
7 **time of filing.** (a) Returns shall be in such form as the
8 department of taxation may prescribe from time to time and shall
9 be verified by written declarations that the statements therein
10 made are subject to the penalties prescribed in section 231-36.
11 Corporate returns shall be authenticated by the signature of the
12 president, vice president, treasurer, assistant treasurer, chief
13 accounting officer, or any other officer duly authorized so to
14 act, under the penalties prescribed by section 231-36. The fact
15 that an individual's name is signed on the corporation return
16 shall be prima facie evidence that the individual is authorized
17 to sign the return on behalf of the corporation.

18 (b) An individual who is a paid preparer with respect to a
19 return of tax or claim for refund of tax shall sign the return
20 or claim for refund after it is completed and before it is
21 presented to the taxpayer for signature. If the paid preparer
22 is unavailable for signature, another paid preparer shall review



1 the entire preparation of the return or claim for refund, and
2 then shall sign the return or claim for refund. If more than
3 one paid preparer is involved in the preparation of the return
4 or claim for refund, the individual paid preparer who has the
5 primary responsibility as between or among the preparers for the
6 overall substantive accuracy of the preparation of the return or
7 claim for refund shall be considered to be the paid preparer for
8 the purposes of this subsection.

9 A paid preparer of any return or claim for refund who fails
10 to sign a return, unless it is shown that the failure is due to
11 reasonable cause and not due to wilful neglect, shall be fined
12 \$50 for each failure to sign, with a maximum of \$25,000 per
13 person imposed with respect to each calendar year.

14 (c) The department may grant a reasonable extension of
15 time for filing returns under such rules as it shall prescribe.
16 Except as otherwise provided by statute for cases in which
17 exceptional circumstances require additional time, including
18 cases of persons who are outside the United States, no extension
19 of time for filing returns shall be for more than six months in
20 order to expedite the timely determination of tax liability and
21 the timely remission of taxes."

22 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval
2 and shall apply to taxable years beginning after December 31,
3 2008.

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Report Title:

Taxation; Refund Direct Deposit; Paid Preparers

Description:

Requires a tax refund to be deposited in the taxpayer's accounts; prohibits deposit into a paid preparer's accounts; requires a paid preparer to sign a return; establishes penalties.

