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## A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. The legislature finds that the general excise  
2 tax is unfairly administered to the detriment of many hard  
3 working small business owners. Despite the severe economic  
4 slowdown and the statewide reduction in visitor spending, the  
5 general excise tax is still assessed and collected. This has  
6 crippled numerous small businesses and caused many owners to  
7 fall behind in their general excise tax filings or to not pay  
8 the tax. Many small businesses are on the brink of closing, and  
9 owners are often forced to choose between making payroll and  
10 paying the general excise tax.

11           If business owners are compelled under threats of criminal  
12 prosecution to pay general excise taxes, they will be forced to  
13 lay-off employees, which will cause needless exacerbation of an  
14 already overloaded state unemployment system, as well as  
15 threaten a substantial source of state tax revenue.

16           By making reasonable modifications to the general excise  
17 tax law, this Act assists small businesses to continue



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1 operating, while ensuring that all general excise tax  
2 obligations will be met.

3 The purpose of this Act is to provide general excise tax  
4 relief to overburdened small business owners.

5 SECTION 2. Section 237-30, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§237-30 Monthly, quarterly, or semiannual return,**  
8 **computation of tax, payment.** (a) The taxes levied hereunder  
9 shall be payable in monthly installments on or before the  
10 twentieth day of the calendar month following the month in which  
11 they accrue[-]; provided that a grace period of thirty days  
12 shall apply to the payments if the applicable return is timely  
13 filed pursuant to this subsection or the payment qualifies under  
14 section 237-33. The taxpayer, on or before the twentieth day of  
15 the calendar month following the month in which the taxes  
16 accrue, shall make out and sign a return of the installment of  
17 tax for which the taxpayer is liable for the preceding month and  
18 transmit the same, together with a remittance, in the form  
19 required by section 237-31, for the amount of the tax, to the  
20 office of the department of taxation in the appropriate district  
21 hereinafter designated.



1 (b) Notwithstanding subsection (a), the director of  
2 taxation, for good cause, may permit a taxpayer to file the  
3 taxpayer's return required under this section and make payments  
4 thereon:

5 (1) On a quarterly basis during the calendar or fiscal  
6 year, the return and payment to be made on or before  
7 the twentieth day of the calendar month after the  
8 close of each quarter[~~, to wit~~]: for calendar year  
9 taxpayers, on or before April 20, July 20, October 20,  
10 and January 20 or, for fiscal year taxpayers, on or  
11 before the twentieth day of the fourth month, seventh  
12 month, and tenth month following the beginning of the  
13 fiscal year and on or before the twentieth day of the  
14 month following the close of the fiscal year; provided  
15 that a grace period of ninety days shall apply to the  
16 payments if the applicable return is timely filed  
17 pursuant to this paragraph or the payment qualifies  
18 under section 237-33; provided further that the  
19 director is satisfied that the grant of the permit  
20 will not unduly jeopardize the collection of the taxes  
21 due thereon and the taxpayer's total tax liability for



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1 the calendar or fiscal year under this chapter will  
2 not exceed [~~\$4,000;~~] \$12,000; or

3 (2) On a semiannual basis during the calendar or fiscal  
4 year, the return and payment to be made on or before  
5 the twentieth day of the calendar month after the  
6 close of each six-month period[~~, to wit~~]: for  
7 calendar year taxpayers, on July 20 and January 20 or,  
8 for fiscal year taxpayers, on or before the twentieth  
9 day of the seventh month following the beginning of  
10 the fiscal year and on or before the last day of the  
11 month following the close of the fiscal year; provided  
12 that a grace period of one hundred eighty days shall  
13 apply to the payments if the applicable return is  
14 timely filed pursuant to this paragraph or the payment  
15 qualifies under section 237-33; provided further that  
16 the director is satisfied that the grant of the permit  
17 will not unduly jeopardize the collection of the taxes  
18 due thereon and the taxpayer's total tax liability for  
19 the calendar or fiscal year under this chapter will  
20 not exceed \$2,000.

21 The director, for good cause, may permit a taxpayer to make  
22 monthly payments based on the taxpayer's estimated quarterly or



1 semiannual liability, provided the taxpayer files a  
2 reconciliation return at the end of each quarter or at the end  
3 of each six-month period during the calendar or fiscal year, as  
4 provided in this section.

5 (c) [~~If~~] Except as otherwise provided in this chapter, if  
6 a taxpayer filing the taxpayer's return on a quarterly or  
7 semiannual basis, as provided in this section, becomes  
8 delinquent in either the filing of the taxpayer's return or the  
9 payment of the taxes due thereon, or if the liability of a  
10 taxpayer, who possesses a permit to file the taxpayer's return  
11 and to make payments on a semiannual basis exceeds \$2,000 in  
12 general excise taxes during the calendar year or exceeds  
13 [~~\$4,000~~] \$12,000 in general excise taxes during the calendar  
14 year if making payments on a quarterly basis, or if the director  
15 determines that any such quarterly or semiannual filing of  
16 return would unduly jeopardize the proper administration of this  
17 chapter, including the assessment or collection of the general  
18 excise tax, the director may, at any time, revoke a taxpayer's  
19 permit, in which case the taxpayer will then be required to file  
20 the taxpayer's return and make payments thereon as herein  
21 provided in subsection (a).



1 (d) The director may adopt [~~and promulgate~~] rules [~~and~~  
2 ~~regulations~~] pursuant to chapter 91 to carry out the purposes of  
3 this section.

4 (e) Section 232-2 does not apply to a monthly return."

5 SECTION 3. Section 237-33, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§237-33 Annual return, payment of tax.** On or before the  
8 twentieth day of the fourth month following the close of the  
9 taxable year, each taxpayer shall make a return showing the  
10 value of products, gross proceeds of sales or gross income, and  
11 compute the amount of tax chargeable against the taxpayer in  
12 accordance with this chapter and deduct the amount of monthly  
13 payments (as hereinbefore provided), and transmit with the  
14 taxpayer's report a remittance in the form required by section  
15 237-31 covering the residue of the tax chargeable against the  
16 taxpayer to the district office of the department of taxation  
17 hereinafter designated[-]; provided that delinquent payments due  
18 during the tax year covered by the annual return may be made  
19 with the annual return; provided that all applicable returns  
20 under section 237-30 and the annual return are timely filed and  
21 the taxpayer has submitted a letter of hardship explaining the  
22 late payment that the director of taxation deems reasonable and



1 warrants acceptance under this section. The return shall be  
2 signed by the taxpayer, if made by an individual, or by the  
3 president, vice-president, secretary, or treasurer of a  
4 corporation, if made on behalf of a corporation. If made on  
5 behalf of a partnership, firm, society, unincorporated  
6 association, group, hui, joint adventure, joint stock company,  
7 corporation, trust estate, decedent's estate, trust, or other  
8 entity, any individual delegated by the entity shall sign the  
9 same on behalf of the taxpayer. If for any reason it is not  
10 practicable for the individual taxpayer to sign the return, it  
11 may be done by any duly authorized agent. The department, for  
12 good cause shown, may extend the time for making the return on  
13 the application of any taxpayer and grant such reasonable  
14 additional time within which to make the same as may, by it, be  
15 deemed advisable.

16 Section 232-2 applies to the annual return, but not to a  
17 monthly return."

18 SECTION 4. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.



1 SECTION 5. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2010.  
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INTRODUCED BY:

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JAN 20 2011





**Report Title:**

General Excise Tax

**Description:**

Provides a grace period for general excise tax payments and broadens certain requirements for consolidated, year-end general excise tax payments.

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

