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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. The legislature finds that allowing all tax  
2 documents to be filed electronically will provide benefits to  
3 both the taxpayer and the State. Electronic filing of all  
4 documents will allow taxpayers - particularly businesses - to  
5 accomplish the filing in a timely and cost-efficient manner.  
6 For the State, electronic filling will decrease administrative  
7 costs and make more efficient use of human and fiscal department  
8 resources for more important issues, such as delinquent tax  
9 collections and enforcement.

10           The legislature further finds that amendments made by Act  
11 196, Session Laws of Hawaii 2009, to advance payment of the  
12 general excise tax from the last day of the month to the  
13 twentieth day of the month have had a devastating impact on  
14 Hawaii businesses, particularly small businesses. While Act 196  
15 achieved one of its purposes - to generate a one-time windfall  
16 of revenue to the State - the long-term effect has been to  
17 hinder Hawaii's economic recovery by placing an undue burden on  
18 the business sector.



1           In addition, in 2010, the senate committee on economic  
2 development and technology and the house committee on economic  
3 revitalization, business, and military affairs convened an  
4 informal small business discussion group to address the most  
5 critical issues facing the small business sectors within  
6 Hawaii's economy. Representatives from the Chamber of Commerce  
7 of Hawaii, construction and trades industries, community  
8 nonprofits, the agricultural sector, food and restaurant  
9 industries, retailing, the science and technology sector, the  
10 commercial transportation industry, and interested stakeholders  
11 developed a package of bills that address the most pressing  
12 problems facing Hawaii's small business community.

13           The purpose of this Act is to support the findings of the  
14 small business working group and recommendations to:

- 15           (1) Require the department of taxation to establish a  
16                system to allow taxpayers to file all tax returns,  
17                applications, reports, and other documents  
18                electronically, telephonically, or by optical means;  
19                and  
20           (2) Reestablish the last of the month as the deadline for  
21                filing and payment of general excise taxes.



1 SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[+]§231-8.5[+] **Electronic filing of tax returns.** [The]

4 (a) No later than July 1, 2011, the department [may allow  
5 filing by electronic, telephonic, or optical means of any tax  
6 return, application, report, or other document] shall establish  
7 a system to allow taxpayers to file all tax returns,  
8 applications, reports, and other documents required under [the  
9 provisions of] title 14 [administered by the department.]  
10 electronically, telephonically, or by optical means; provided  
11 that there shall be no additional cost to the taxpayer for the  
12 electronic filing. The date of filing shall be the date the tax  
13 return, application, report, or other document is transmitted to  
14 the department in a form and manner prescribed by departmental  
15 rules adopted pursuant to chapter 91. The department may  
16 determine alternative methods for the signing, subscribing, or  
17 verifying of a tax return, application, report, or other  
18 document that shall have the same validity and consequences as  
19 the actual signing by the taxpayer.

20 (b) A filing under this section shall be treated in the  
21 same manner as a filing subject to the penalties under section  
22 231-39."



1 SECTION 3. Section 237-30, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) The taxes levied hereunder shall be payable in  
4 monthly installments on or before the [~~twentieth~~] last day of  
5 the calendar month following the month in which they accrue.  
6 The taxpayer, on or before the [~~twentieth~~] last day of the  
7 calendar month following the month in which the taxes accrue,  
8 shall make out and sign a return of the installment of tax for  
9 which the taxpayer is liable for the preceding month and  
10 transmit the same, together with a remittance, in the form  
11 required by section 237-31, for the amount of the tax, to the  
12 office of the department of taxation in the appropriate district  
13 hereinafter designated.

14 (b) Notwithstanding subsection (a), the director of  
15 taxation, for good cause, may permit a taxpayer to file the  
16 taxpayer's return required under this section and make payments  
17 thereon:

18 (1) On a quarterly basis during the calendar or fiscal  
19 year, the return and payment to be made on or before  
20 the [~~twentieth~~] last day of the calendar month after  
21 the close of each quarter, to wit: for calendar year  
22 taxpayers, on or before April [~~207~~] 30, July [~~207~~] 31,



1           October [~~20,~~] 31, and January [~~20~~] 31 or, for fiscal  
2           year taxpayers, on or before the [~~twentieth~~] last day  
3           of the fourth month, seventh month, and tenth month  
4           following the beginning of the fiscal year and on or  
5           before the [~~twentieth~~] last day of the month following  
6           the close of the fiscal year; provided that the  
7           director is satisfied that the grant of the permit  
8           will not unduly jeopardize the collection of the taxes  
9           due thereon and the taxpayer's total tax liability for  
10          the calendar or fiscal year under this chapter will  
11          not exceed \$4,000; or

- 12          (2) On a semiannual basis during the calendar or fiscal  
13          year, the return and payment to be made on or before  
14          the [~~twentieth~~] last day of the calendar month after  
15          the close of each six-month period, to wit: for  
16          calendar year taxpayers, on July [~~20~~] 31 and January  
17          [~~20~~] 31 or, for fiscal year taxpayers, on or before  
18          the [~~twentieth~~] last day of the seventh month  
19          following the beginning of the fiscal year and on or  
20          before the last day of the month following the close  
21          of the fiscal year; provided that the director is  
22          satisfied that the grant of the permit will not unduly



1           jeopardize the collection of the taxes due thereon and  
2           the taxpayer's total tax liability for the calendar or  
3           fiscal year under this chapter will not exceed \$2,000.

4           The director, for good cause, may permit a taxpayer to make  
5           monthly payments based on the taxpayer's estimated quarterly or  
6           semiannual liability, provided the taxpayer files a  
7           reconciliation return at the end of each quarter or at the end  
8           of each six-month period during the calendar or fiscal year, as  
9           provided in this section."

10          SECTION 4. Statutory material to be repealed is bracketed  
11          and stricken. New statutory material is underscored.

12          SECTION 5. This Act, upon its approval, shall apply to  
13          taxable periods beginning after July 1, 2011.

14

INTRODUCED BY:



JAN 25 2011



**Report Title:**

Taxation; Electronic Filing

**Description:**

Requires the department of taxation to establish a system to allow taxpayers to file all tax returns, applications, reports, and other documents electronically; provided that there is no additional cost to the taxpayer for the electronic filing; reestablishes the last of the month as the deadline for filing and payment of general excise taxes.

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

