
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 [~~20~~] 30, July [~~20~~] 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:

Carol Furumaga

Frances Chun Caliland

Rossly de Pina

Melanie John
Jill

Amber Star
Miller

John Gil



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.

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