

JAN 24 2013

A BILL FOR AN ACT

RELATING TO CASH ECONOMY ENFORCEMENT.

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

1 SECTION 1. Section 231-96, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) It shall be unlawful [~~to conduct more than ten~~
4 ~~taxable business transaction per day]~~ for any person doing
5 business under chapter 237, other than casual sales, to conduct
6 any transaction in cash and fail to:

7 (1) Offer a receipt or other record of the transaction;
8 and

9 (2) Maintain a contemporaneously generated record of all
10 business transactions conducted each day,
11 whether handwritten or generated by a manually operated or
12 electronic cash register. Each day a person is in violation of
13 this section shall be treated as a separate violation."

14 SECTION 2. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16

17

S.B. NO. 1196

1 SECTION 3. This Act, upon its approval, shall take effect
2 on July 1, 2013.

3
4
5
6

INTRODUCED BY: *Anna Mercedes K.*

BY REQUEST

S.B. NO. 1196

Report Title:

Cash Economy Enforcement

Description:

Assists with enforcement of cash economy laws by the Department of Taxation.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO CASH ECONOMY ENFORCEMENT.

PURPOSE: To amend the law to require cash-based businesses to record all transactions, other than casual sales.

MEANS: Amend section 231-96(a), Hawaii Revised Statutes.

JUSTIFICATION: The Department has found that taxpayers use the current law as a justification for failing to keep any records of cash-based business transactions per day. Taxpayers state that they have not done 10 cash-based transactions and are not required to keep any record, regardless of the number of cash-based transactions. Also the records of cash-based businesses are not accurate due to lack of the first 10 cash-based transactions.

Casual sales are an occasional or isolated sale or transaction involving tangible personal property by a person who is not required to be licensed under chapter 237, Hawaii Revised Statutes, or tangible personal property that is not ordinarily sold in the business of a person who is regularly engaged in business. Casual sales records are not required because the transactions are not subject to General Excise Tax.

Impact on the public: Cash-based businesses will be compelled to keep more complete records.

Impact on the department and other agencies: Enforcement of tax laws on cash-based

businesses will be easier for the department.

GENERAL FUND: Pending.
OTHER FUNDS: None.
PPBS PROGRAM DESIGNATION: None.
OTHER AFFECTED AGENCIES: None.
EFFECTIVE DATE: July 1, 2013.