

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Amend filing date; filing of tax returns

BILL NUMBER: SB 350; HB 563 (Identical)

INTRODUCED BY: SB by Gabbard, Ruderman and 6 Democrats; HB by Har, Choy, Coffman, Evans, Hashem, Ichiyama, Ito, Jordan, Kawakami, Takayama, Tsuji, Yamane, Yamashita and 2 Democrats

BRIEF SUMMARY: Amends HRS section 237-30 providing that general excise tax returns be filed by the last day of the month following the period in which the general excise tax liability accrues rather than the 20th day of the month.

EFFECTIVE DATE: Returns and payments due after July 1, 2013

STAFF COMMENTS: Act 196, SLH 2009, accelerated the filing and payment of general excise taxes to the 20th day rather than the last day of the month following the business activity. This was done to create a one-time cash infusion to the state. A return to the last day, rather than the 20th day of the month, will greatly assist taxpayers in filing their general excise tax returns on a timely basis. Therefore, the adoption of this provision is welcomed. It should be noted that the last day of the month or the tax period following was the day that general excise tax returns were required to be filed since the inception of the general excise tax.

Since the change to the 20th day of the month following the period of activity, a number of taxpayers have reported difficulty in meeting that deadline as the twenty-day period is insufficient to reconcile financial records such as accounting for returns, discounts, and losses. For multi-district taxpayers, such as a chain of department stores, it is a matter of gathering records from the different outlets and reconciling sales that may have occurred between different retail outlets.

It should be noted that Act 22, SLH 2010, requires taxpayers subject to sections 237D, 238, 243, 244D, 245, 251 and 431:7 to file annual, monthly, quarterly, or semiannual returns or any other return that is due on the 20th day of the month, this measure only applies to general excise tax returns. Consideration should be given to requiring all tax returns to be filed by the last day of the month following the period of activity.

Finally, this measure takes effect on 7/1/13. If adopted, taxpayers should be given ample notice of the change in filing days before this act takes effect to insure compliance.

Digested 1/28/13



Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means
State Capitol, Honolulu, Hawaii 96813

HEARING Tuesday, January 29, 2013
 9:00 am
 Conference Room 211

RE: **SB350, Relating to Taxation**

Chair Ige, Vice Chair Kidani, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

RMH supports SB350, which amends the date of filing of monthly, quarterly, and semi-annual general excise tax returns from the twentieth day of the calendar, quarterly, or semi-annual month to the last day.

In 2009 while the Legislature was considering SB1461 (Act 196), which accelerated GET filing and payment dates, RMH polled our members for input. From one of RMH's small retailers:

These are challenging times and we should be looking for ways to ease the burdens of small business rather than add to or accelerate the demands placed on a business owner's time. Our business does not have additional resources to apply to new or accelerated requirements.

Reinstating the end-of-month schedule most assuredly will assist businesses more effectively manage their operations and hasten our economic recovery. I'm looking forward to being able to report our success with this measure to my members.

We respectfully request that you pass SB350. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: SherlBlod@aol.com
Subject: Submitted testimony for SB350 on Jan 29, 2013 09:00AM
Date: Monday, January 28, 2013 8:11:48 AM
Attachments: [SB350GET.docx](#)

SB350

Submitted on: 1/28/2013

Testimony for WAM on Jan 29, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Gladys Sherley Blodgett	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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I support SB350 because it is currently very difficult to gather information and report the GET taxes by the 20th of the month. This year allowed only 13 working days to get the report completed and submitted. By extending the due date to the end of the month, there would be 21 working days within which to prepare and submit these taxes. Eleven days longer by the calendar only produces 8 additional working days to complete the documents; however three working weeks would be adequate.

TO: Members of the Committee on Ways and Means

FROM: Natalie Iwasa, CPA
Honolulu, HI 96825
808-395-3233

HEARING: 9 a.m. Tuesday, January 29, 2013

SUBJECT: SB 350 Relating to Taxation (GET due date) - **SUPPORT**

Aloha Chair and Senators,

Thank you for allowing me to provide testimony on SB 350, which would move the due date for general excise tax (GET) returns from the 20th of the month to the end of the month.

Until a few years ago, GET returns were due at the end of the month. This allowed companies time to complete bank reconciliations and close their books for the month, quarter or half-year being reported on. With the due date earlier in the month, some businesses use estimates for reporting the GET liability, with the result that the actual amounts due are paid later.

I support this bill and ask you to vote yes.