
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§231- Construction service providers; reporting of
5 non-wage payments. (a) Any payor engaged in a trade or
6 business and making a payment, other than wages, in the course
7 of the payor's trade or business to another person, corporation,
8 partnership, association, or limited liability company, that is
9 valued at \$600 or more in any taxable year for the receipt of
10 construction services, including payment for materials,
11 equipment, or both, if included in the payment for construction
12 services, shall submit a report of the aggregate payments made
13 to each construction service provider, to the department in a
14 manner prescribed by the department, including but not limited
15 to mandatory electronic filing of the report that shall specify:
16 (1) The name, address, and general excise taxpayer
17 identification number; and the federal employer



1 identification number or social security number of the
2 payor;

3 (2) Where the payor is claiming a deduction pursuant to
4 chapter 237 for amounts paid to a construction service
5 provider, the name and general excise taxpayer
6 identification number of each construction service
7 provider;

8 (3) Where the payor is not claiming a deduction pursuant
9 to chapter 237 for amounts paid to a construction
10 service provider, the name and federal employer
11 identification number or social security number of
12 each construction service provider;

13 (4) The total amount that the payor paid to the
14 construction service provider during the payor's
15 taxable year; and

16 (5) Any other information required by the department.

17 (b) The annual payment report shall be transmitted by the
18 payor to the department on or before the twentieth day of the
19 fourth month following the close of the payor's taxable year in
20 which the payments were made.

21 (c) The annual payment report required under subsection

22 (a) may be utilized by the payor to meet the administrative



1 requirements of claiming the deduction under section 237-
2 13(3)(B).

3 (d) The director of taxation, to the extent permitted by
4 law, may enter into agreements with state or federal law
5 enforcement agencies to share the reports required under
6 subsection (a).

7 (e) A payor required to file an annual report under
8 subsection (a) who fails to file the report by the due date
9 shall be assessed a civil penalty of \$250 per month for each
10 month the report is not filed, not to exceed a total of \$3,000
11 for every annual report not filed. For the purposes of this
12 subsection and subsection (f), filing an incomplete, misleading,
13 or false report shall be deemed to be a failure to file.

14 (f) In addition to any other civil or criminal penalty
15 that may be imposed under this chapter, a payor required to file
16 an annual report under subsection (a) who wilfully fails to file
17 the report by the due date shall be subject to section 231-35.

18 (g) The requirements of this section shall not apply to
19 any payment for construction services by a person whose
20 activities do not include the contracting of construction
21 services while in the normal or regular course of the person's
22 trade or business.



1 (h) The director of taxation may prepare forms necessary
2 to meet the reporting requirements under this section. The
3 director of taxation may also require the taxpayer to furnish
4 reasonable documentation or evidence necessary to substantiate
5 the information contained in the report required by subsection
6 (a).

7 (i) The director of taxation may adopt rules necessary to
8 effectuate the purposes of this section.

9 (j) For the purposes of this section:

10 "Construction service provider" means a person performing
11 construction services.

12 "Construction services" includes the erection, excavation,
13 installation, alteration, addition, modification, repair,
14 improvement, demolition, destruction, dismantling, or removal of
15 all or any part of a building, structure, dock, wharf, surface,
16 or subsurface construction on or attached to any real property.

17 "Payment" shall not include wages paid to an employee of
18 the payor.

19 "Person" includes an individual, corporation, partnership,
20 association, limited liability company, or any other business
21 entity."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2030, and
6 shall apply to taxable years beginning after December 31, 2013.



Report Title:

Taxation; Construction Services; Non-Wage Payments

Description:

Requires payors of non-wage payments for construction services to report the payments to the department of taxation. Establishes penalties for failure to report. Effective July 1, 2030. (SB1289 HD1)

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

