
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- Reporting of non-wage payments; construction
5 service providers. (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 associated with the construction services,
12 shall submit a report of the aggregate payments made to each
13 provider of construction services, to the department in a manner
14 prescribed by the department, including but not limited to
15 mandatory electronic filing of the report; provided that the
16 report specifies:

17 (1) The name, address, and tax identification number of
18 the payor;



1 (2) The name, address, and tax identification number of
2 the provider of construction services;

3 (3) The total amount that the payor paid to the provider
4 of construction services in the taxable year; and

5 (4) Any other information that the department shall
6 require by rule.

7 (b) The payment report shall be transmitted by the payor
8 to the department on or before the last day of the third month
9 following the close of the taxable year in which the payments
10 were made.

11 (c) The payor shall also transmit the report to the
12 director of labor and industrial relations for purposes of
13 securing contributions into the unemployment compensation fund
14 no later than the first day of the month following the calendar
15 quarter in which the report was received. The payor shall
16 transmit the report in a manner prescribed by the director of
17 labor and industrial relations.

18 (d) A payor required to file an annual report under
19 subsection (a) who fails to file the report by the due date
20 shall be assessed a civil penalty of \$1,000 per month for each
21 month the report is not filed, not to exceed a total of \$6,000
22 for every annual report not filed. For the purposes of this



1 subsection and subsection (e), filing an incomplete, misleading,
2 or false report shall be deemed to be a failure to file.

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

7 (f) The requirements of this section shall not apply to
8 any payment for construction services by a person whose business
9 plan does not include the contracting of construction services
10 while in the normal or regular course of the person's trade or
11 business, as determined by the director through rules.

12 (g) For the purposes of this section:

13 "Construction service provider" means a person performing
14 construction services.

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

20 "Person" includes an individual, corporation, partnership,
21 association, or limited liability company."



1 "Payment" shall not include wages paid to an employee of
2 the payor."

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act, upon its approval, shall apply to
5 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 and the director of labor and industrial relations. Establishes penalties for failure to report. (SD2)

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