

JAN 22 2016

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Income tax credit for hiring an elderly
5 individual. (a) There shall be allowed to each taxpayer
6 subject to the tax imposed by this chapter, a credit for the
7 hiring of an elderly individual that shall be deductible from
8 the taxpayer's net income tax liability, if any, imposed by this
9 chapter for the taxable year in which the credit is properly
10 claimed.

11 (b) The amount of the credit shall be equal to fifty per
12 cent of the qualified wages for the first six months after the
13 elderly individual is initially hired. A tax credit that
14 exceeds the taxpayer's income tax liability may be used as a
15 credit against the taxpayer's income tax liability in subsequent
16 years until exhausted; provided that in no taxable year shall



1 the total amount of the tax credit claimed under this section
2 exceed \$ _____ per taxpayer.

3 (c) The following wages paid to an elderly individual are
4 ineligible to be claimed by the employer for this credit:

5 (1) No wages shall be taken into account under this
6 section with respect to an elderly individual who:

7 (A) Bears any of the relationships described in
8 section 152(d)(2)(A) through (G) of the Internal
9 Revenue Code to the taxpayer, or, if the taxpayer
10 is a corporation, to an individual who owns,
11 directly or indirectly, more than fifty per cent
12 in value of the outstanding stock of the
13 corporation (determined with the application of
14 section 267(c) of the Internal Revenue Code);

15 (B) If the taxpayer is an estate or trust, is a
16 grantor, beneficiary, or fiduciary of the estate
17 or trust, or is an individual who bears any of
18 the relationships described in section
19 152(d)(2)(A) through (G) of the Internal Revenue
20 Code to a grantor, beneficiary, or fiduciary of
21 the estate or trust; or



1 (C) Is a dependent (described in section 152(d)(2)(H)
2 of the Internal Revenue Code) of the taxpayer,
3 or, if the taxpayer is a corporation, of an
4 individual described in subparagraph (A), or, if
5 the taxpayer is an estate or trust, of a grantor,
6 beneficiary, or fiduciary of the estate or trust;
7 and

8 (2) No wages shall be taken into account under this
9 section with respect to any elderly individual if,
10 prior to the day the individual is hired by the
11 employer, the individual had been employed by the
12 employer at any time.

13 (d) In the case of a successor employer referred to in
14 section 3306(b)(1) of the Internal Revenue Code, the
15 determination of the amount of the tax credit allowable under
16 this section with respect to wages paid by the successor
17 employer shall be made in the same manner as if the wages were
18 paid by the predecessor employer referred to in the section.

19 (e) Claims for the tax credit under this section,
20 including any amended claims, shall be filed on or before the
21 end of the twelfth month following the taxable year for which



1 the credit may be claimed. Failure to comply with the foregoing
2 provision shall constitute a waiver of the right to claim the
3 tax credit.

4 (f) The director of taxation:

5 (1) Shall prepare any forms necessary to claim a credit
6 under this section;

7 (2) May require a taxpayer to furnish reasonable
8 information to ascertain the validity of a claim for
9 credit; and

10 (3) May adopt rules pursuant to chapter 91 to effectuate
11 the purposes of this section.

12 (g) For purposes of this section:

13 "Elderly individual" means an individual who is sixty years
14 of age or older.

15 "Qualified wages" means wages attributable to work rendered
16 by an elderly individual for the six-month period after the
17 individual is initially hired.

18 "Wages" means wages, commissions, fees, salaries, bonuses,
19 and every and all other kinds of remuneration for, or
20 compensation attributable to, services performed by an employee
21 for the employee's employer, including the cash value of all



S.B. NO. 2218

1 remuneration paid in any medium other than cash and the cost-of-
2 living allowances and other payments included in gross income by
3 section 235-7(b), but excluding income excluded from gross
4 income by section 235-7 or other provisions of this chapter."

5 SECTION 2. New statutory material is underscored.

6 SECTION 3. This Act, upon its approval, shall apply to
7 taxable years beginning after December 31, 2016.

8
INTRODUCED BY: AMN M.



S.B. NO. 2218

Report Title:

Taxation; Income Tax Credit; Elderly

Description:

Provides a taxpayer who hires an elderly individual a nonrefundable tax credit for the six-month period after the individual is initially hired by the taxpayer.

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

