
A BILL FOR AN ACT

RELATING TO WITHHOLDING TAX.

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

1 SECTION 1. The legislature finds that requiring quarterly
2 returns of withheld income tax is more efficient than monthly
3 reporting. The legislature finds that the department can
4 adequately reconcile withholding tax payments with quarterly
5 filing. This measure will change the reporting frequency from
6 monthly reporting to quarterly reporting for all employers.
7 This measure does not change the withholding tax payment
8 frequency.

9 SECTION 2. Section 235-62, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§235-62 Return and payment of withheld taxes.** (a) Every
12 employer required by this chapter to withhold taxes on wages
13 paid in any [~~month~~] quarter of the calendar year shall make a
14 return of such wages to the department of taxation on or before
15 the fifteenth day of the calendar month following the [~~month~~]
16 close of each such quarter for which the taxes have been
17 withheld[~~, except as provided in subsection (c)~~].

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1 (b) The return shall be in such form, including computer
2 printouts or other electronic formats, and contain such
3 information as may be prescribed by the director of
4 taxation. The return shall be filed with the director at the
5 first taxation district in Honolulu.

6 (c) Every return required under this section shall be
7 accompanied by a remission of the complete amount of tax
8 withheld, as reported in the return; provided that each employer
9 whose liability for taxes withheld exceeds \$40,000 annually
10 shall remit the complete amount of tax withheld on a semi-weekly
11 schedule. Notwithstanding the tax liability threshold in this
12 subsection, the director of taxation is authorized to require
13 any employer who is required to remit any withheld taxes to the
14 federal government on a semi-weekly schedule, to remit the
15 complete amount of tax withheld to the department on a semi-
16 weekly schedule. The director of taxation may grant an
17 exemption to the requirement to remit the complete amount of tax
18 withheld on a semi-weekly schedule for good cause.

19 (d) If the director believes collection of the tax may be
20 in jeopardy, the director may require any person required to
21 make a return under this section to make such return and pay
22 such tax at any time.

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1 (e) ~~[The director may grant permission to employers, whose~~
2 ~~liability to pay over the taxes withheld as provided in this~~
3 ~~section shall not exceed \$5,000 a year, to make returns and~~
4 ~~payments of the taxes due on a quarterly basis during the~~
5 ~~calendar year, the returns and payments to be made on or before~~
6 ~~the fifteenth day of the calendar month after the close of each~~
7 ~~quarter, to wit, on or before April 15, July 15, October 15, and~~
8 ~~January 15. The director may grant permission to employers to~~
9 ~~make monthly payments based on an estimated quarterly liability,~~
10 ~~provided that the employer files a reconciliation return on or~~
11 ~~before the fifteenth day of the calendar month after the close~~
12 ~~of each quarter during the calendar year as provided by this~~
13 ~~section.]~~ The director, for good cause, may extend the time for
14 making returns and payments, but not beyond the fifteenth day of
15 the second month following the regular due date of the return.
16 With respect to wages paid out of public moneys, the director,
17 in the director's discretion, may prescribe special forms for,
18 and different procedures and times for the filing of, the
19 returns by employers paying the wages, or may waive the filing
20 of any returns upon the conditions and subject to rules the
21 director may prescribe.

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1 (f) For purposes of this section, "semi-weekly schedule"
2 means:

3 (1) On or before the following Wednesday if wages were
4 paid on the immediately preceding Wednesday, Thursday,
5 or Friday; or

6 (2) On or before the following Friday if wages were paid
7 on the immediately preceding Saturday, Sunday, Monday,
8 or Tuesday.

9 In addition to the allowances provided under section 231-21,
10 each employer shall have at least three banking days following
11 the close of the semi-weekly period by which to remit the taxes
12 withheld as provided for in section 6302 of the Internal Revenue
13 Code."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act, upon its approval, shall take effect
17 on January 1, 2018.

18
19 INTRODUCED BY:  _____

20 BY REQUEST

JAN 23 2017

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Report Title:

Withholding Tax Returns

Description:

Changes the frequency of filing returns of taxes withheld on wages paid from monthly to quarterly for all employers.

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 WITHHOLDING TAX.

PURPOSE: Change the reporting frequency for withholding tax from monthly to quarterly.

MEANS: Amend section 235-62, Hawaii Revised Statutes.

JUSTIFICATION: The Department believes quarterly reporting of withholding taxes will be more efficient using its new tax system and lower costs for the Department and taxpayers. The department can adequately reconcile withholding tax payments with quarterly returns.

Impact on the public: Employers will be required to file withholding tax returns quarterly rather than monthly.

Impact on the department and other agencies: Reducing the frequency of filing withholding tax returns will decrease the processing burden on the department and will better take advantage of the department's new tax system.

GENERAL FUND: None.

OTHER FUNDS: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: January 1, 2018.