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To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Tuesday, April 4, 2017  
Time: 10:30 A.M.  
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.C.R. 31/H.R. 15, Requesting the Department of Taxation to adopt rules to require that any assessment of penalty or interest on taxes be accompanied by an explanation, including calculations, of how the amount of the penalty or interest was determined.

The Department of Taxation (Department) appreciates the intent of H.C.R. 31/H.R. 15, and provides the following comments for your consideration.

This resolution requests the Department to adopt administrative rules requiring it to include explanations of its penalty and interest calculations with any assessment of penalty and interest.

The Department understands the concern over taxpayer confusion with the calculation of penalty and interest. The Department notes that taxpayers can contact the Department to inquire about any aspect of a Department communication they receive, including billing and assessment notices.

Notwithstanding the concerns described above, the Department is able to adopt rules to include explanations of penalties and interest with assessments.

Thank you for the opportunity to provide comments.

**LATE**

TO: Members of the Committee on Finance

FROM: Natalie Iwasa, CPA, CFE  
808-395-3233

HEARING: 10:30 a.m. Tuesday, April 4, 2017

SUBJECT: HCR 31/HR15 – Requesting Department of Taxation to Provide  
Certain Information to Taxpayers - **SUPPORT**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HCR 31/HR 15, which would require the Department of Taxation to provide an explanation and calculation of penalty and interest amounts to taxpayers when assessing same. I wholeheartedly support this resolution and ask you to vote “yes.”

In addition to not showing how penalties are calculated, they do not show details of the county surcharge. As a result, the payment that is listed in the notice does not even agree with the actual amount paid. **Because the county portion of the penalty is not listed, it is likely that taxpayers are inadvertently deducting it as an additional tax payment.**

Please vote “yes.”