
A BILL FOR AN ACT

RELATING TO AMENDING OR REPEALING HAWAII INCOME TAX LAWS FOR THE
PURPOSE OF DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

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

1 SECTION 1. The purpose of this Act is to repeal section
2 235-103, Hawaii Revised Statutes. The legislature finds that
3 section 231-3.1, Hawaii Revised Statutes, which relates to
4 consideration paid not being indicative of fair market value,
5 applies to all taxes. Consequently, section 235-103, Hawaii
6 Revised Statutes, which only pertains to income tax, is
7 unnecessary.

8 SECTION 2. Section 235-103, Hawaii Revised Statutes, is
9 repealed.

10 ~~["§235-103 Distortion of income. When a taxpayer so~~
11 ~~conducts business as either directly or indirectly to benefit~~
12 ~~stockholders thereof, or any other person interested therein, by~~
13 ~~selling products or the goods or commodities in which the~~
14 ~~taxpayer deals at less than the fair price that could be~~
15 ~~obtained for them, or where a corporation, a substantial portion~~
16 ~~of the capital stock of which is owned either directly or~~



1 ~~indirectly by another corporation, acquires or disposes of the~~
2 ~~products of the corporation so owning a substantial portion of~~
3 ~~its stock in such manner as to create a loss or improper income~~
4 ~~to either of the corporations, or where a partnership or~~
5 ~~individual owns an interest in another corporation or business~~
6 ~~either directly or indirectly and acquires and disposes of the~~
7 ~~products of such other business in such manner as to create a~~
8 ~~loss or improper income to either of the businesses, and~~
9 ~~generally in all cases where different forms of business~~
10 ~~enterprise are used in conjunction with one another for the~~
11 ~~purpose, among others, of diverting profits reasonably and~~
12 ~~properly made by one factor agency or segment of the business to~~
13 ~~another, the director of taxation may determine the amount of~~
14 ~~tax upon either or both of the enterprises for the taxable year,~~
15 ~~having due regard to the reasonable profits which but for such~~
16 ~~arrangement, understanding, business device, or organization~~
17 ~~might or could have accrued to either or both of the~~
18 ~~enterprises."]~~

19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken.



H.B. NO. 114

1 SECTION 4. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2018.

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INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be "J. K. Cook", written over a horizontal line.A larger handwritten signature in black ink, appearing to be "J. K. Cook", written below the first signature.

JAN 17 2019



H.B. NO. 114

Report Title:

Income Tax Law; Repeal of Obsolete or Unnecessary Provisions

Description:

Repeals unnecessary or redundant provisions of the income tax law.

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

