

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



RONA M. SUZUKI  
DIRECTOR OF TAXATION

DEPT. COMM. NO. 191  
DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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December 24, 2019

The Honorable Ronald D. Kouchi,  
President and Members of the Senate  
Thirtieth Legislature  
State of Hawaii  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Scott Saiki,  
Speaker and Members of the House  
of Representatives  
Thirtieth Legislature  
State of Hawaii  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting an electronic copy of the Fiscal Year 2019 Electronic Funds Transfer Penalties Report, as required by Section 231-9.9, Hawaii Revised Statutes. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the reports may be viewed electronically at [http://tax.hawaii.gov/stats/a5\\_1annual/](http://tax.hawaii.gov/stats/a5_1annual/).

Sincerely,

A handwritten signature in black ink, appearing to read "Rona M. Suzuki".

Digitally signed by  
Rona M. Suzuki  
Date: 2019.12.26  
08:11:56 -10'00'

RONA M. SUZUKI  
Director of Taxation

Enclosure

**DEPARTMENT OF TAXATION'S**  
**Annual Report as Required by Section 231-9.9, Hawaii Revised Statutes**  
For Fiscal Year 2019 (period between 7/1/2018 - 6/30/2019)

Section 231-9.9, Hawaii Revised Statutes (HRS), authorizes the Director of Taxation to require certain taxpayers to remit taxes by electronic funds transfer (EFT). The Department of Taxation is required to submit an annual report on the number of taxpayers who were assessed the two percent penalty for failing to timely file by an approved EFT method, the amount of each assessment, and the total amount collected.

The mandatory remittance of taxes by means of EFT applies to (1) all taxpayers with tax liabilities exceeding \$100,000, and (2) taxpayers with withholding taxes of over \$40,000.

Section 231-9.9(c), HRS, imposes a two percent penalty on the amount of taxes owed if a taxpayer mandated to remit taxes using an approved EFT method fails to do so on or before the date the taxes are due.

The table below (Table 1) shows the amount of the EFT penalties assessed and collected for fiscal year 2019.

Table 1  
EFT Penalties Assessed  
Fiscal Year 2019 (07/01/2018 – 06/30/2019)

	Total Penalty Assessed	Total Penalty Collected	Number Assessed
General Excise	\$1,236,239.00	\$902,997.46	3,673
Withholding	\$164,192.46	\$128,785.45	916
Public Service Company	\$124,182.32	\$84,741.97	85
County Surcharge	\$102,948.60	\$75,822.07	2,777
Transient Accommodations	\$46,300.37	\$49,527.96	84
Other Tax Types*	\$43,164.02	\$41,302.38	19
Cigarette and Tobacco	\$18,395.09	\$8,520.85	12
Franchise	\$4,594.78	\$791.79	13
<b>Total</b>	<b>\$1,740,016.64</b>	<b>\$1,292,489.93</b>	<b>7,579</b>

\*Other tax types include: corporate/partnership, fuel, liquor, rental/tour vehicle, and seller's collection

The penalty collected may be higher than the penalty assessed due to timing (e.g., penalties assessed in Fiscal Year 2018 were collected in Fiscal Year 2019).