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## A BILL FOR AN ACT

RELATING TO THE STATUTE OF LIMITATIONS FOR INCOME TAX PURPOSES.

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

1           SECTION 1. The purpose of this Act is to remove the  
2 redundant provision under section 235-101, Hawaii Revised  
3 Statutes, that reopens the statute of limitations for income tax  
4 purposes if a federal contract or subcontract is renegotiated,  
5 since the statute of limitations is reopened if a recomputation  
6 of the federal income tax results from any cause.

7           SECTION 2. Section 235-101, Hawaii Revised Statutes, is  
8 amended as follows:

9           1. By amending its title to read:

10           "**§235-101 Federal returns and assessments** [~~, when copies~~  
11 ~~are required~~]."

12           2. By amending subsection (b) to read:

13           "(b) It shall be the duty of every person who is required  
14 by section 235-92 to make a return, to report to the department,  
15 as to any taxable year governed by this chapter, if:

16           (1) The amount of taxable income as returned to the United  
17 States is changed, corrected, or adjusted by an



1           officer of the United States or other competent  
2           authority;

3       ~~[(2) A change in taxable income results from a~~  
4           ~~renegotiation of a contract with the United States or~~  
5           ~~a subcontract thereunder;~~

6       ~~-(3)-] (2) A recomputation of the income tax imposed by the~~  
7           United States under the Internal Revenue Code results  
8           from any cause; or

9       ~~[(4)-] (3) An amended income tax return is made to the~~  
10           United States.

11 The report shall be made within ninety days after the change,  
12 correction, adjustment, or recomputation is finally determined  
13 or the amended return is filed~~[, as the case may be]~~. The  
14 report required by this subsection shall be made in the form of  
15 an amendment of the person's return filed under this chapter.

16 The amended return shall be accompanied by a copy of the  
17 document issued by the United States under paragraphs (1) to  
18 ~~[(3)-.] (2).~~ The statutory period for the assessment of any  
19 deficiency or the determination of any refund attributable to  
20 this report shall not expire before the expiration of one year  
21 from the date the department is notified by the taxpayer or the



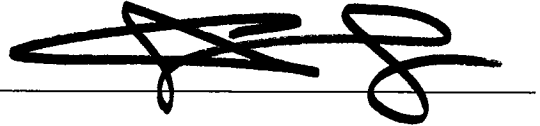
1 Internal Revenue Service, whichever is earlier, of the report in  
2 writing. Before the expiration of this one-year period, the  
3 department and the taxpayer may agree in writing to the  
4 extension of this period. The period so agreed upon may be  
5 further extended by subsequent agreements in writing made before  
6 the expiration of the period previously agreed upon."

7 SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be "J. J. ...", written over a horizontal line.

JAN 17 2020



# H.B. NO. 1970

**Report Title:**

Income Tax; Statute of Limitations; Federal Returns and Assessments

**Description:**

Repeals the redundant provision that reopens the statute of limitations for income tax purposes if a federal contract or subcontract is renegotiated.

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