

JAN 17 2020

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 amend section
2 235-101, Hawaii Revised Statutes, to eliminate a redundancy
3 regarding the reopening of the statute of limitations for income
4 tax purposes if a federal contract is renegotiated.

5 SECTION 2. Section 235-101, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§235-101 Federal returns and assessments**~~[, when copies~~
8 ~~are required]~~. (a) In prescribing the form of return the
9 department of taxation may require that a person who is required
10 to file a federal income tax return include in the person's
11 return a reconciliation of the return with the person's federal
12 return, or that the person furnish with the return and as a part
13 thereof a copy of the federal return.

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



1 (1) The amount of taxable income as returned to the United
2 States is changed, corrected, or adjusted by an
3 officer of the United States or other competent
4 authority;

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

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

11 ~~[(4)]~~ (3) An amended income tax return is made to the
12 United States.

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

18 The amended return shall be accompanied by a copy of the
19 document issued by the United States under paragraphs (1) to
20 ~~[(3)].~~ (2). The statutory period for the assessment of any
21 deficiency or the determination of any refund attributable to



1 this report shall not expire before the expiration of one year
 2 from the date the department is notified by the taxpayer or the
 3 Internal Revenue Service, whichever is earlier, of the report in
 4 writing. Before the expiration of this one-year period, the
 5 department and the taxpayer may agree in writing to the
 6 extension of this period. The period so agreed upon may be
 7 further extended by subsequent agreements in writing made before
 8 the expiration of the period previously agreed upon.

9 (c) Whenever, in the opinion of the department, it is
 10 necessary to examine any federal income tax return of any
 11 taxpayer or any determination, assessment, or report related
 12 thereto, the department may compel the taxpayer to produce for
 13 inspection a copy of any federal return, copies of all
 14 statements and schedules in support thereof, and copies of all
 15 determinations, assessments, and reports related thereto."

16 SECTION 3. Statutory material to be repealed is bracketed
 17 and stricken. New statutory material is underscored.

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

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Report Title:

Statute of Limitations for Income Tax Purposes; Federal
Contracts

Description:

Eliminates a redundancy regarding the reopening of the statute of limitations for income tax purposes if a federal contract is renegotiated.

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