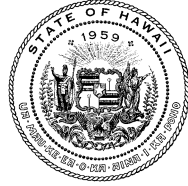


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To: The Honorable Aaron Ling Johanson, Chair;
The Honorable Stacelynn K.M. Eli, Vice Chair;
and Members of the House Committee on Labor & Public Employment

From: Rona Suzuki, Director
Department of Taxation

Re: **H.B. 2365, Relating to Withholding Tax**

Date: Tuesday, February 11, 2020

Time: 9:10 A.M.

Place: Conference Room 309, State Capitol

The Department of Taxation (Department) **strongly supports** H.B. 2364, an Administration measure.

H.B. 2364 **amends the due date for employers to furnish a wage and tax statement (Form W-2)** to their employees and with the Department from the last day of February to January 31 following the close of the calendar year. This amendment will align the State's filing deadlines with the Internal Revenue Service (IRS). Employers will benefit from having a single deadline for filing.

H.B. 2364 also **imposes a penalty on an employer who fails to furnish a Form W-2 to an employee by the prescribed due date**, fails to file a copy of the Form W-2 with the Department by the prescribed due date, or fails to electronically file a copy of the Form W-2 if required to file electronically. The proposed penalty is \$25 per violation, and limited to \$50 per employee.

Under current law, there is currently no State penalty if an employer fails to furnish an employee with their Form W-2 or fails to file a copy with the Department. The IRS imposes a similar penalty at a rate of \$50 per violation. The Department believes that a flat fee penalty is appropriate and necessary as there is no tax that is owed based on Form W-2 itself that would allow for an accurate method of calculating a percentage-based penalty. This creation of a penalty will hold employers accountable for their withholding tax duties.

Thank you for the opportunity to testify in support of this measure.

HB-2365

Submitted on: 2/9/2020 5:06:37 PM

Testimony for LAB on 2/11/2020 9:10:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Azuma Chrupalyk	Individual	Support	No

Comments:

Corporate accountability is the key.