
A BILL FOR AN ACT

RELATING TO TAX COLLECTIONS.

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

1 SECTION 1. Section 235-111, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) General rule. The amount of income taxes imposed by
4 this chapter (also the amount of income taxes imposed by any
5 preceding law of the State) and the liability of any employer in
6 respect of wages, shall be assessed or levied and the
7 overpayment, if any, shall be credited within three years after
8 filing of the return for the taxable year, or within three years
9 of the due date prescribed for the filing of the return,
10 whichever is later. No proceeding in court without assessment
11 for the collection of the taxes or the enforcement of the
12 liability shall be begun after the expiration of the period.

13 Where the assessment of the tax imposed by this chapter has been
14 made within the period of limitation applicable thereto, the tax
15 may be collected by levy or by a proceeding in court under
16 chapter 231; provided that the levy is made or the proceeding
17 was begun within fifteen years after the assessment of the tax.



1 For any tax that has been assessed [~~prior to~~] before July 1,
2 2009, the levy or proceeding shall be barred after June 30,
3 2024.

4 Notwithstanding any other provision to the contrary in this
5 section, the limitation on collection after assessment in this
6 section shall be suspended for the period:

7 (1) The taxpayer agrees to suspend the period;

8 (2) The assets of the taxpayer are in control or custody
9 of a court in any proceeding before any court of the
10 United States or any state, and for six months
11 thereafter;

12 (3) An offer in compromise under section 231-3(10) is
13 pending; [~~and~~]

14 (4) During which the taxpayer is outside the State for a
15 continuous period of at least six months; provided
16 that if at the time of the taxpayer's return to the
17 State the period of limitations on collection after
18 assessment would expire before the expiration of six
19 months from the date of the taxpayer's return, the
20 period shall not expire before the expiration of the
21 six months [~~-~~]; and



1 (5) An appeal of the assessment is pending before the
2 taxation board of review or the tax appeal court,
3 beginning on the date the notice of appeal is filed
4 and concluding on the date a final decision is issued
5 or the case is withdrawn or dismissed."

6 SECTION 2. Section 237-40, Hawaii Revised Statutes, is
7 amended by amending subsection (a) to read as follows:

8 "(a) General rule. The amount of excise taxes imposed by
9 this chapter shall be assessed or levied within three years
10 after the annual return was filed, or within three years of the
11 due date prescribed for the filing of the return, whichever is
12 later, and no proceeding in court without assessment for the
13 collection of any of the taxes shall be begun after the
14 expiration of the period. Where the assessment of the tax
15 imposed by this chapter has been made within the period of
16 limitation applicable thereto, the tax may be collected by levy
17 or by a proceeding in court under chapter 231; provided that the
18 levy is made or the proceeding was begun within fifteen years
19 after the assessment of the tax. For any tax that has been
20 assessed [~~prior to~~] before July 1, 2009, the levy or proceeding
21 shall be barred after June 30, 2024.



1 Notwithstanding any other provision to the contrary in this
2 section, the limitation on collection after assessment in this
3 section shall be suspended for the period:

4 (1) The taxpayer agrees to suspend the period;

5 (2) The assets of the taxpayer are in control or custody
6 of a court in any proceeding before any court of the
7 United States or any state, and for six months
8 thereafter;

9 (3) An offer in compromise under section 231-3(10) is
10 pending; [and]

11 (4) During which the taxpayer is outside the State if the
12 period of absence is for a continuous period of at
13 least six months; provided that if at the time of the
14 taxpayer's return to the State the period of
15 limitations on collection after assessment would
16 expire before the expiration of six months from the
17 date of the taxpayer's return, the period shall not
18 expire before the expiration of the six months[-]; and

19 (5) An appeal of the assessment is pending before the
20 taxation board of review or the tax appeal court,
21 beginning on the date the notice of appeal is filed



1 and concluding on the date a final decision is issued
2 or the case is withdrawn or dismissed."

3 SECTION 3. Section 237D-9, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) Except as otherwise provided by this section, the
6 amount of taxes imposed by this chapter shall be assessed or
7 levied within three years after the annual return was filed, or
8 within three years of the due date prescribed for the filing of
9 the return, whichever is later, and no proceeding in court
10 without assessment for the collection of any of the taxes shall
11 be begun after the expiration of the period. Where the
12 assessment of the tax imposed by this chapter has been made
13 within the period of limitation applicable thereto, the tax may
14 be collected by levy or by a proceeding in court under chapter
15 231; provided that the levy is made or the proceeding was begun
16 within fifteen years after the assessment of the tax. For any
17 tax that has been assessed [~~prior to~~] before July 1, 2009, the
18 levy or proceeding shall be barred after June 30, 2024.

19 Notwithstanding any other provision to the contrary in this
20 section, the limitation on collection after assessment in this
21 section shall be suspended for the period:



- 1 (1) The taxpayer agrees to suspend the period;
- 2 (2) The assets of the taxpayer are in control or custody
3 of a court in any proceeding before any court of the
4 United States or any state, and for six months
5 thereafter;
- 6 (3) An offer in compromise under section 231-3(10) is
7 pending; ~~and~~
- 8 (4) During which the taxpayer is outside the State if the
9 period of absence is for a continuous period of at
10 least six months; provided that if at the time of the
11 taxpayer's return to the State the period of
12 limitations on collection after assessment would
13 expire before the expiration of six months from the
14 date of the taxpayer's return, the period shall not
15 expire before the expiration of the six months[-]; and
- 16 (5) An appeal of the assessment is pending before the
17 taxation board of review or the tax appeal court,
18 beginning on the date the notice of appeal is filed
19 and concluding on the date a final decision is issued
20 or the case is withdrawn or dismissed."



SECTION 4. Section 238-7, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Where the assessment of the tax imposed by this chapter has been made within the period of limitation applicable thereto, the tax may be collected by levy or by a proceeding in court under chapter 231; provided that the levy is made or the proceeding was begun within fifteen years after the assessment of the tax. For any tax that has been assessed [~~prior to~~] before July 1, 2009, the levy or proceeding shall be barred after June 30, 2024.

Notwithstanding any other provision to the contrary in this section, the limitation on collection after assessment in this section shall be suspended for the period:

- (1) The taxpayer agrees to suspend the period;
- (2) The assets of the taxpayer are in control or custody of a court in any proceeding before any court of the United States or any state, and for six months thereafter;
- (3) An offer in compromise under section 231-3(10) is pending; [~~and~~]



(4) During which the taxpayer is outside the State if the period of absence is for a continuous period of at least six months; provided that if at the time of the taxpayer's return to the State the period of limitations on collection after assessment would expire before the expiration of six months from the date of the taxpayer's return, the period shall not expire before the expiration of the six months[-]; and

(5) An appeal of the assessment is pending before the taxation board of review or the tax appeal court, beginning on the date the notice of appeal is filed and concluding on the date a final decision is issued or the case is withdrawn or dismissed."

SECTION 5. Section 243-14, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The amount of license taxes imposed by this chapter shall be assessed or levied, or the overpayment, if any, shall be credited within three years after filing of the monthly statement, or within three years of the due date prescribed for the filing of the statement, whichever is later. No proceeding in court without assessment for the collection of the taxes or



1 the enforcement of the liability shall begin after the
2 expiration of the three-year period. Where the assessment of
3 the tax imposed by this chapter has been made within the period
4 of limitation applicable thereto, the tax may be collected by
5 levy or by a proceeding in court under chapter 231; provided
6 that the levy is made or the proceeding was begun within fifteen
7 years after the assessment of the tax. For any tax that has
8 been assessed [~~prior to~~] before July 1, 2009, the levy or
9 proceeding shall be barred after June 30, 2024.

10 Notwithstanding any other provision to the contrary in this
11 section, the limitation on collection after assessment in this
12 section shall be suspended for the period:

- 13 (1) The taxpayer agrees to suspend the period;
14 (2) The assets of the taxpayer are in control or custody
15 of a court in any proceeding before any court of the
16 United States or any state, and for six months
17 thereafter;
18 (3) An offer in compromise under section 231-3(10) is
19 pending; [~~and~~]
20 (4) During which the taxpayer is outside the State if the
21 period of absence is for a continuous period of at



1 least six months; provided that if at the time of the
2 taxpayer's return to the State the period of
3 limitations on collection after assessment would
4 expire before the expiration of six months from the
5 date of the taxpayer's return, the period shall not
6 expire before the expiration of the six months[-]; and

7 (5) An appeal of the assessment is pending before the
8 taxation board of review or the tax appeal court,
9 beginning on the date the notice of appeal is filed
10 and concluding on the date a final decision is issued
11 or the case is withdrawn or dismissed.

12 As to all tax payments for which a refund or credit is not
13 authorized by this section (including, without prejudice to the
14 generality of the foregoing, cases of unconstitutionality), the
15 remedies provided by appeal or by section 40-35 are exclusive."

16 SECTION 6. Section 247-6.5, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "§247-6.5 Limitation period for assessment, levy,
19 collection, or credit. The amount of conveyance taxes imposed
20 by this chapter shall be assessed or levied, and the
21 overpayment, if any, shall be credited within three years after



1 filing of the certificate prescribed by section 247-6. No
2 proceeding in court without assessment for the collection of the
3 taxes shall be begun after the expiration of the three-year
4 period. Where the assessment of the tax imposed by this chapter
5 has been made within the period of limitation applicable
6 thereto, the tax may be collected by levy or by a proceeding in
7 court under chapter 231; provided that the levy is made or the
8 proceeding was begun within fifteen years after the assessment
9 of the tax. For any tax that has been assessed [~~prior to~~]
10 before July 1, 2009, the levy or proceeding shall be barred
11 after June 30, 2024.

12 Notwithstanding any other provision to the contrary in this
13 section, the limitation on collection after assessment in this
14 section shall be suspended for the period:

- 15 (1) The taxpayer agrees to suspend the period;
16 (2) The assets of the taxpayer are in control or custody
17 of a court in any proceeding before any court of the
18 United States or any state, and for six months
19 thereafter;
20 (3) An offer in compromise under section 231-3(10) is
21 pending; [~~and~~]



1 (4) During which the taxpayer is outside the State if the
2 period of absence is for a continuous period of at
3 least six months; provided that if at the time of the
4 taxpayer's return to the State the period of
5 limitations on collection after assessment would
6 expire before the expiration of six months from the
7 date of the taxpayer's return, the period shall not
8 expire before the expiration of the six months[-]; and

9 (5) An appeal of the assessment is pending before the
10 taxation board of review or the tax appeal court,
11 beginning on the date the notice of appeal is filed
12 and concluding on the date a final decision is issued
13 or the case is withdrawn or dismissed.

14 In the case of a false or fraudulent certificate filed with
15 the intent to evade tax, or of a failure to file a certificate,
16 the tax may be assessed or levied at any time."

17 SECTION 7. Section 251-8, Hawaii Revised Statutes, is
18 amended by amending subsection (c) to read as follows:

19 "(c) Except as otherwise provided by this section, the
20 amount of surcharge taxes imposed by this chapter shall be
21 assessed or levied within three years after the annual return



1 was filed, or within three years of the due date prescribed for
2 the filing of the return, whichever is later, and no proceeding
3 in court without assessment for the collection of any ~~[such]~~
4 surcharge taxes shall begin after the expiration of the period.
5 Where the assessment of the tax imposed by this chapter has been
6 made within the period of limitation applicable thereto, the tax
7 may be collected by levy or by a proceeding in court under
8 chapter 231; provided that the levy is made or the proceeding
9 was begun within fifteen years after the assessment of the tax.
10 For any tax that has been assessed ~~[prior to]~~ before July 1,
11 2009, the levy or proceeding shall be barred after June 30,
12 2024.

13 Notwithstanding any other provision to the contrary in this
14 section, the limitation on collection after assessment in this
15 section shall be suspended for the period:

- 16 (1) The taxpayer agrees to suspend the period;
17 (2) The assets of the taxpayer are in control or custody
18 of a court in any proceeding before any court of the
19 United States or any state, and for six months
20 thereafter;



(3) An offer in compromise under section 231-3(10) is pending; ~~[and]~~

(4) During which the taxpayer is outside the State if the period of absence is for a continuous period of at least six months; provided that if at the time of the taxpayer's return to the State the period of limitations on collection after assessment would expire before the expiration of six months from the date of the taxpayer's return, the period shall not expire before the expiration of the six months~~[-]~~; and

(5) An appeal of the assessment is pending before the taxation board of review or the tax appeal court, beginning on the date the notice of appeal is filed and concluding on the date a final decision is issued or the case is withdrawn or dismissed."

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

SECTION 9. This Act shall take effect upon its approval and shall suspend the statute of limitations on collections of assessments that were on appeal before the effective date of



1 this Act, from the filing date of the notices of appeal to the
2 conclusion, dismissal, or withdrawal of the appeals.



Report Title:

Collection of Taxes; Statute of Limitations; Tax Appeal;
Taxation Board of Review

Description:

Suspends the statute of limitations on collections of income tax, general excise tax, transient accommodations tax, use tax, fuel tax, conveyance tax, and rental motor vehicle, tour vehicle, and car-sharing vehicle surcharge tax during the period an assessment is pending on appeal before the Taxation Board of Review or Tax Appeal Court. (CD1)

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