

ACT 23

A Bill for an Act Relating to Taxation to Permit Quarterly Filing of Returns and Quarterly Payment of General Excise, Compensating and Consumption Taxes, and Amending Chapters 117, 118, and 119, of the Revised Laws of Hawaii 1955, as Amended.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of Section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

The Department of Taxation, as a result of its tax simplification studies, now recommends legislative changes which will simplify tax reporting by the taxpayer and will also simplify processing of such reports by the Department. Certain statistical information in this area will be more readily available.

It is expected that the simplifications when fully effected will reduce workload, thus offsetting any need for increase in personnel in these programs to meet greater volumes of returns each year.

This improved system will be of immediate benefit to the taxpayers and the Department and is necessary prior to statewide use of automatic data processing.

One phase of this overall program is to permit taxpayers to file their general excise, compensating, and consumption tax returns and to make payments thereon on a quarterly basis under conditions as set forth in this Act. A recent survey conducted by the Department for the First Taxation Division disclosed that approximately twenty thousand general excise tax licensees who presently file monthly returns are eligible to file quarterly returns under the terms of this Act. This will result in reducing the monthly record-keeping workload and the time saved could be utilized toward a more concentrated and productive audit and enforcement program.

Therefore, this Act is considered an urgency measure deemed necessary in the public interest.

SECTION 2. Section 117-25, Revised Laws of Hawaii 1955, as amended, is hereby further amended by amending the second paragraph thereof to read as follows:

“Notwithstanding the foregoing, the director may, for good cause, permit a taxpayer to file his return required under the provisions of this section and make payments thereon on a quarterly basis during the calendar year, such return and payment to be made within twenty days after the close of each quarter, to wit, on or before April 20, July 20, October 20, and January 20; provided that the director is satisfied that

the grant of such permit will not unduly jeopardize the collection of the taxes due thereon and further that the director is satisfied that the taxpayer's total tax liability for the calendar year under the provisions of this chapter will not exceed \$200. The director may also, for good cause, permit a taxpayer to make monthly payments based on his estimated quarterly liability, provided the taxpayer file a reconciliation return at the end of each quarter during the calendar year, as heretofore provided.

"In the event that a taxpayer filing his return on a quarterly basis, as herein provided, becomes delinquent in either the filing of his return or the payment of the taxes due thereon, or in the event that the liability of a taxpayer, who possesses a permit to file his return and to make payments on a quarterly basis exceeds \$200 in general excise taxes during the calendar year, or in the event that the director determines that any such quarterly filing of return would unduly jeopardize the proper administration of the provisions of this chapter, including the assessment or collection of the general excise tax, the director may, at any time, revoke a taxpayer's permit, in which case the taxpayer will then be required to file his return and make payments thereon as herein provided in the first paragraph of this section.

"The director may adopt and promulgate rules and regulations to carry out the purposes of this section."

SECTION 3. Section 118-4, Revised Laws of Hawaii 1955 is hereby amended by amending the second, third, and fourth sentences in the first paragraph thereof to read as follows:

"The return shall be accompanied by a remittance in full of the tax, computed at the rate specified in section 118-2, upon the price so returned; provided, that a receipt from a representative, purchasing agent or seller authorized to collect the tax, given to a purchaser in accordance with the provisions of section 118-5 shall be sufficient to relieve the purchaser from further liability for the tax to which such receipt may refer, or for the return thereof. Any such tax remaining unpaid after the twentieth day following the end of the calendar month during which it first became payable shall become delinquent. Notwithstanding the foregoing, a taxpayer may be eligible to file his return required under the provisions of this section and make payments thereon on a quarterly basis during the calendar year, such return and payment to be made within twenty days after the close of each quarter, to wit, on or before April 20, July 20, October 20, and January 20, if he possesses a valid and current permit to file his general excise tax return and to make payments thereon on a quarterly basis, issued by the director pursuant to the provisions of section 117-25. A taxpayer may also be eligible to make monthly payments based on his estimated quarterly liability with a reconciliation return at the end of each quarter during the calendar year, as heretofore provided, if he possesses a valid and current permit to file quarterly reconciliation general excise tax return and to make monthly payments, issued by the director pursuant to the provisions of section 117-25."

SECTION 4. Section 118-4, Revised Laws of Hawaii 1955 is hereby amended by adding the following paragraph at the end of the section thereof to read as follows:

“The director may adopt and promulgate rules and regulations to carry out the purposes of this section.”

SECTION 5. Section 119-9, Revised Laws of Hawaii 1955, is hereby amended by adding the following paragraph between the first and second paragraphs thereof to read as follows:

“Notwithstanding the foregoing, a taxpayer may be eligible to file his return required under the provisions of this section and make payments thereon on a quarterly basis during the calendar year, such return and payment to be made within twenty days after the close of each quarter, to wit, on or before April 20, July 20, October 20, and January 20, if he possesses a valid and current permit to file his general excise tax return and to make payments thereon on a quarterly basis issued by the director pursuant to the provisions of section 117-25. A taxpayer may also be eligible to make monthly payments based on his estimated quarterly liability with a reconciliation return at the end of each quarter during the calendar year, as heretofore provided, if he possesses a valid and current permit to file quarterly reconciliation general excise tax return and to make monthly payments, issued by the director pursuant to the provisions of section 117-25.”

SECTION 6. Section 119-9, Revised Laws of Hawaii 1955, is hereby amended by adding the following paragraph at the end of the section thereof to read as follows:

“The director may adopt and promulgate rules and regulations to carry out the purposes of this section.”

SECTION 7. This Act shall take effect upon its approval, provided that no permits for quarterly returns as herein provided shall be issued prior to January 1, 1965.

(Approved April 21, 1964.) **H.B. 203.**
