

ACT 24

S. B. 70.

A Bill for an Act Relating to the Filing of Consolidated Net Income Tax Returns by Affiliated Groups of Corporations and Amending Chapter 121, 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:

Presently, corporations are not permitted to file consolidated Hawaii net income tax returns under chapter 121, R.L.H. 1955, as amended, although the Internal Revenue Code, for purposes of the federal net income tax, does permit consolidated filing, under certain stipulated conditions.

It is in the best public interest that affiliated groups of corporations be permitted to file consolidated net income tax returns, for purposes of the net income tax under chapter 121, R.L.H. 1955, as amended, so that the additional burden of preparing and filing substantially different tax returns for various levels of government on the part of the taxpayer be somewhat lessened. This will also have the effect of having the state law conform more closely with the federal law, thereby reducing confusion on the part of the taxpayers.

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

SECTION 2. Subsection 121-26(b), Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

“(b) Every corporation having for the taxable year gross income subject to taxation under this chapter; provided that an affiliated group of domestic corporations may make and file a consolidated return for the taxable year in lieu of separate tax returns in the manner and to the extent, so far as applicable, set forth in Sections 1501 through 1505 of the Internal Revenue Code of 1954, as amended.”

SECTION 3. Subsection 121-24.1(a), Revised Laws of Hawaii 1955, as amended, is hereby further amended by substituting a parenthesis for the comma, which appears after the figure “86-376” and eliminating the following words therefrom, which appear after the said figure “86-376”, to wit: “said section 1504 being applicable for this purpose though not generally applicable”).

SECTION 4. This Act shall take effect on January 1, 1969, and shall apply for all taxable years commencing thereon and thereafter.

(Approved May 7, 1968.)