

## ACT 283

S.B. NO. 561

A Bill for an Act Relating to Income Taxation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§235- Taxation of trusts, beneficiaries; credit.** (a) There shall be excluded from gross income any intangible income, such as dividends and interest, earned by a trust sited in this State to the extent that, during the taxable year of such trust, the beneficial interest in the trust shall be held by a beneficiary or beneficiaries residing outside this State. This exclusion shall not apply to income received from real property held in a land trust formed under chapter 558.

(b) Any resident beneficiary of a trust with a situs in another State may claim a credit for income taxes paid by the trust to such other State on any income received which is attributable to assets other than intangibles.”

SECTION 2. New statutory material is underscored.<sup>1</sup>

SECTION 3. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1984.

(Approved June 7, 1985.)

**Note**

1. Edited pursuant to HRS §23G-16.5.