

## ACT 66

H.B. NO. 2395

A Bill for an Act Relating To Electronic Filing.

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

SECTION 1. The legislature finds that electronic filing of tax returns increases the efficiency of tax administration. The legislature finds that requiring electronic filing of tax returns is only appropriate in limited circumstances and only for certain taxpayers. This Act will allow the department of taxation to require certain taxpayers to file tax returns electronically if the department of taxation has provided an electronic filing option. This Act also allows the department of taxation to impose a penalty for failure to file electronically and to waive the penalty if the failure is for reasonable cause. This Act does not authorize the department of taxation to require individual taxpayers to electronically file income tax returns.

SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is amended to read as follows:

**“~~[[§231-8.5]]~~ Electronic filing of tax returns. (a)** The department may allow filing by electronic, telephonic, or optical means of any tax return, application, report, or other document required under the provisions of title 14 administered by the department.

**(b) If the requirements of subsection (c) are satisfied, the department may require electronic filing of any tax return, application, report, or other document required under the provisions of title 14 administered by the department for the following taxpayers:**

- (1) For withholding tax filings required under chapter 235, only employers whose total tax liability under sections 235-61 and 235-62 for the calendar or fiscal year exceeds \$40,000;**
- (2) For income tax filings required under chapter 235, only taxpayers who are subject to tax under section 235-71, 235-71.5, or 235-72;**
- (3) For general excise tax filings required under chapter 237, only taxpayers whose total tax liability under chapter 237 for the calendar or fiscal year exceeds \$4,000;**
- (4) For transient accommodations tax filings required under chapter 237D, only operators and plan managers whose total tax liability under chapter 237D for the calendar or fiscal year exceeds \$4,000; and**
- (5) For filings required under the following chapters, all taxpayers subject to tax under those chapters:**
  - (A) 236E;**
  - (B) 239;**
  - (C) 241;**
  - (D) 243;**
  - (E) 244D;**

(F) 245; and

(G) 251.

(c) As a prerequisite to requiring electronic filing under subsection (b), the department shall provide:

(1) An electronic filing option to the taxpayer; and

(2) No less than ninety days prior written notice to the general public of the department's intention to require electronic filing.

(d) The date of filing shall be the date the tax return, application, report, or other document is transmitted to the department in a form and manner prescribed by departmental rules adopted pursuant to chapter 91. The department may determine alternative methods for the signing, subscribing, or verifying of a tax return, application, report, or other document that shall have the same validity and consequences as the actual signing by the taxpayer. A filing under this section shall be treated in the same manner as a filing subject to the penalties under section 231-39.

(e) If a person who is required by the department under subsection (b) to electronically file any tax return fails to file using an approved method, unless it is shown that the failure is due to reasonable cause and not to neglect, the person shall be liable for a penalty of two per cent of the amount of the tax required to be shown on the return."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 29, 2018.)