ACT 232   S.B. NO. 1360

A Bill for an Act Relating to 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 part III to be appropriately designated and to read as follows:

"**§235-   Withholdings by partnerships, estates, and trusts.** Partnerships, estates, and trusts shall withhold an amount equal to the highest marginal tax rate applicable to a nonresident taxpayer multiplied by the amount of the taxpayer's distributive share of income attributable to the State reflected on the partnership's, estate's, and trust's return for the taxable period. All amounts withheld shall be paid to the department of taxation in a manner that the department may prescribe. Withholding shall not be required to be submitted by a publicly traded partnership, as defined by section 7704(b) of the Internal Revenue Code, otherwise in compliance with this section. A publicly traded partnership shall file an annual information return reporting the name, address, taxpayer identification number, and other information requested by the department of taxation of each unit holder with income sourced to the State."

SECTION 2.   Section 235-66, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Income upon which any tax has been withheld at the source under sections 235-61 to [235-64,] 235- , or under regulations adopted pursuant to subsection (a), shall be included in the return of the recipient of such income, but any amount of tax so withheld shall be credited against the amount of income tax as computed in the return, and if in excess of the tax due for the taxable year shall be refunded as provided in section 235-110."

SECTION 3.   Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.[1]

SECTION 4.   This Act, upon its approval, shall apply to taxable years beginning after December 31, 2018.

(Approved July 2, 2019.)

Note

1. Edited pursuant to HRS §23G-16.5.