
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that allowing all tax
2 documents to be filed electronically will provide benefits to
3 both the taxpayer and the State. Electronic filing of all
4 documents will allow taxpayers - particularly businesses - to
5 accomplish the filing in a timely and cost-efficient manner.
6 For the State, electronic filling will decrease administrative
7 costs and make more efficient use of human and fiscal department
8 resources for more important issues, such as delinquent tax
9 collections and enforcement.

10 The legislature further finds that amendments made by Act
11 196, Session Laws of Hawaii 2009, to advance payment of the
12 general excise tax from the last day of the month to the
13 twentieth day of the month have had a devastating impact on
14 Hawaii businesses, particularly small businesses. While Act 196
15 achieved one of its purposes - to generate a one-time windfall
16 of revenue to the State - the long-term effect has been to
17 hinder Hawaii's economic recovery by placing an undue burden on
18 the business sector.



1 In addition, in 2010, the senate committee on economic
2 development and technology and the house committee on economic
3 revitalization, business, and military affairs convened an
4 informal small business discussion group to address the most
5 critical issues facing the small business sectors within
6 Hawaii's economy. Representatives from the Chamber of Commerce
7 of Hawaii, construction and trades industries, community
8 nonprofits, the agricultural sector, food and restaurant
9 industries, retailing, the science and technology sector, the
10 commercial transportation industry, and interested stakeholders
11 developed a package of bills that addresses the most pressing
12 problems facing Hawaii's small business community.

13 The purpose of this Act is to support the findings of the
14 small business working group and recommendations by:

- 15 (1) Requiring the department of taxation to establish a
16 system to allow taxpayers to file all tax returns,
17 applications, reports, and other documents
18 electronically, telephonically, or by optical means;
19 and
- 20 (2) Reestablishing the end of the month as the deadline
21 for filing and payment of various taxes.

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

3 "[+]§231-8.5[+] **Electronic filing of tax returns.** [The]

4 (a) No later than July 1, 2013, the department [may allow
5 filing by electronic, telephonic, or optical means of any tax
6 return, application, report, or other document] shall establish
7 a system to allow taxpayers to file all tax returns,
8 applications, reports, and other documents required under [the
9 ~~provisions of~~] title 14 [~~administered by the department.~~]
10 electronically, telephonically, or by optical means; provided
11 that there shall be no additional cost to the taxpayer for the
12 electronic filing. The date of filing shall be the date the tax
13 return, application, report, or other document is transmitted to
14 the department in a form and manner prescribed by departmental
15 rules adopted pursuant to chapter 91. The department may
16 determine alternative methods for the signing, subscribing, or
17 verifying of a tax return, application, report, or other
18 document that shall have the same validity and consequences as
19 the actual signing by the taxpayer.

20 (b) A filing under this section shall be treated in the
21 same manner as a filing subject to the penalties under section
22 231-39."



1 SECTION 3. Section 237-30, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) The taxes levied hereunder shall be payable in
4 monthly installments on or before the [~~twentieth~~] last day of
5 the calendar month following the month in which they accrue.
6 The taxpayer, on or before the [~~twentieth~~] last day of the
7 calendar month following the month in which the taxes accrue,
8 shall make out and sign a return of the installment of tax for
9 which the taxpayer is liable for the preceding month and
10 transmit the same, together with a remittance, in the form
11 required by section 237-31, for the amount of the tax, to the
12 office of the department of taxation in the appropriate district
13 hereinafter designated.

14 (b) Notwithstanding subsection (a), the director of
15 taxation, for good cause, may permit a taxpayer to file the
16 taxpayer's return required under this section and make payments
17 thereon:

18 (1) On a quarterly basis during the calendar or fiscal
19 year, the return and payment to be made on or before
20 the [~~twentieth~~] last day of the calendar month after
21 the close of each quarter, to wit: for calendar year
22 taxpayers, on or before April [~~20-~~] 30, July [~~20-~~] 31,



1 October [~~20,~~] 31, and January [~~20~~] 31 or, for fiscal
2 year taxpayers, on or before the [~~twentieth~~] last day
3 of the fourth month, seventh month, and tenth month
4 following the beginning of the fiscal year and on or
5 before the [~~twentieth~~] last day of the month following
6 the close of the fiscal year; provided that the
7 director is satisfied that the grant of the permit
8 will not unduly jeopardize the collection of the taxes
9 due thereon and the taxpayer's total tax liability for
10 the calendar or fiscal year under this chapter will
11 not exceed \$4,000; or

- 12 (2) On a semiannual basis during the calendar or fiscal
13 year, the return and payment to be made on or before
14 the [~~twentieth~~] last day of the calendar month after
15 the close of each six-month period, to wit: for
16 calendar year taxpayers, on July [~~20~~] 31 and January
17 [~~20~~] 31 or, for fiscal year taxpayers, on or before
18 the [~~twentieth~~] last day of the seventh month
19 following the beginning of the fiscal year and on or
20 before the last day of the month following the close
21 of the fiscal year; provided that the director is
22 satisfied that the grant of the permit will not unduly



1 jeopardize the collection of the taxes due thereon and
2 the taxpayer's total tax liability for the calendar or
3 fiscal year under this chapter will not exceed \$2,000.

4 The director, for good cause, may permit a taxpayer to make
5 monthly payments based on the taxpayer's estimated quarterly or
6 semiannual liability, provided the taxpayer files a
7 reconciliation return at the end of each quarter or at the end
8 of each six-month period during the calendar or fiscal year, as
9 provided in this section."

10 SECTION 4. Section 237D-6, Hawaii Revised Statutes, is
11 amended by amending subsection (a) and (b) to read as follows:

12 "(a) On or before the [~~twentieth~~] last day of each
13 calendar month, every operator taxable, or plan manager liable
14 under this chapter during the preceding calendar month shall
15 file a sworn return with the director in such form as the
16 director shall prescribe together with a remittance for the
17 amount of the tax in the form required by section 237D-6.5.
18 Sections 237-30 and 237-32 shall apply to returns and penalties
19 made under this chapter to the same extent as if the sections
20 were set forth specifically in this section.

21 (b) Notwithstanding subsection (a), the director of
22 taxation, for good cause, may permit a taxpayer to file the



1 taxpayer's return required under this section and make payments
2 thereon:

3 (1) On a quarterly basis during the calendar or fiscal
4 year, the return and payment to be made on or before
5 the [~~twentieth~~] last day of the calendar month after
6 the close of each quarter, to wit: for calendar year
7 taxpayers, on or before April [~~20,~~] 30, July [~~20,~~] 31,
8 October [~~20,~~] 31, and January [~~20~~] 31 or, for fiscal
9 year taxpayers, on or before the [~~twentieth~~] last day
10 of the fourth month, seventh month, and tenth month
11 following the beginning of the fiscal year and on or
12 before the [~~twentieth~~] last day of the month following
13 the close of the fiscal year; provided that the
14 director is satisfied that the grant of the permit
15 will not unduly jeopardize the collection of the taxes
16 due thereon and the taxpayer's total tax liability for
17 the calendar or fiscal year under this chapter will
18 not exceed \$4,000; or

19 (2) On a semiannual basis during the calendar or fiscal
20 year, the return and payment to be made by or before
21 the [~~twentieth~~] last day of the calendar month after
22 the close of each six-month period, to wit: for



1 calendar year taxpayers, on July [~~20~~] 31 and January
2 [~~20~~] 31 or, for fiscal year taxpayers, on or before
3 the [~~twentieth~~] last day of the seventh month
4 following the beginning of the fiscal year and on or
5 before the [~~twentieth~~] last day of the month following
6 the close of the fiscal year; provided that the
7 director is satisfied that the grant of the permit
8 will not unduly jeopardize the collection of the taxes
9 due thereon and the taxpayer's total tax liability for
10 the calendar or fiscal year under this chapter will
11 not exceed \$2,000.

12 The director, for good cause, may permit a taxpayer to make
13 monthly payments based on the taxpayer's estimated quarterly or
14 semiannual liability; provided that the taxpayer files a
15 reconciliation return at the end of each quarter or at the end
16 of each six-month period during the calendar or fiscal year, as
17 provided in this section."

18 SECTION 5. Section 238-5, Hawaii Revised Statutes, is
19 amended by amending subsections (a) and (b) to read as follows:

20 "(a) On or before the [~~twentieth~~] last day of each
21 calendar month, any person who has become liable for the payment
22 of a tax under this chapter during the preceding calendar month



1 in respect of any property, services, or contracting, or the use
2 thereof, shall file a return with the assessor of the taxation
3 district in which the property was held or the services or
4 contracting were received when the tax first became payable, or
5 with the director of taxation at Honolulu, setting forth a
6 description of the property, services, or contracting and the
7 character and quantity thereof in sufficient detail to identify
8 the same or otherwise in such reasonable detail as the director
9 by rule shall require, and the purchase price or value thereof
10 as the case may be. The return shall be accompanied by a
11 remittance in full of the tax, computed at the rate specified in
12 section 238-2 or 238-2.3 upon the price or value so returned.
13 Any tax remaining unpaid after the [~~twentieth~~] last day
14 following the end of the calendar month during which the tax
15 first became payable shall become delinquent; provided that a
16 receipt from a seller required or authorized to collect the tax,
17 given to a taxpayer in accordance with section 238-6, shall be
18 sufficient to relieve the taxpayer from further liability for
19 the tax to which the receipt may refer, or for the return .
20 thereof.

21 (b) Notwithstanding subsection (a), a taxpayer may be
22 eligible to file the taxpayer's return required under this



1 section and make payments thereon on a quarterly or semiannual
2 basis during the calendar or fiscal year, the return and payment
3 to be made on or before the [~~twentieth~~] last day of the calendar
4 month after the close of each quarter or semiannual period, to
5 wit:

- 6 (1) For calendar year taxpayers filing on a quarterly
7 basis, on or before April [~~20~~] 30, July [~~20~~] 31,
8 October [~~20~~] 31, and January [~~20~~] 31;
- 9 (2) For calendar year taxpayers filing on a semiannual
10 basis, on or before July [~~20~~] 31, and January [~~20~~]
11 31;
- 12 (3) For fiscal year taxpayers filing on a quarterly basis,
13 on or before the [~~twentieth~~] last day of the fourth
14 month, seventh month, and tenth month following the
15 beginning of the fiscal year and on or before the
16 [~~twentieth~~] last day of the month following the close
17 of the fiscal year; or
- 18 (4) For fiscal year taxpayers filing on a semiannual
19 basis, on or before the [~~twentieth~~] last day of the
20 seventh month following the beginning of the fiscal
21 year and on or before the [~~twentieth~~] last day of the
22 month following the close of the fiscal year;



1 if the taxpayer possesses a valid and current permit to file the
2 taxpayer's general excise tax return and to make payments
3 thereon on a quarterly or semiannual basis issued by the
4 director pursuant to section 237-30. A taxpayer may also be
5 eligible to make monthly payments based on the taxpayer's
6 estimated quarterly or semiannual liability with a
7 reconciliation return at the end of each quarter or semiannual
8 period during the calendar or fiscal year, as heretofore
9 provided, if the taxpayer possesses a valid and current permit
10 to file quarterly or semiannual reconciliation general excise
11 tax returns and to make monthly payments, issued by the director
12 pursuant to section 237-30."

13 SECTION 6. Section 243-10, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§243-10 Statements and payments.** Each distributor and
16 each person subject to section 243-4(b), on or before the
17 [~~twentieth~~] last day of each calendar month, shall file with the
18 director of taxation, on forms prescribed, prepared, and
19 furnished by the director, a statement, authenticated as
20 provided in section 231-15, showing separately for each county
21 and for the island of Lanai and the island of Molokai within



1 which and whereon fuel is sold or used during each preceding
2 month of the calendar year, the following:

3 (1) The total number of gallons of fuel refined,
4 manufactured, or compounded by the distributor or
5 person within the State and sold or used by the
6 distributor or person, and if for ultimate use in
7 another county or on either island, the name of that
8 county or island;

9 (2) The total number of gallons of fuel acquired by the
10 distributor or person during the month from persons
11 not subject to the tax on the transaction or only
12 subject to tax thereon at the rate of 1 cent per
13 gallon, as the case may be, and sold or used by the
14 distributor or person, and if for ultimate use in
15 another county or on either island, the name of that
16 county or island;

17 (3) The total number of gallons of fuel sold by the
18 distributor or person to the United States or any
19 department or agency thereof, or to any other person
20 or entity, or used in any manner, the effect of which
21 sale or use is to exempt the fuel from the tax imposed
22 by this chapter;



1 (4) Additional information relative to the acquisition,
2 purchase, manufacture, or importation into the State,
3 and the sale, use, or other disposition, of diesel oil
4 by the distributor or person during the month, as the
5 department of taxation by rule shall prescribe.

6 At the time of submitting the foregoing report to the
7 department, each distributor and person shall pay the tax on
8 each gallon of fuel (including diesel oil) sold or used by the
9 distributor or person in each county and on the island of Lanai
10 and the island of Molokai during the preceding month, as shown
11 by the statement and required by this chapter; provided that the
12 tax shall not apply to any fuel exempted and so long as the same
13 is exempted from the imposition of the tax by the Constitution
14 or laws of the United States; and the tax shall be paid only
15 once upon the same fuel; provided further that a licensed
16 distributor shall be entitled, in computing the tax the licensed
17 distributor is required to pay, to deduct from the gallons of
18 fuel reported for the month for each county or for the island of
19 Lanai or the island of Molokai, as the case may be, one gallon
20 for each ninety-nine gallons of like liquid fuel sold by retail
21 dealers in that county or on that island during the month, as
22 shown by certificates furnished by the retail dealers to the



1 distributor and attached to the distributor's report. All taxes
2 payable for any month shall be delinquent after the expiration
3 of the [~~twentieth~~] last day of the following month.

4 Statements filed under this section concerning the number
5 of gallons of fuel refined, manufactured, compounded, imported,
6 sold or used by the distributor or person are public records."

7 SECTION 7. Section 244D-6, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§244D-6 Return, form, contents.** Every taxpayer shall, on
10 or before the [~~twentieth~~] last day of each month, file with the
11 department of taxation in the taxation district in which the
12 taxpayer's business premises are located, or with the department
13 in Honolulu, a return showing all sales of liquor by gallonage
14 and dollar volume in each liquor category defined in section
15 244D-1 and taxed under section 244D-4(a) made by the taxpayer
16 during the preceding month, showing separately the amount of the
17 nontaxable sales, and the amount of the taxable sales, and the
18 tax payable thereon. The return shall also show the amount of
19 liquor by gallonage and dollar volume in each liquor category
20 defined in section 244D-1 and taxed under section 244D-4(a) used
21 during the preceding month which is subject to tax, and the tax
22 payable thereon. The form of return shall be prescribed by the



1 department and shall contain such information as it may deem
2 necessary for the proper administration of this chapter."

3 SECTION 8. Section 245-5, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§245-5 Returns.** Every wholesaler or dealer, on or before
6 the [~~twentieth~~] last day of each month, shall file with the
7 department a return showing the cigarettes and tobacco products
8 sold, possessed, or used by the wholesaler or dealer during the
9 preceding calendar month and of the taxes chargeable against the
10 taxpayer in accordance with this chapter. The form of the
11 return shall be prescribed by the department and shall include:

- 12 (1) A separate statement of the number and wholesale price
13 of cigarettes;
- 14 (2) The amount of stamps purchased and used;
- 15 (3) The wholesale price of tobacco products, sold,
16 possessed, or used; and
- 17 (4) Any other information that the department may deem
18 necessary, for the proper administration of this
19 chapter."

20 SECTION 9. Section 245-28, Hawaii Revised Statutes, is
21 amended to read as follows:



1 **"§245-28 Time for payment of deferred-payment purchases;**
2 **manner of payment.** Amounts owing for stamps purchased on the
3 deferred-payment basis in any calendar month shall be due and
4 payable on or before the [~~twentieth~~] last day of the following
5 calendar month. Payment shall be made by a remittance payable
6 to the department."

7 SECTION 10. Section 245-31, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§245-31 Monthly report on distributions of cigarettes and**
10 **tobacco products, and purchases of stamps.** (a) On or before
11 the [~~twentieth~~] last day of each month, every licensee shall
12 file on forms prescribed by the department:

13 (1) A report of the licensee's distributions of cigarettes
14 and purchases of stamps during the preceding month;
15 and

16 (2) Any other information that the department may require
17 to carry out this part.

18 (b) On or before the [~~twentieth~~] last day of each month,
19 every licensee shall file on forms prescribed by the department:

20 (1) A report of the licensee's distributions of tobacco
21 products and the wholesale costs of tobacco products
22 during the preceding month; and



1 (2) Any other information that the department may require
2 to carry out this part."

3 SECTION 11. Section 251-4, Hawaii Revised Statutes, is
4 amended by amending subsection (a) and (b) to read as follows:

5 "(a) On or before the [~~twentieth~~] last day of each
6 calendar month, every person taxable under this chapter during
7 the preceding calendar month shall file a sworn return with the
8 director in such form as the director shall prescribe together
9 with a remittance for the amount of the surcharge tax in the
10 form required by section 251-5. Sections 237-30 and 237-32
11 shall apply to returns and penalties made under this chapter to
12 the same extent as if the sections were set forth specifically
13 in this section.

14 (b) Notwithstanding subsection (a), the director, for good
15 cause, may permit a person to file the person's return required
16 under this section and make payments thereon:

17 (1) On a quarterly basis during the calendar or fiscal
18 year, the return and payment to be made on or before
19 the [~~twentieth~~] last day of the calendar month after
20 the close of each quarter, to wit: for calendar year
21 taxpayers, on or before April [~~20~~] 30, July [~~20~~] 31,
22 October [~~20~~] 31, and January [~~20~~] 31 or, for fiscal



1 year taxpayers, on or before the [~~twentieth~~] last day
2 of the fourth month, seventh month, and tenth month
3 following the beginning of the fiscal year and on or
4 before the [~~twentieth~~] last day of the month following
5 the close of the fiscal year; provided that the
6 director is satisfied that the grant of the permit
7 will not unduly jeopardize the collection of the
8 surcharge taxes due thereon and that the person's
9 total surcharge tax liability for the calendar or
10 fiscal year under this chapter will not exceed \$4,000;
11 or

12 (2) On a semiannual basis during the calendar or fiscal
13 year, the return and payment to be made by or before
14 the [~~twentieth~~] last day of the calendar month after
15 the close of each six-month period, to wit: for
16 calendar year taxpayers, on July [~~20~~] 31 and January
17 [~~20~~] 31 or, for fiscal year taxpayers, on or before
18 the [~~twentieth~~] last day of the seventh month
19 following the beginning of the fiscal year and on or
20 before the [~~twentieth~~] last day of the month following
21 the close of the fiscal year; provided that the
22 director is satisfied that the grant of the permit



1 will not unduly jeopardize the collection of the
2 surcharge taxes due thereon and that the person's
3 total surcharge tax liability for the calendar or
4 fiscal year under this chapter will not exceed \$2,000.

5 The director, for good cause, may permit a person to make
6 monthly payments based on the person's estimated quarterly or
7 semiannual liability; provided that the person files a
8 reconciliation return at the end of each quarter or at the end
9 of each six-month period during the calendar or fiscal year, as
10 provided in this section."

11 SECTION 12. Section 431:7-201, Hawaii Revised Statutes, is
12 amended by amending subsections (b) and (c) to read as follows:

13 "(b) Each authorized insurer shall file with the
14 commissioner monthly, on or before the [~~twentieth~~] last day of
15 the calendar month following the month in which the taxes
16 accrue, a statement signed by a duly authorized person on its
17 behalf, setting forth the total business transacted and the
18 amount of gross premiums reported by the insurer, pursuant to
19 section 431:7-202, during the month from all risks or property
20 resident, situated, or located within this State, together with
21 other information as may be required by the commissioner to
22 determine the taxability of premiums.



1 (c) Any insurer failing or refusing to file the annual tax
2 statement on or before March 1, or the monthly statement on or
3 before the [~~twentieth~~] last day of the calendar month following
4 the month in which the taxes accrue, shall be liable for a fine
5 in an amount not less than \$100 and not more than \$500 for each
6 day of delinquency."

7 SECTION 13. Section 431:7-202, Hawaii Revised Statutes, is
8 amended by amending subsection (f) to read as follows:

9 "(f) The taxes imposed by subsections (a), (b), (c), and
10 (d) shall be paid monthly. The monthly tax shall be due and
11 payable on or before the [~~twentieth~~] last day of the calendar
12 month following the month in which it accrues, coinciding with
13 the filing of the statement provided for in section 431:7-201.

14 In addition to the monthly tax and monthly tax statement,
15 the annual tax shall be due and payable on or before March 1
16 coinciding with the filing of the statement provided for in
17 section 431:7-201.

18 All amounts paid under this subsection, other than fines,
19 shall be allowed as a credit on the annual tax imposed by
20 subsections (a), (b), (c), and (d).

21 If the total amount of installment payments for any
22 calendar year exceeds the amount of annual tax for that year,



1 the excess shall be treated as an overpayment of the annual tax
2 and be allowed as a refund under section 431:7-203.

3 Any insurer failing or refusing to pay the required taxes
4 above stated when due and payable shall be liable for a fine of
5 \$500 or ten per cent of the tax due, whichever is greater; plus
6 interest at a rate of twelve per cent per annum on the
7 delinquent taxes. The taxes may be collected by distraint, or
8 the taxes, fine, and interest may be recovered by an action to
9 be instituted by the commissioner in the name of this State, in
10 any court of competent jurisdiction. The commissioner may
11 suspend the certificate of authority of the delinquent insurer
12 until the taxes, fine, and interest, should any be imposed, are
13 fully paid."

14 SECTION 14. This Act does not affect rights and duties
15 that matured, penalties that were incurred, and proceedings that
16 were begun before its effective date.

17 SECTION 15. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 16. This Act shall take effect on July 1, 2112.



Report Title:

Taxation; Electronic Filing; Filing Deadlines

Description:

Requires the Department of Taxation to establish a system to allow taxpayers to file all tax returns, applications, reports, and other documents electronically; provided that there is no additional cost to the taxpayer for the electronic filing. Reestablishes the end of the month as the deadline for filing and payment of various taxes. Effective July 1, 2112. (HB1300 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

