



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

April 26, 2017

GOV. MSG. NO. 1107

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 26, 2017, the following bill was signed into law:

SB1007 SD1

RELATING TO WITHHOLDING TAX
ACT 007 (17)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO WITHHOLDING TAX.

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

1 SECTION 1. The legislature finds that requiring quarterly
2 returns of withheld income tax is more efficient than monthly
3 reporting. The legislature finds that the department can
4 adequately reconcile withholding tax payments with quarterly
5 filing. This measure will change the reporting frequency from
6 monthly reporting to quarterly reporting for all employers.
7 This measure does not change the withholding tax payment
8 frequency.

9 SECTION 2. Section 235-62, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "§235-62 Return and payment of withheld taxes. (a) Every
12 employer required by this chapter to withhold taxes on wages
13 paid in any [~~month~~] quarter of the calendar year shall make a
14 return of such wages to the department of taxation on or before
15 the fifteenth day of the calendar month following the [~~month~~]
16 close of each such quarter for which the taxes have been
17 withheld[~~, except as provided in subsection (c)~~].



1 (b) The return shall be in such form, including computer
2 printouts or other electronic formats, and contain such
3 information as may be prescribed by the director of taxation.
4 The return shall be filed with the director at the first
5 taxation district in Honolulu.

6 (c) Every return required under this section shall be
7 accompanied by a remission of the complete amount of tax
8 withheld, as reported in the return; provided that each employer
9 whose liability for taxes withheld exceeds \$40,000 annually
10 shall remit the complete amount of tax withheld on a semi-weekly
11 schedule[-]; provided further that each employer whose liability
12 for taxes withheld exceeds \$5,000 but does not exceed \$40,000
13 annually shall remit the complete amount of tax withheld on a
14 monthly schedule. Notwithstanding the tax liability threshold
15 in this subsection, the director of taxation is authorized to
16 require any employer who is required to remit any withheld taxes
17 to the federal government on a semi-weekly schedule, to remit
18 the complete amount of tax withheld to the department on a semi-
19 weekly schedule. The director of taxation may grant an
20 exemption to the requirement to remit the complete amount of tax
21 withheld on a semi-weekly schedule for good cause.



1 (d) If the director believes collection of the tax may be
2 in jeopardy, the director may require any person required to
3 make a return under this section to make such return and pay
4 such tax at any time.

5 (e) ~~[The director may grant permission to employers, whose~~
6 ~~liability to pay over the taxes withheld as provided in this~~
7 ~~section shall not exceed \$5,000 a year, to make returns and~~
8 ~~payments of the taxes due on a quarterly basis during the~~
9 ~~calendar year, the returns and payments to be made on or before~~
10 ~~the fifteenth day of the calendar month after the close of each~~
11 ~~quarter, to wit, on or before April 15, July 15, October 15, and~~
12 ~~January 15. The director may grant permission to employers to~~
13 ~~make monthly payments based on an estimated quarterly liability,~~
14 ~~provided that the employer files a reconciliation return on or~~
15 ~~before the fifteenth day of the calendar month after the close~~
16 ~~of each quarter during the calendar year as provided by this~~
17 ~~section.]~~ The director, for good cause, may extend the time for
18 making returns and payments, but not beyond the fifteenth day of
19 the second month following the regular due date of the return.
20 With respect to wages paid out of public moneys, the director,
21 in the director's discretion, may prescribe special forms for,



1 and different procedures and times for the filing of, the
2 returns by employers paying the wages, or may waive the filing
3 of any returns upon the conditions and subject to rules the
4 director may prescribe.

5 (f) For purposes of this section, "semi-weekly schedule"
6 means:

7 (1) On or before the following Wednesday if wages were
8 paid on the immediately preceding Wednesday, Thursday,
9 or Friday; or

10 (2) On or before the following Friday if wages were paid
11 on the immediately preceding Saturday, Sunday, Monday,
12 or Tuesday.

13 In addition to the allowances provided under section 231-21,
14 each employer shall have at least three banking days following
15 the close of the semi-weekly period by which to remit the taxes
16 withheld as provided for in section 6302 of the Internal Revenue
17 Code.

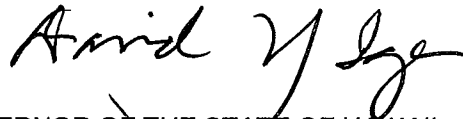
18 (g) For the purposes of this section, "monthly schedule"
19 means on or before the fifteenth day of the calendar month
20 following the month for which the taxes have been withheld."



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

3 SECTION 4. This Act, upon its approval, shall take effect
4 on January 1, 2018.

APPROVED this 26 day of APR, 2017




GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAII

Date: February 21, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.


President of the Senate

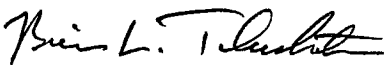

Clerk of the Senate

**THE HOUSE OF REPRESENTATIVES
OF THE STATE OF HAWAII**

Date: April 6, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the House of Representatives of the Twenty- ninth Legislature of the State of Hawaii, Regular Session of 2017.


Speaker, House of Representatives


Clerk, House of Representatives