

---

---

**A BILL FOR AN ACT**

RELATING TO ELECTRONIC FILING.

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

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

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

16           " [†]§231-8.5[†]   **Electronic filing of tax returns.**   (a)  
17 The department may allow filing by electronic, telephonic, or  
18 optical means of any tax return, application, report, or other

H.B. NO. 2395

1 document required under the provisions of title 14 administered  
2 by the department.

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

8 (1) For withholding tax filings required under chapter  
9 235, only employers whose total tax liability under  
10 sections 235-61 and 235-62 for the calendar or fiscal  
11 year exceeds \$40,000;

12 (2) For income tax filings required under chapter 235,  
13 only taxpayers who are subject to tax under section  
14 235-71, 235-71.5, or 235-72;

15 (3) For general excise tax filings required under chapter  
16 237, only taxpayers whose total tax liability under  
17 chapter 237 for the calendar or fiscal year exceeds  
18 \$4,000;

19 (4) For transient accommodations tax filings required  
20 under chapter 237D, only operators and plan managers  
21 whose total tax liability under chapter 237D for the  
22 calendar or fiscal year exceeds \$4,000;

H.B. NO. 2395

1        (5) For filings required under the following chapters, all  
2        taxpayers subject to tax under those chapters:

3            (A) 236E;

4            (B) 239;

5            (C) 241;

6            (D) 243;

7            (E) 244D;

8            (F) 245; and

9            (G) 251.

10        (c) To require electronic filing under subsection (b), the  
11        department must provide:

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

13            (2) No less than ninety days written notice of its

14            intention to require electronic filing.

15        (d) The date of filing shall be the date the tax return,

16        application, report, or other document is transmitted to the

17        department in a form and manner prescribed by departmental rules

18        adopted pursuant to chapter 91. The department may determine

19        alternative methods for the signing, subscribing, or verifying

20        of a tax return, application, report, or other document that

21        shall have the same validity and consequences as the actual

22        signing by the taxpayer. A filing under this section shall be



H.B. NO. 2395

**Report Title:**

Electronic Filing of Tax Returns

**Description:**

Authorizes the Department of Taxation to require certain taxpayers to file returns electronically, subject to exceptions for reasonable cause as provided by administrative rules.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO ELECTRONIC FILING.

PURPOSE: Authorizes the department to require electronic filing in certain circumstances and for certain tax types.

MEANS: Amend section 231-8.5, Hawaii Revised Statutes.

JUSTIFICATION: The department is updating its computer system and as a result is becoming better equipped to accept electronically filed tax returns at no cost to taxpayers. The department believes taxpayers as a whole are becoming more open to electronic filing. The department believes electronic filing is more efficient for itself and for taxpayers. This measure will give the department the authority to make such filing mandatory.

Impact on the public: No immediate impact. Members of the public may be required to file tax returns electronically in the future.

Impact on the department and other agencies: The department will benefit from the additional power to require electronic filing of tax returns and may achieve increased efficiency if electronic filing is eventually mandated.

GENERAL FUND: Indeterminate.

OTHER FUNDS: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE:       Upon approval.