RELATING TO AMENDING OR REPEALING HAWAII INCOME TAX LAWS FOR THE PURPOSE OF DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

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

SECTION 1. The purpose of this Act is to repeal section 235-103, Hawaii Revised Statutes. The legislature finds that section 231-3.1, Hawaii Revised Statutes, which relates to consideration paid not being indicative of fair market value, applies to all taxes. Consequently, section 235-103, Hawaii Revised Statutes, which only pertains to income tax, is unnecessary.

SECTION 2. Section 235-103, Hawaii Revised Statutes, is repealed.

["§235-103—Distortion of income. When a taxpayer se conducts business as either directly or indirectly to benefit stockholders thereof, or any other person interested therein, by selling products or the goods or commodities in which the taxpayer deals at less than the fair price that could be obtained for them, or where a corporation, a substantial portion of the capital stock of which is owned either directly or
indirectly by another corporation, acquires or disposes of the
products of the corporation so owning a substantial portion of
its stock in such manner as to create a loss or improper income
to either of the corporations, or where a partnership or
individual owns an interest in another corporation or business
either directly or indirectly and acquires and disposes of the
products of such other business in such manner as to create a
loss or improper income to either of the businesses, and
generally in all cases where different forms of business
enterprise are used in conjunction with one another for the
purpose, among others, of diverting profits reasonably and
properly made by one factor-agency or segment of the business to
another, the director of taxation may determine the amount of
tax upon either or both of the enterprises for the taxable year,
having due regard to the reasonable profits which but for such
arrangement, understanding, business device, or organization
might or could have accrued to either or both of the
enterprises."

SECTION 3. Statutory material to be repealed is bracketed
and stricken.
SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2018.

INTRODUCED BY:

JAN 17 2019
Report Title:
Income Tax Law; Repeal of Obsolete or Unnecessary Provisions

Description:
Repeals unnecessary or redundant provisions of the income tax law.

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