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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to part III to be appropriately  
3 designated and to read as follows:  
4           "§235- Withholdings by partnerships, estates, and  
5 trusts. Partnerships, estates, and trusts shall withhold an  
6 amount equal to the highest marginal tax rate applicable to a  
7 nonresident taxpayer multiplied by the amount of the taxpayer's  
8 distributive share of income attributable to the State reflected  
9 on the partnership's, estate's, and trust's return for the  
10 taxable period. All amounts withheld shall be paid to the  
11 department of taxation in a manner that the department may  
12 prescribe. Withholding shall not be required to be submitted by  
13 a publicly traded partnership, as defined by section 7704(b) of  
14 the Internal Revenue Code, otherwise in compliance with this  
15 section. A publicly traded partnership shall file an annual  
16 information return reporting the name, address, taxpayer  
17 identification number, and other information requested by the



1 department of taxation of each unit holder with income sourced  
2 to the State."

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

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

13 SECTION 3. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

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



**Report Title:**

Income Tax; Partnerships; Estates; Trusts; Withholding

**Description:**

Requires partnerships, estates, and trusts to withhold taxes on the income of nonresident partners and beneficiaries. Exempts publicly traded partnerships. (SB1360 HD1)

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

