
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."

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

15 "(b) Income upon which any tax has been withheld at the
16 source under sections 235-61 to [~~235-64,~~] 235-____, or under
17 regulations adopted pursuant to subsection (a), shall be



1 included in the return of the recipient of such income, but any
2 amount of tax so withheld shall be credited against the amount
3 of income tax as computed in the return, and if in excess of the
4 tax due for the taxable year shall be refunded as provided in
5 section 235-110."

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act, upon its approval, shall apply to
9 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. (SD1)

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