
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 I to be appropriately
3 designated and to read as follows:

4 "§235- Persons lacking physical presence in the State;
5 nexus presumptions. A person that lacks physical presence in
6 the State is presumed to be systematically and regularly
7 engaging in business in the State and taxable under this chapter
8 if, during the current or preceding calendar year:

9 (1) The person engages in two hundred or more business
10 transactions with persons within the State; or

11 (2) The sum of the value of the person's gross income
12 attributable to sources in this State equals or
13 exceeds \$100,000 or for a person that does business
14 within and without the State the numerator of the
15 person's sales factor for the State equals or exceeds
16 \$100,000."

17 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2018.

3



Report Title:

Income Tax; Out-of-State Business; Nexus Standard

Description:

Creates a nexus standard for taxing out-of-state businesses on their business income in Hawaii. (SD1)

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