A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"§235- Hiring an elderly individual; income tax credit.

(a) There shall be allowed to each taxpayer subject to the tax imposed by this chapter, a credit for the hiring of an elderly individual, which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

(b) The amount of the credit shall be equal to fifty per cent of the qualified wages for the first six months after the elderly individual is initially hired. A tax credit that exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted; provided that in no taxable year shall the total amount of the tax credit claimed under this section exceed $________ per taxpayer.
(c) The following wages paid to an elderly individual are ineligible to be claimed by the employer for this credit:

(1) Wages paid to an elderly individual who:

(A) Bears any of the relationships described in section 152(d)(2)(A) through (G) of the Internal Revenue Code to the taxpayer, or, if the taxpayer is a corporation, to an individual who owns, directly or indirectly, more than fifty per cent in value of the outstanding stock of the corporation (determined with the application of section 267(c) of the Internal Revenue Code);

(B) If the taxpayer is an estate or trust, is a grantor, beneficiary, or fiduciary of the estate or trust, or is an individual who bears any of the relationships described in section 152(d)(2)(A) through (G) of the Internal Revenue Code to a grantor, beneficiary, or fiduciary of the estate or trust; or

(C) Is a dependent (described in section 152(d)(2)(H) of the Internal Revenue Code) of the taxpayer, or, if the taxpayer is an estate or trust, of a
grantor, beneficiary, or fiduciary of the estate
or trust; and

(2) Wages paid to any elderly individual if, prior to the
day the individual is hired by the employer, the
individual had been employed by the employer at any
time.

(d) In the case of a successor employer referred to in
section 3306(b)(1) of the Internal Revenue Code, the
determination of the amount of the tax credit allowable under
this section with respect to wages paid by the successor
employer shall be made in the same manner as if the wages were
paid by the predecessor employer referred to in section
3306(b)(1) of the Internal Revenue Code.

(e) Claims for the tax credit under this section,
including any amended claims, shall be filed on or before the
end of the twelfth month following the taxable year for which
the credit may be claimed. Failure to comply with the foregoing
provision shall constitute a waiver of the right to claim the
tax credit.

(f) The director of taxation:
(1) Shall prepare any forms necessary to claim a credit under this section;

(2) May require a taxpayer to furnish reasonable information to ascertain the validity of a claim for credit; and

(3) May adopt rules pursuant to chapter 91 to effectuate the purposes of this section.

(g) For purposes of this section:

"Elderly individual" means an individual who is sixty years of age or older.

"Qualified wages" means wages attributable to work rendered by an elderly individual for the six-month period after the individual is initially hired.

"Wages" means wages, commissions, fees, salaries, bonuses, and every and all other kinds of remuneration for, or compensation attributable to, services performed by an employee for the employee's employer, including the cash value of all remuneration paid in any medium other than cash and the cost-of-living allowances and other payments included in gross income by section 235-7(b), but excluding income excluded from gross income by section 235-7 or other provisions of this chapter."
SECTION 2. New statutory material is underscored.

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

INTRODUCED BY:

JAN 18 2019
Report Title:
Taxation; Income Tax Credit; Elderly Persons; Employment

Description:
Provides to a taxpayer who hires an elderly individual a nonrefundable tax credit for the 6-month period after the individual is initially hired by the taxpayer.

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