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

4           "§235-    Home business; income tax credit.    (a) There  
5 shall be allowed to each qualified taxpayer subject to the tax  
6 imposed under this chapter, a home business income tax credit  
7 that shall be deductible from the taxpayer's net income tax  
8 liability, if any, imposed by this chapter for the taxable year  
9 in which the credit is properly claimed.

10           (b) In the case of a partnership, S corporation, estate,  
11 or trust, the tax credit allowable is for qualified expenses  
12 incurred by the entity for the taxable year. The expenses upon  
13 which the tax credit is computed shall be determined at the  
14 entity level. Distribution and share of credit shall be  
15 determined by rule.

16           (c) The home business income tax credit shall be equal to  
17 \$ \_\_\_\_\_.



- 1        (d) The director of taxation:
- 2        (1) Shall prepare any forms that may be necessary to claim
- 3        a tax credit under this section;
- 4        (2) May require the taxpayer to furnish reasonable
- 5        information to ascertain the validity of the claim for
- 6        the tax credit made under this section; and
- 7        (3) May adopt rules under chapter 91 necessary to
- 8        effectuate the purposes of this section.

9        (e) If the tax credit under this section exceeds the  
10 taxpayer's income tax liability, the excess of the credit over  
11 liability may be used as a credit against the taxpayer's income  
12 tax liability in subsequent years until exhausted. All claims  
13 for the tax credit under this section, including amended claims,  
14 shall be filed on or before the end of the twelfth month  
15 following the close of the taxable year for which the credit may  
16 be claimed. Failure to comply with the foregoing provision  
17 shall constitute a waiver of the right to claim the credit.

- 18        (f) As used in this section:
- 19        "Qualified taxpayer" means a resident of the State who:
- 20        (1) Owns a business that:



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- 1            (A) Maintains a general excise tax license pursuant
- 2                            to chapter 237; and
- 3            (B) Meets all applicable state and county
- 4                            registration requirements; and
- 5            (2) Operates the business from the taxpayer's principal
- 6                            residence."

7            SECTION 2. New statutory material is underscored.

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

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# H.B. NO. 1216

**Report Title:**

Home Business; Income Tax Credit

**Description:**

Establishes an income tax credit for taxpayers who own and operate a business from their principal residence.

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

