
A BILL FOR AN ACT

RELATING TO TAX RECORDS.

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

1 SECTION 1. Section 235-102, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§235-102 Records and special returns.** (a) Records.

4 Every person liable to any tax imposed by this chapter, or for
5 the collection or deduction thereof at source, shall keep full,
6 complete, regular, and accurate books of account in which all
7 the person's transactions shall be entered in regular order;

8 provided that the director of taxation may [~~regulation~~]

9 provide for the keeping of simpler accounts in cases where, by
10 reason of the [~~smallness~~] size of the income or otherwise, undue
11 hardship or expense will be caused by the keeping of full books
12 of account.

13 (b) All books of account required to be kept by this
14 chapter shall be preserved [~~for a period of three years,~~] and
15 subject to the following statute of limitation periods:

16 If a person:

The period is:



1 except that the director [~~may~~], in writing, may consent to
2 [~~their~~] the destruction of records within [~~such~~] the statute of
3 limitation period or may require that [~~they~~] the records be kept
4 longer.

5 [~~(b)~~] (c) Special returns and statements. [~~Whenever it is~~
6 ~~necessary, in the judgment of the director, the~~] The director
7 may require any [~~taxpayer, or~~] person subject to this chapter,
8 or any person liable for the collection or deduction of tax at
9 source, by notice served upon [~~the taxpayer or other person,~~]
10 those persons, to [~~make such~~] provide records or returns or
11 render [~~such~~] a signed [~~statements~~] statement as the director
12 deems sufficient to show whether or not [~~the taxpayer or other~~
13 ~~person is~~] those persons are liable under this chapter.

14 (d) Any person subject to this chapter who is in
15 compliance with this section shall not be liable for any penalty
16 or fine for the failure to preserve tax records under this
17 chapter.

18 (e) The director of taxation may adopt rules pursuant to
19 chapter 91 to effectuate this section."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval
2 and shall apply to taxable years beginning after December 31,
3 2006.

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Report Title:

Income Tax; Taxpayer Records

Description:

Clarifies the state taxpayer records law and specifies that a taxpayer is not liable for fines or penalties if in compliance with the law.

