
A BILL FOR AN ACT

RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE
INTERNAL REVENUE CODE.

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

1 SECTION 1. The purpose of this Act is to conform Hawaii
2 income tax law to the Internal Revenue Code.

3 SECTION 2. Section 235-2.3, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) For all taxable years beginning after December 31,
6 [~~2007,~~] 2008, as used in this chapter, "Internal Revenue Code"
7 means subtitle A, chapter 1, of the federal Internal Revenue
8 Code of 1986, as amended as of December 31, [~~2007,~~] 2008, as it
9 applies to the determination of gross income, adjusted gross
10 income, ordinary income and loss, and taxable income, except
11 those provisions of the Internal Revenue Code and federal public
12 laws which, pursuant to this chapter, do not apply or are
13 otherwise limited in application and except for the provisions
14 of Public Law 109-001 which apply to section 170 of the Internal
15 Revenue Code. The provisions of Public Law 109-001 to accelerate
16 the deduction for charitable cash contributions for the relief
17 of victims of the 2004 Indian Ocean tsunami are applicable for



1 the calendar year that ended December 31, 2004, and the calendar
2 year ending December 31, 2005.

3 Sections 235-2, 235-2.1, and 235-2.2 shall continue to be
4 used to determine:

5 (1) The basis of property, if a taxpayer first determined
6 the basis of property in a taxable year to which such
7 sections apply, and if such determination was made
8 before January 1, 1978; and

9 (2) Gross income, adjusted gross income, ordinary income
10 and loss, and taxable income for a taxable year to
11 which such sections apply where such taxable year
12 begins before January 1, 1978."

13 SECTION 3. Section 235-2.4, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§235-2.4 Operation of certain Internal Revenue Code**
16 **provisions; sections 63 to 530.** (a) Section 63 (with respect to
17 taxable income defined) of the Internal Revenue Code shall be
18 operative for the purposes of this chapter, subject to the
19 following:

20 (1) Sections 63(c)(1)(B) (relating to the additional
21 standard deduction), 63(c)(1)(C) (relating to the real
22 property tax deduction), 63(c)(1)(D) (relating to the



1 disaster loss deduction), 63(c)(3) (additional
2 standard deduction for the aged and blind), 63(c)(4)
3 (relating to inflation adjustments), 63(c)(7)
4 (defining the real property tax deduction), 63(c)(8)
5 (defining the disaster loss deduction), and 63(f)
6 (relating to additional amounts for the aged or blind)
7 of the Internal Revenue Code shall not be operative
8 for purposes of this chapter.

9 (2) Section 63(c)(2) (relating to the basic standard
10 deduction) of the Internal Revenue Code shall be
11 operative, except that the standard deduction [amount
12 in section 63(c) of the Internal Revenue Code]
13 provided therein shall instead [mean] be:

14 ~~[(1)]~~ (A) \$4,000 in the case of:

15 ~~[(A)]~~ (i) A joint return as provided by section
16 235-93; or

17 ~~[(B)]~~ (ii) A surviving spouse (as defined in
18 section 2(a) of the Internal Revenue
19 Code);

20 ~~[(2)]~~ (B) \$2,920 in the case of a head of household
21 (as defined in section 2(b) of the Internal
22 Revenue Code);



1 retirement plans in section 72(t) shall not be operative for
2 purposes of this chapter.

3 (c) Section 121 (with respect to exclusion of gain from
4 sale of principal residence) of the Internal Revenue Code shall
5 be operative for purposes of this chapter, except that for the
6 election under section 121(f), a reference to section 1034
7 treatment means a reference to section 235-2.4(n) in effect for
8 taxable year 1997.

9 (d) Section 163 (with respect to interest) of the Internal
10 Revenue Code shall be operative for the purposes of this
11 chapter, except that provisions in section 163(d)(4)(B)
12 (defining net investment income to exclude dividends) shall not
13 be operative for the purposes of this chapter.

14 (e) Section 165 (with respect to losses) of the Internal
15 Revenue Code shall be operative for purposes of this chapter[-],
16 except that the amount prescribed by section 165(h)(1) (relating
17 to the limitation per casualty) of the Internal Revenue Code
18 shall be a \$100 limitation per casualty, and sections
19 165(h)(3)(A) and 165(h)(3)(B) (both of which relate to special
20 rules for losses in federally declared disasters) of the
21 Internal Revenue Code shall not be operative for purposes of
22 this chapter. Section 165 as operative for this chapter shall



1 also apply to losses sustained from the sale of stocks or other
2 interests issued through the exercise of the stock options or
3 warrants granted by a qualified high technology business as
4 defined in section 235-7.3.

5 (f) Section 168 (with respect to the accelerated cost
6 recovery system) of the Internal Revenue Code shall be operative
7 for purposes of this chapter, except that [~~provisions relating~~
8 ~~to property on Indian reservations in section 168(j) and special~~
9 ~~allowance for certain property acquired after September 10,~~
10 ~~2001, and before January 1, 2005 (including the extension of the~~
11 ~~qualifying aircraft placed in service before January 1, 2006),~~
12 ~~in section 168 (k)] sections 168(j) (relating to property on
13 Indian reservations), 168(k) (relating to special allowance for
14 certain property acquired during the period specified therein),
15 168(m) (relating to the special allowance for certain reuse and
16 recycling property), and 168(n) (relating to the special
17 allowance for qualified disaster assistance property) of the
18 Internal Revenue Code shall not be operative for purposes of
19 this chapter.~~

20 (g) Section 172 (with respect to net operating loss
21 deduction) of the Internal Revenue Code shall be operative for
22 purposes of this chapter, as further provided in section 235-



1 7(d), except that sections 172(b)(1)(J) and 172(j) (both of
2 which relate to qualified disaster losses) of the Internal
3 Revenue Code shall not be operative for purposes of this
4 chapter.

5 [~~g~~] (h) Section 179 (with respect to the election to
6 expense certain depreciable business assets) of the Internal
7 Revenue Code shall be operative for purposes of this chapter,
8 except that provisions relating to:

9 (1) The increase of the maximum deduction to \$100,000 for
10 taxable years beginning after 2002 and before 2008,
11 and the increase of the maximum deduction to \$125,000
12 for taxable years beginning after 2006 and before
13 2011, in section 179(b)(1);

14 (2) The increase of the qualifying investment amount to
15 \$400,000 for taxable years beginning after 2002 and
16 before 2008, and the increase of the qualifying
17 investment amount to \$500,000 for taxable years
18 beginning after 2006 and before 2011, in section
19 179(b)(2);

20 (3) The increase of the maximum deduction to \$250,000 and
21 the increase of the qualifying investment amount to



1 \$800,000 for taxable years beginning in 2008, in
2 section 179(b)(7);

3 ~~[(3)]~~ (4) Defining section 179 property to include computer
4 software in section 179(d)(1);

5 ~~[(4)]~~ (5) Inflation adjustments in section 179(b)(5); [and]

6 ~~[(5)]~~ (6) Irrevocable election in section 179(c)(2); and

7 (7) Special rules for qualified disaster assistance
8 property in section 179(e),

9 shall not be operative for the purposes of this chapter.

10 (i) Section 198A (with respect to the expensing of
11 qualified disaster expenses) of the Internal Revenue Code shall
12 not be operative for purposes of this chapter.

13 ~~[(h)]~~ (j) Section 219 (with respect to retirement savings)
14 of the Internal Revenue Code shall be operative for the purpose
15 of this chapter. For the purpose of computing the limitation on
16 the deduction for active participants in certain pension plans
17 for state income tax purposes, adjusted gross income as used in
18 section 219 as operative for this chapter means federal adjusted
19 gross income.

20 ~~[(i)]~~ (k) Section 220 (with respect to medical savings
21 accounts) of the Internal Revenue Code shall be operative for
22 the purpose of this chapter, but only with respect to medical



1 services accounts that have been approved by the Secretary of
2 the Treasury of the United States.

3 ~~[(j)]~~ (l) Section 265 (with respect to expenses and interest
4 relating to tax-exempt income) of the Internal Revenue Code
5 shall be operative for purposes of this chapter; except that it
6 shall not apply to expenses for royalties and other income
7 derived from any patents, copyrights, and trade secrets by an
8 individual or a qualified high technology business as defined in
9 section 235-7.3. Such expenses shall be deductible.

10 ~~[(k)]~~ (m) Section 408A (with respect to Roth Individual
11 Retirement Accounts) of the Internal Revenue Code shall be
12 operative for the purposes of this chapter. For the purposes of
13 determining the aggregate amount of contributions to a Roth
14 Individual Retirement Account or qualified rollover contribution
15 to a Roth Individual Retirement Account from an individual
16 retirement plan other than a Roth Individual Retirement Account,
17 adjusted gross income as used in section 408A as operative for
18 this chapter means federal adjusted gross income.

19 ~~[(l)]~~ (n) In administering the provisions of sections 410 to
20 417 (with respect to special rules relating to pensions, profit
21 sharing, stock bonus plans, etc.), sections 418 to 418E (with
22 respect to special rules for multiemployer plans), and sections



1 419 and 419A (with respect to treatment of welfare benefit
2 funds) of the Internal Revenue Code, the department of taxation
3 shall adopt rules under chapter 91 relating to the specific
4 requirements under such sections and to such other
5 administrative requirements under those sections as may be
6 necessary for the efficient administration of sections 410 to
7 419A.

8 In administering sections 401 to 419A (with respect to
9 deferred compensation) of the Internal Revenue Code, Public Law
10 93-406, section 1017(i), shall be operative for the purposes of
11 this chapter.

12 In administering section 402 (with respect to the
13 taxability of beneficiary of employees' trust) of the Internal
14 Revenue Code, the tax imposed on lump sum distributions by
15 section 402(e) of the Internal Revenue Code shall be operative
16 for the purposes of this chapter and the tax imposed therein is
17 hereby imposed by this chapter at the rate determined under this
18 chapter.

19 (o) Section 451 (with respect to general rule for taxable
20 year of inclusion) of the Internal Revenue Code shall be
21 operative, except that the provisions of 451(i)(3) and



1 451(i)(6), as they relate to a qualified electric utility, shall
2 not be operative for purposes of this chapter.

3 ~~(m)~~ (p) Section 468B (with respect to special rules for
4 designated settlement funds) of the Internal Revenue Code shall
5 be operative for the purposes of this chapter and the tax
6 imposed therein is hereby imposed by this chapter at a rate
7 equal to the maximum rate in effect for the taxable year imposed
8 on estates and trusts under section 235-51.

9 ~~(n)~~ (q) Section 469 (with respect to passive activities
10 and credits limited) of the Internal Revenue Code shall be
11 operative for the purposes of this chapter. For the purpose of
12 computing the offset for rental real estate activities for state
13 income tax purposes, adjusted gross income as used in section
14 469 as operative for this chapter means federal adjusted gross
15 income.

16 ~~(o)~~ (r) Sections 512 to 514 (with respect to taxation of
17 business income of certain exempt organizations) of the Internal
18 Revenue Code shall be operative for the purposes of this chapter
19 as provided in this subsection.

20 "Unrelated business taxable income" means the same as in
21 the Internal Revenue Code, except that in the computation
22 thereof sections 235-3 to 235-5, and 235-7 (except subsection



1 (c)), shall apply, and in the determination of the net operating
2 loss deduction there shall not be taken into account any amount
3 of income or deduction that is excluded in computing the
4 unrelated business taxable income. Unrelated business taxable
5 income shall not include any income from a prepaid legal service
6 plan.

7 For a person described in section 401 or 501 of the
8 Internal Revenue Code, as modified by section 235-2.3, the tax
9 imposed by section 235-51 or 235-71 shall be imposed upon the
10 person's unrelated business taxable income.

11 [~~(p)~~] (s) Section 521 (with respect to cooperatives) and
12 subchapter T (sections 1381 to 1388, with respect to
13 cooperatives and their patrons) of the Internal Revenue Code
14 shall be operative for the purposes of this chapter as to any
15 cooperative fully meeting the requirements of section 421-23,
16 except that Internal Revenue Code section 521 cooperatives need
17 not be organized in Hawaii.

18 [~~(q)~~] (t) Sections 527 (with respect to political
19 organizations) and 528 (with respect to certain homeowners
20 associations) of the Internal Revenue Code shall be operative
21 for the purposes of this chapter and the taxes imposed in each



1 such section are hereby imposed by this chapter at the rates
2 determined under section 235-71.

3 [~~r~~](u) Section 529 (with respect to qualified tuition
4 programs) shall be operative for the purposes of this chapter,
5 except that section 529 (c)(6) shall not be operative.

6 [~~s~~](v) Section 530 (with respect to education individual
7 retirement accounts) of the Internal Revenue Code shall be
8 operative for the purposes of this chapter. For the purpose of
9 determining the maximum amount that a contributor could make to
10 an education individual retirement account for state income tax
11 purposes, modified adjusted gross income as used in section 530
12 as operative for this chapter means federal modified adjusted
13 gross income as defined in section 530."

14 SECTION 4. Section 235-2.45, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "235-2.45 Operation of certain Internal Revenue Code
17 provisions; sections 641 to 7518. (a) Section 641 (with respect
18 to imposition of tax) of the Internal Revenue Code shall be
19 operative for the purposes of this chapter subject to the
20 following:

21 (1) The deduction for exemptions shall be allowed as
22 provided in section 235-54(b);



1 (2) The deduction for contributions and gifts in
2 determining taxable income shall be limited to the
3 amount allowed in the case of an individual, unless the
4 contributions and gifts are to be used exclusively in
5 the State; and

6 (3) The tax imposed by section 1(e) of the Internal Revenue
7 Code as applied by section 641 of the Internal Revenue
8 Code is hereby imposed by this chapter at the rate and
9 amount as determined under section 235-51 on estates and
10 trusts.

11 (b) Section 667 (with respect to treatment of amounts
12 deemed distributed by trusts in preceding years) of the Internal
13 Revenue Code shall be operative for the purposes of this chapter
14 and the tax imposed therein is hereby imposed by this chapter at
15 the rate determined under this chapter; except that the
16 reference to tax-exempt interest to which section 103 of the
17 Internal Revenue Code applies in section 667(a) of the Internal
18 Revenue Code shall instead be a reference to tax-exempt interest
19 to which section 235-7(b) applies.

20 (c) Section 685 (with respect to treatment of qualified
21 funeral trusts) of the Internal Revenue Code shall be operative
22 for purposes of this chapter, except that the tax imposed under



1 this chapter shall be computed at the tax rates provided under
2 section 235-51, and no deduction for the exemption amount
3 provided in section 235-54(b) shall be allowed. [~~The cost of~~
4 ~~living adjustment determined under section 1(f)(3) of the~~
5 ~~Internal Revenue Code shall be operative for the purpose of~~
6 ~~applying section 685(e)(3) under this chapter.~~]

7 (d) Section 704 of the Internal Revenue Code (with respect
8 to a partner's distributive share) shall be operative for
9 purposes of this chapter; except that section 704(b)(2) shall
10 not apply to:

11 (1) Allocations of the high technology business investment
12 tax credit allowed by section 235-110.9;

13 (2) Allocations of net operating loss pursuant to section
14 235-111.5;

15 (3) Allocations of the attractions and educational
16 facilities tax credit allowed by section 235-110.46; or

17 (4) Allocations of low-income housing tax credits among
18 partners under section 235-110.8.

19 (e) Section 1212 (with respect to capital loss carrybacks
20 and carryforwards) of the Internal Revenue Code shall be
21 operative for the purposes of this chapter; except that for the
22 purposes of this chapter the capital loss carryback provisions



1 of section 1212 shall not be operative and the capital loss
2 carryforward allowed by section 1212(a) shall be limited to five
3 years; except for a qualified high technology business as
4 defined in section 235-7.3, which shall be limited to fifteen
5 years.

6 (f) Section 1221 (with respect to capital asset defined)
7 is operative; provided, however, that the provisions of Section
8 301 of Public Law 110-343, which provide that gain or loss from
9 the sale or exchange of any applicable preferred stock by any
10 applicable financial institution (such terms being defined by
11 Public Law 110-343) shall be treated as ordinary income or loss,
12 shall not be operative. A sale or exchange of any applicable
13 preferred stock by any applicable financial institution (as
14 those terms are defined by Section 301 of Public Law 110-343)
15 shall be treated as a sale of a capital asset and taxed
16 accordingly.

17 [~~f~~](g) Subchapter S (sections 1361 to 1379) (with respect
18 to tax treatment of S corporations and their shareholders) of
19 chapter 1 of the Internal Revenue Code shall be operative for
20 the purposes of this chapter as provided in part VII.

21 [~~g~~](h) Section 1400N (with respect to tax benefits for
22 Gulf Opportunity Zone) of the Internal Revenue Code shall be



1 operative for the purposes of this chapter, except that sections
2 1400N(a) (with respect to tax-exempt bond financing); 1400N(b)
3 (with respect to advance refundings of certain tax-exempt
4 bonds); 1400N(c) (with respect to the low income housing credit);
5 1400N(d) (with respect to special allowance for certain property
6 acquired on or after August 28, 2005); 1400N(e) (with respect to
7 increase in expensing under section 179); 1400N(h) (with respect
8 to increase in rehabilitation credit); 1400N(l) (with respect to
9 credit to holders of Gulf tax credit bonds); 1400N(m) (with
10 respect to application of new markets tax credit to investments
11 in community development entities serving Gulf Opportunity
12 Zone); 1400N(n) (with respect to treatment of representations
13 regarding income eligibility for purposes of qualified
14 residential rental project requirements) shall not be operative
15 for purposes of this chapter.

16 [~~(h)~~] (i) Section 1400S (with respect to additional tax
17 relief provisions) of the Internal Revenue Code shall be
18 operative for the purposes of this chapter, except that section
19 1400S(d) (with respect to the special rule for determining
20 earned income) shall not be operative for the purposes of this
21 chapter.



1 ~~[(i)]~~ (j) Section 6015 (with respect to relief from joint
2 and several liability on joint return) of the Internal Revenue
3 Code is operative for purposes of this chapter.

4 ~~[(j)]~~ (k) Sections 6103(i)(3)(C) and 6103(i)(7) (with
5 respect to disclosures of information to the United States
6 Justice Department or appropriate federal or state law
7 enforcement agency for purposes of investigating terrorist
8 incidents, threats, or activities, and for analyzing
9 intelligence concerning investigating terrorist incidents,
10 threats, or activities) of the Internal Revenue Code shall be
11 operative for the purposes of this chapter.

12 ~~[(k)]~~ (l) Subchapter C (sections 6221 to 6233) (with respect
13 to tax treatment of partnership items) of chapter 63 of the
14 Internal Revenue Code shall be operative for the purposes of
15 this chapter.

16 ~~[(l)]~~ (m) Subchapter D (sections 6240 to 6255) (with
17 respect to simplified audit procedures for electing large
18 partnerships) of the Internal Revenue Code shall be operative
19 for the purposes of this chapter, with due regard to chapter 232
20 relating to tax appeals.

21 ~~[(m)]~~ (n) Section 6511(h) (with respect to running of
22 periods of limitation suspended while taxpayer is unable to



1 manage financial affairs due to disability) of the Internal
2 Revenue Code shall be operative for purposes of this chapter,
3 with due regard to section 235-111 relating to the limitation
4 period for assessment, levy, collection, or credit.

5 [~~n~~] o Section 7518 (with respect to capital construction
6 fund for commercial fishers) of the Internal Revenue Code shall
7 be operative for the purposes of this chapter. Qualified
8 withdrawals for the acquisition, construction, or reconstruction
9 of any qualified asset that is attributable to deposits made
10 before the effective date of this section shall not reduce the
11 basis of the asset when withdrawn. Qualified withdrawals shall
12 be treated on a first-in-first-out basis."

13 SECTION 5. Section 235-55.6, Hawaii Revised Statutes, is
14 amended by amending subsection (e) to read as follows:

- 15 "(e) Special rules. For purposes of this section:
16 (1) Maintaining household. An individual shall be treated
17 as maintaining a household for any period only if over
18 half the cost of maintaining the household for the
19 period is furnished by the individual (or, if the
20 individual is married during the period, is furnished
21 by the individual and the individual's spouse).



- 1 (2) Married couples must file joint return. If the
2 taxpayer is married at the close of the taxable year,
3 the credit shall be allowed under subsection (a) only
4 if the taxpayer and the taxpayer's spouse file a joint
5 return for the taxable year.
- 6 (3) Marital status. An individual legally separated from
7 the individual's spouse under a decree of divorce or
8 of separate maintenance shall not be considered as
9 married.
- 10 (4) Certain married individuals living apart. If:
- 11 (A) An individual who is married and who files a
12 separate return:
- 13 (i) Maintains as the individual's home a
14 household that constitutes for more than
15 one-half of the taxable year the principal
16 place of abode of a qualifying individual,
17 and
- 18 (ii) Furnishes over half of the cost of
19 maintaining the household during the taxable
20 year, and



1 (B) During the last six months of the taxable year
2 the individual's spouse is not a member of the
3 household,

4 the individual shall not be considered as married.

5 (5) Special dependency test in case of divorced parents,
6 etc. If:

7 (A) Paragraph (2) or (4) of section 152(e) of the
8 Internal Revenue Code of 1986, as amended,
9 applies to any child with respect to any calendar
10 year, and

11 (B) The child is under age thirteen or is physically
12 or mentally incompetent of caring for the child's
13 self,

14 in the case of any taxable year beginning in the
15 calendar year, the child shall be treated as a
16 qualifying individual described in subsection
17 (b)(1)(A) or (B) (whichever is appropriate) with
18 respect to the custodial parent (within the meaning of
19 section 152(e)(1) of the Internal Revenue Code of
20 1986, as amended), and shall not be treated as a
21 qualifying individual with respect to the noncustodial
22 parent.



1 (6) Payments to related individuals. No credit shall be
2 allowed under subsection (a) for any amount paid by
3 the taxpayer to an individual:

4 (A) With respect to whom, for the taxable year, a
5 deduction under section 151(c) of the Internal
6 Revenue Code of 1986, as amended (relating to
7 deduction for personal exemptions for dependents)
8 is allowable either to the taxpayer or the
9 taxpayer's spouse, or

10 (B) Who is a child of the taxpayer (within the
11 meaning of section [~~151(e)(3)~~] 152(f)(1) of the
12 Internal Revenue Code of 1986, as amended) who
13 has not attained the age of nineteen at the close
14 of the taxable year.

15 For purposes of this paragraph, the term "taxable
16 year" means the taxable year of the taxpayer in which
17 the service is performed.

18 (7) Student. The term "student" means an individual who,
19 during each of five calendar months during the taxable
20 year, is a full-time student at an educational
21 organization.



1 (8) Educational organization. The term "educational
2 organization" means a school operated by the
3 department of education under chapter 302A, an
4 educational organization described in section
5 170(b)(1)(A)(ii) of the Internal Revenue Code of 1986,
6 as amended, or a university, college, or community
7 college.

8 (9) Identifying information required with respect to
9 service provider. No credit shall be allowed under
10 subsection (a) for any amount paid to any person
11 unless:

12 (A) The name, address, taxpayer identification
13 number, and general excise tax license number of
14 the person are included on the return claiming
15 the credit,

16 (B) If the person is located outside the State, the
17 name, address, and taxpayer identification
18 number, if any, of the person and a statement
19 indicating that the service provider is located
20 outside the State and that the general excise tax
21 license and, if applicable, the taxpayer
22 identification numbers are not required, or



1 (C) If the person is an organization described in
2 section 501(c)(3) of the Internal Revenue Code
3 and exempt from tax under section 501(a) of the
4 Internal Revenue Code, the name and address of
5 the person are included on the return claiming
6 the credit.

7 In the case of a failure to provide the information
8 required under the preceding sentence, the preceding
9 sentence shall not apply if it is shown that the
10 taxpayer exercised due diligence in attempting to
11 provide the information so required."

12 SECTION 6. Section 235-55.91, Hawaii Revised Statutes, is
13 amended by amending subsection (e) to read as follows:

14 (e) The following wages paid to vocational rehabilitation
15 referrals are ineligible to be claimed by the employer for this
16 credit:

17 (1) No wages shall be taken into account under this
18 section with respect to a vocational rehabilitation
19 referral who:

20 (A) Bears any of the relationships described in
21 section [~~152(a)(1) to (8)~~] 152(a) of the Internal



1 Revenue Code to the taxpayer, or, if the taxpayer
2 is a corporation, to an individual who owns,
3 directly or indirectly, more than fifty per cent
4 in value of the outstanding stock of the
5 corporation (determined with the application of
6 section 267(c) of the Internal Revenue Code);

7 (B) If the taxpayer is an estate or trust, is a
8 grantor, beneficiary, or fiduciary of the estate
9 or trust, or is an individual who bears any of
10 the relationships described in section [~~152(a)(1)~~
11 ~~to (8)~~] 152(a) of the Internal Revenue Code to a
12 grantor, beneficiary, or fiduciary of the estate
13 or trust; or

14 (C) Is a dependent (described in section [~~152(a)(9)~~
15 152(d)(2)(H) of the Internal Revenue Code) of the
16 taxpayer, or, if the taxpayer is a corporation,
17 of an individual described in subparagraph (A),
18 or, if the taxpayer is an estate or trust, of a
19 grantor, beneficiary, or fiduciary of the estate
20 or trust.

21 (2) No wages shall be taken into account under this
22 section with respect to any vocational rehabilitation



1 referral if, prior to the hiring date of the
2 individual, the individual had been employed by the
3 employer at any time during which the individual was
4 not a vocational rehabilitation referral.

5 (3) No wages shall be taken into account under this
6 section with respect to any vocational rehabilitation
7 referral unless such individual either:

8 (A) Is employed by the employer at least ninety days;
9 or

10 (B) Has completed at least one hundred-twenty hours
11 of services performed for the employer."

12 SECTION 7. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 8. This Act shall take effect on July 1, 2020.



Report Title:

Income Tax; Conformity to the Internal Revenue Code for 2008

Description:

Conforms amendments to the Hawaii income tax law based upon amendments to the Internal Revenue Code for calendar year 2008.
(HB1153 HD2)

