
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-71, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) In the case of a real estate investment trust there
4 is imposed on the taxable income, computed [~~as provided in~~
5 ~~sections 857 and 858~~] prior to the adjustments provided by
6 section 857(b)(2) of the Internal Revenue Code [~~but~~] and with
7 the changes and adjustments made by this chapter [~~(without~~
8 ~~prejudice to the generality of the foregoing, the deduction for~~
9 ~~dividends paid is limited to such amount of dividends as is~~
10 ~~attributable to income taxable under this chapter)]], a tax
11 consisting in the sum of the following: 4.4 per cent if the
12 taxable income is not over \$25,000, 5.4 per cent if over \$25,000
13 but not over \$100,000, and on all over \$100,000, 6.4 per cent.
14 [~~In addition to any other penalty provided by law any real~~
15 ~~estate investment trust whose tax liability for any taxable year~~
16 ~~is deemed to be increased pursuant to section 859(b)(2)(A) or~~
17 ~~860(e)(1)(A) after December 31, 1978, (relating to interest and~~
18 ~~additions to tax determined with respect to the amount of the~~~~



1 ~~deduction for deficiency dividends allowed) of the Internal~~
2 ~~Revenue Code shall pay a penalty in an amount equal to the~~
3 ~~amount of interest for which such trust is liable that is~~
4 ~~attributable solely to such increase. The penalty payable under~~
5 ~~this subsection with respect to any determination shall not~~
6 ~~exceed one half of the amount of the deduction allowed by~~
7 ~~section 859(a), or 860(a) after December 31, 1978, of the~~
8 ~~Internal Revenue Code for such taxable year.] "~~

9 SECTION 2. This Act does not affect rights and duties that
10 matured, penalties that were incurred, and proceedings that were
11 begun before its effective date.

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act, upon its approval, shall apply to
15 taxable years beginning after December 31, 2013.

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INTRODUCED BY:

James M. C. [Signature]
Colin H. [Signature]
JAN 16 2014



H.B. NO. 1726

Report Title:

Corporation Income Tax; Real Estate Investment Trusts

Description:

Amends the corporation income tax by taxing real estate investment trusts without regard to the federal deduction for dividends paid.

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