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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. Section 231-39, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3           "(b) There shall be added to and become a part of the tax  
4 imposed by [~~such~~] the respective tax or revenue law, and  
5 collected as such:

6           (1) Failure to file tax return. In case of failure to  
7 file any tax return required to be filed on the date  
8 prescribed therefor (determined with regard to any  
9 extension of time for filing), unless it is shown that  
10 the failure is due to reasonable cause and not due to  
11 neglect, there shall be added to the amount required  
12 to be shown as tax on the return five per cent of the  
13 amount of the tax if the failure is for not more than  
14 one month, with an additional five per cent for each  
15 additional month or fraction thereof during which the  
16 failure continues, not exceeding twenty-five per cent  
17 in the aggregate. For purposes of this paragraph, the



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1 amount of tax required to be shown on the return shall  
2 be reduced by the amount of any part of the tax which  
3 is paid on or before the date prescribed for payment  
4 of the tax and by the amount of any credit against the  
5 tax which may be claimed upon the return. This  
6 paragraph shall not apply to any failure to file a  
7 declaration of estimated tax required by section 235-  
8 97.

9 (2) Failure to pay tax.

10 (A) If any part of any underpayment is due to  
11 negligence or intentional disregard of rules (but  
12 without intent to defraud), there shall be added  
13 to the tax an amount up to twenty-five per cent  
14 of the underpayment as determined by the  
15 director.

16 (B) If any part of any underpayment of tax required  
17 to be shown on a return is due to fraud, there  
18 shall be added to the tax an amount up to fifty  
19 per cent of the underpayment as determined by the  
20 director.



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- 1 (C) If any penalty is assessed under subparagraph (B)  
2 (relating to fraud) for an underpayment of tax  
3 which is required to be shown on a return, no  
4 penalty under paragraph (1) (relating to failure  
5 to file the return) shall be assessed with  
6 respect to the same underpayment.
- 7 (3) Failure to pay tax after filing timely returns. If a  
8 return is filed on or before the date prescribed  
9 therefor and the amount shown as tax on the return is  
10 not completely paid within sixty days of the  
11 prescribed filing date, there shall be added to the  
12 unpaid tax an amount up to twenty per cent as  
13 determined by the director.
- 14 (4) Interest on underpayment or nonpayment of tax.
- 15 (A) If any amount of tax is not paid on or before the  
16 last date prescribed for payment, interest on  
17 such amount at the rate of two-thirds of one per  
18 cent a month or fraction of a month shall be paid  
19 for the period beginning with the first calendar  
20 day after the date prescribed for payment,



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1 section 231-21 to the contrary notwithstanding,  
2 to the date paid.

3 (B) If the amount of any tax is reduced by reason of  
4 a carryback of a net operating loss allowed under  
5 chapter 235, such reduction in tax shall not  
6 affect the computation of interest under this  
7 paragraph for the period ending with the last day  
8 of the taxable year in which the net operating  
9 loss arises.

10 (C) Interest prescribed under this paragraph on any  
11 tax shall be paid upon notice and demand, and  
12 shall be assessed, collected, and paid in the  
13 same manner as taxes.

14 (D) No interest under this paragraph shall be imposed  
15 on interest provided by this paragraph.

16 (E) If any portion of a tax is satisfied by credit of  
17 any overpayment, then no interest shall be  
18 imposed under this paragraph on the portion of  
19 the tax so satisfied for any period during which,  
20 if the credit had not been made, interest would



1                   have been allowable with respect to the  
2                   overpayment.

3                   (F) Interest prescribed under this paragraph on any  
4                   tax may be assessed and collected at any time  
5                   during the period within which the tax to which  
6                   the interest relates may be collected.

7                   (G) This paragraph shall not apply to any failure to  
8                   pay estimated tax required by section 235-97.

9 Any penalty or interest assessed under this section shall be  
10 accompanied by an explanation, including calculations, of how  
11 the amount of the penalty or interest was determined."

12                 SECTION 2. Section 237-30, Hawaii Revised Statutes, is  
13 amended by amending subsections (a) and (b) to read as follows:

14                 "(a) The taxes levied hereunder shall be payable in  
15 monthly installments on or before the [~~twentieth~~] last day of  
16 the calendar month following the month in which they accrue.  
17 The taxpayer, on or before the [~~twentieth~~] last day of the  
18 calendar month following the month in which the taxes accrue,  
19 shall make out and sign a return of the installment of tax for  
20 which the taxpayer is liable for the preceding month and  
21 transmit the same, together with a remittance, in the form



1 required by section 237-31, for the amount of the tax, to the  
2 office of the department of taxation in the appropriate district  
3 hereinafter designated.

4 (b) Notwithstanding subsection (a), the director of  
5 taxation, for good cause, may permit a taxpayer to file the  
6 taxpayer's return required under this section and make payments  
7 thereon:

8 (1) On a quarterly basis during the calendar or fiscal  
9 year, the return and payment to be made on or before  
10 the [~~twentieth~~] last day of the calendar month after  
11 the close of each quarter, to wit: for calendar year  
12 taxpayers, on or before April [~~20,~~] 30, July [~~20,~~] 31,  
13 October [~~20,~~] 31, and January [~~20~~] 31 or, for fiscal  
14 year taxpayers, on or before the [~~twentieth~~] last day  
15 of the fourth month, seventh month, and tenth month  
16 following the beginning of the fiscal year and on or  
17 before the [~~twentieth~~] last day of the month following  
18 the close of the fiscal year; provided that the  
19 director is satisfied that the grant of the permit  
20 will not unduly jeopardize the collection of the taxes  
21 due thereon and the taxpayer's total tax liability for



1           the calendar or fiscal year under this chapter will  
2           not exceed \$4,000; or  
3           (2) On a semiannual basis during the calendar or fiscal  
4           year, the return and payment to be made on or before  
5           the [~~twentieth~~] last day of the calendar month after  
6           the close of each six-month period, to wit: for  
7           calendar year taxpayers, on July [~~20~~] 31 and January  
8           [~~20~~] 31 or, for fiscal year taxpayers, on or before  
9           the [~~twentieth~~] last day of the seventh month  
10          following the beginning of the fiscal year and on or  
11          before the last day of the month following the close  
12          of the fiscal year; provided that the director is  
13          satisfied that the grant of the permit will not unduly  
14          jeopardize the collection of the taxes due thereon and  
15          the taxpayer's total tax liability for the calendar or  
16          fiscal year under this chapter will not exceed \$2,000.

17          The director, for good cause, may permit a taxpayer to make  
18          monthly payments based on the taxpayer's estimated quarterly or  
19          semiannual liability, provided the taxpayer files a  
20          reconciliation return at the end of each quarter or at the end



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1 of each six-month period during the calendar or fiscal year, as  
2 provided in this section."

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

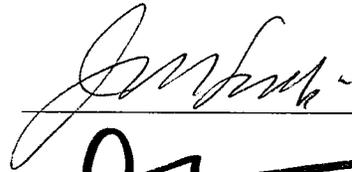
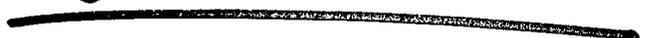
5 SECTION 4. This Act shall take effect upon its approval;  
6 provided that:

7 (1) Section 1 shall apply to interest payments made on or  
8 after January 1, 2018; and

9 (2) Section 2 shall apply to returns and payments due on  
10 or after July 1, 2017.

11

INTRODUCED BY:

JAN 19 2017



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**Report Title:**

Tax Administration; Penalties and Interest; General Excise Tax; Monthly, Quarterly, or Semiannual Returns; Payments

**Description:**

Requires any assessment of penalty or interest on taxes to be accompanied by an explanation, including calculations, of how the amount of the penalty or interest was determined. Amends the date of filing of monthly, quarterly, and semiannual general excise tax returns from the 20th day of the respective applicable month to the last day of the month.

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

