
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- Hiring an elderly individual; income tax credit.

5 (a) There shall be allowed to each taxpayer subject to the tax
6 imposed by this chapter, a credit for the hiring of an elderly
7 individual, which shall be deductible from the taxpayer's net
8 income tax liability, if any, imposed by this chapter for the
9 taxable year in which the credit is properly claimed.

10 (b) The amount of the credit shall be equal to fifty per
11 cent of the qualified wages for the first six months after the
12 elderly individual is initially hired. A tax credit that
13 exceeds the taxpayer's income tax liability may be used as a
14 credit against the taxpayer's income tax liability in subsequent
15 years until exhausted; provided that in no taxable year shall:

16 (1) The total amount of the tax credit claimed under this
17 section exceed \$ per taxpayer; and



1 (2) Any amounts upon which any other tax credit or
2 deduction is claimed under this chapter be qualified
3 wages for purposes of this section.

4 (c) The following wages paid to an elderly individual are
5 ineligible to be claimed by the employer for this credit:

6 (1) No wages shall be taken into account under this
7 section with respect to an elderly individual who:

8 (A) Bears any of the relationships described in
9 section 152(d) (2) (A) through (G) of the Internal
10 Revenue Code to the taxpayer, or, if the taxpayer
11 is a corporation, to an individual who owns,
12 directly or indirectly, more than fifty per cent
13 in value of the outstanding stock of the
14 corporation (determined with the application of
15 section 267(c) of the Internal Revenue Code);

16 (B) If the taxpayer is an estate or trust, is a
17 grantor, beneficiary, or fiduciary of the estate
18 or trust, or is an individual who bears any of
19 the relationships described in section
20 152(d) (2) (A) through (G) of the Internal Revenue



1 Code to a grantor, beneficiary, or fiduciary of
2 the estate or trust; or

3 (C) Is a dependent (described in section 152(d)(2)(H)
4 of the Internal Revenue Code) of the taxpayer,
5 or, if the taxpayer is an estate or trust, of a
6 grantor, beneficiary, or fiduciary of the estate
7 or trust; and

8 (2) No wages shall be taken into account under this
9 section with respect to any elderly individual if,
10 prior to the day the individual is hired by the
11 employer, the individual had been employed by the
12 employer at any time.

13 (d) In the case of a successor employer referred to in
14 section 3306(b)(1) of the Internal Revenue Code, the
15 determination of the amount of the tax credit allowable under
16 this section with respect to wages paid by the successor
17 employer shall be made in the same manner as if the wages were
18 paid by the predecessor employer referred to in section
19 3306(b)(1) of the Internal Revenue Code; provided that only the
20 final successor employer that employed the elderly individual
21 during the taxable year may claim the credit; provided further



1 that the credit shall not be claimed more than one time for the
2 same employee in any year.

3 (e) Claims for the tax credit under this section,
4 including any amended claims, shall be filed on or before the
5 end of the twelfth month following the taxable year for which
6 the credit may be claimed. Failure to comply with the foregoing
7 provision shall constitute a waiver of the right to claim the
8 tax credit.

9 (f) The director of taxation:

10 (1) Shall prepare any forms necessary to claim a credit
11 under this section;

12 (2) May require a taxpayer to furnish reasonable
13 information to ascertain the validity of a claim for
14 credit; and

15 (3) May adopt rules pursuant to chapter 91 to effectuate
16 the purposes of this section.

17 (g) For purposes of this section:

18 "Elderly individual" means an individual who is sixty years
19 of age or older.



1 "Qualified wages" means wages attributable to work rendered
2 by an elderly individual for the six-month period after the
3 individual is initially hired.

4 "Wages" means wages, commissions, fees, salaries, bonuses,
5 and every and all other kinds of remuneration for, or
6 compensation attributable to, services performed by an employee
7 for the employee's employer, including the cash value of all
8 remuneration paid in any medium other than cash and the cost-of-
9 living allowances and other payments included in gross income by
10 section 235-7(b), but excluding income excluded from gross
11 income by section 235-7 or other provisions of this chapter."

12 SECTION 2. New statutory material is underscored.

13 SECTION 3. This Act shall take effect upon its approval
14 and shall apply to taxable years beginning after December 31,
15 2018.

16



Report Title:

Hawaii State Association of Counties Package; Taxation; Income
Tax Credit; Elderly

Description:

Provides a taxpayer who hires an elderly individual a
nonrefundable tax credit for the 6-month period after the
individual is initially hired by the taxpayer. Applies to
taxable years beginning after 12/31/2018. (SD1)

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