

A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§235- Tips; tax deduction. (a) There shall be allowed as a deduction from gross income the amount equal to the tips received during the taxable year that are included on the tipped employee's statements furnished to the employer for purpose of the Federal Insurance Contribution Act, 26 United States Code section 3102.

(b) The director of taxation shall prepare such forms as may be necessary to claim a tax deduction under this section, may require proof of the claim for the tax deduction and adopt rules pursuant to chapter 91.

(c) For the purposes of this section, "Tips" means gratuities or voluntary monetary contributions received by an employee from a guest, patron, or customer and that the employee reports to the employer for purposes of the



1 Federal Insurance Contribution Act, 26 United States Code
2 section 3102.

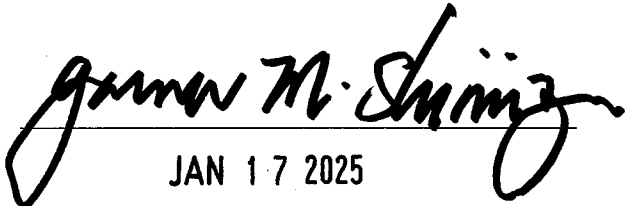
3 "Tipped employee" means an employee working in an
4 occupation in which the employee receives more than \$30 a month
5 in gratuities."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act, upon its approval, shall apply to
8 taxable years beginning after December 31, 2025.

9

INTRODUCED BY:


JAN 17 2025



H.B. NO. 567

Report Title:

Income Tax Deduction; Tips; Tipped Employees; Tax Liability

Description:

Provides an income tax deduction for tips received by tipped employees.

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