
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 231-23, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) This subsection shall apply to a refund for an
4 overpayment of a tax:

5 (1) If the tax return as filed by a taxpayer shows the
6 amount already paid exceeds the amount determined to
7 be the correct amount of the tax due, whether or not
8 the tax was paid by installments, and the taxpayer
9 requests a refund of the overpayment, the amount of
10 the overpayment shall be refunded in the manner
11 provided in subsection (c) within ninety days of the
12 due date of the tax return or the date the tax return
13 is filed, whichever is later; provided that interest
14 on the overpayment shall be paid:

15 (A) To the taxpayer if the amount overpaid is not
16 refunded within ninety days; and



(B) At the rate [~~of one-third of one per cent~~] set by title 26 United States Code section 6621(a)(1) applicable to the first day of January for each year of the refund amount [~~for each month or fraction thereof~~] compounded daily after the ninety-day period, until the refund and any applicable interest is paid to the taxpayer;

(2) If any overpayment of taxes results or arises from:

(A) The taxpayer filing an amended return; or

(B) A determination made by the director; and

the overpayment is not shown on the original return as filed by the taxpayer, the amount overpaid shall be refunded to the taxpayer within ninety days from the due date of the original return or the date the overpayment is discovered under subparagraphs (A) or (B), whichever occurred later; provided that interest shall be paid to the taxpayer if the amount overpaid is not refunded within ninety days and at the rate [~~of one-third of one per cent~~] set by title 26 United States Code section 6621(a)(1) applicable to the first day of January for each year of the refund amount [~~for~~



1 ~~each month or fraction thereof]~~ compounded daily after
2 the ninety-day period, until the refund and any
3 applicable interest is paid to the taxpayer;

4 (3) For purposes of a net income tax return, if any
5 overpayment of any taxes results from a carryback of a
6 net operating loss, the overpayment shall be deemed to
7 have been made at the close of the taxable year in
8 which the net operating loss arises. To the extent
9 that the carryback of net operating loss results in
10 reducing the amount of underpayment of taxes for prior
11 taxable year or years, interest that would be
12 chargeable because of the underpayment shall not be
13 applicable with respect to that amount or amounts that
14 are carried back; and

15 (4) In the case of credit, interest shall be paid in the
16 same manner as paragraph (1)."

17 SECTION 2. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 3. This Act shall take effect on July 1, 2050, and
20 shall apply to taxable years beginning after December 31, 2024.



S.B. NO. 430 S.D. 1

Report Title:

Income Tax; Refund

Description:

Requires the Department of Taxation to provide refunds to taxpayers at the same interest rate as the federal government. Effective 7/1/2025. (SD1)

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