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S.B. NO. 1220

A Bill for an Act Relating to Estimated Tax Payments.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 235-97, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

- “(a) (1) Individuals [and], corporations[, but not] (including S corporations), estates [or, and] trusts, shall annually furnish the department of taxation with a declaration of estimated tax for the current taxable year. Declarations of estimated tax [shall], except as otherwise provided by [regulation,] rule, shall be governed by the provisions as to returns contained in sections 235-94, 235-98, [and] 235-99[.], and 235-128. The declara-

tions shall be made on estimated tax payment voucher forms. The [declaration] payment voucher shall be filed, in the case of individuals, estates, and trusts on the calendar year basis on or before April 20, and in the case of corporations on the calendar year basis on or before September 20. In the case of a husband and wife who are entitled to [make] submit a joint [declaration] payment voucher for federal purposes, a single [declaration] payment voucher may be [made] submitted by them jointly, in which case the liability with respect to the estimated tax shall be joint and several; if a joint [declaration] payment voucher is [made] submitted but a joint income tax return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

- (2) Each individual, estate, and trust shall transmit, with [the individual's declaration,] the payment voucher, payment of one-quarter of the estimated tax for the current taxable year. In determining this quarterly payment and all other installments, there first shall be deducted from the total estimated tax the amount of estimated tax withholding or collection at source for the taxable year. Thereafter, on the twentieth day of June and September, the individual, estate, and trust shall [pay] transmit with the payment voucher, payment of one-quarter of the estimated tax. The fourth quarter payment of the estimated tax shall be [paid] transmitted with the payment voucher by January 20 of the year following the taxable year for which the estimate was made.
- (3) Each corporation shall transmit, with its [declaration,] payment voucher, payment of one-half of the estimated tax for the current taxable year. The second half payment of the estimated tax shall be [paid] transmitted with the payment voucher by January 20 of the year following the taxable year for which the estimate was made.
- (4) Individuals [and], corporations, estates, and trusts operating on a fiscal year basis shall make similar estimates and tax payments, on or before the twentieth day of the fourth month of the fiscal year in the case of individuals, estates, and trusts and the ninth month of the fiscal year in the case of corporations, and periodically thereafter so as to conform to the payments and returns required in the case of those on a calendar year basis.
- (5) The department [may] by [regulation] rule may excuse individuals from filing an estimate in those cases where the gross income and exemptions are such that no tax is expected to accrue under this chapter, or are such that substantially all the tax will be collected through tax withholding or at the source[, or are such that the total estimated tax is less than \$40 after deducting the total estimated credits allowed].
- (6) In the case of a foreign corporation, the department may excuse the filing of an estimate and the payment of estimated tax if it is satisfied that less than fifteen per cent of the corporation's business for the taxable year will be attributable to the State. For the purposes of this paragraph, fifteen per cent of a

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corporation's business shall be deemed attributable to the State if fifteen per cent or more of the entire gross income of the corporation (which for the purposes of this paragraph means gross income computed without regard to source in the State) is attributable to the State under [section 235-5 and the sections 235-21 to 235-39 or other provisions of this chapter [attributable to the State].

- (7) In the case of [a] an individual, estate, trust, or domestic corporation whose tax liability is less than [\$40, the department may excuse] \$100, the filing of an estimate and the payment of estimated tax[.] shall not be required.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1991.

(Approved April 17, 1991.)