

A Bill for an Act Relating to Reporting Gross Income Changes to the Department of Taxation.

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

SECTION 1. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§237- Federal assessments; adjustments of gross income or gross proceeds of sale; report to the department. (a) Any person required to report to the department by section 235-101(b), also shall report to the department any change, correction, adjustment, or recomputation of gross income or gross proceeds of sale subject to the tax imposed by this chapter. This report shall be made in the form of a return amending the person’s gross income or gross proceeds of sale as previously reported on a return filed with the department for the taxable year. If no return has been filed with the department for the taxable year, a return shall be filed and shall take into account any change, correction, adjustment, or recomputation of gross income or gross proceeds of sale.

(b) Any return or amended return required by this section shall be filed with the department within ninety days after the change, correction, adjustment, or recomputation is finally determined or an amended return is filed with the Internal Revenue Service. The return or amended return shall be accompanied by a copy of the document issued by the United States notifying the taxpayer of the change, correction, adjustment, or recomputation.

(c) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report required by this section shall not expire before the expiration of one year from the date the department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report as provided in subsection (a). Before the expiration of this one-year period, the department and the taxpayer may agree, in writing, to the extension of this period. The period so agreed upon may be further extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.”

SECTION 2. Chapter 237D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§237D- Federal assessments; adjustments of gross rental or gross rental proceeds; report to the department. (a) Any person required to report to the department by section 235-101(b), also shall report to the department any change, correction, adjustment, or recomputation of gross rental or gross rental proceeds subject to the tax imposed by this chapter. This report shall be made in the form of a return amending the person’s gross rental or gross rental proceeds as previously reported on a return filed with the department for the taxable year. If no return has been filed with the department for the taxable year, a return shall be filed and shall take into account any change, correction, adjustment, or recomputation of gross rental or gross rental proceeds.

(b) Any return or amended return required by this section shall be filed with the department within ninety days after the change, correction, adjustment, or recomputation is finally determined or an amended return is filed with the Internal Revenue Service. The return or amended return shall be accompanied by a copy of the document issued by the United States notifying the taxpayer of the change, correction, adjustment, or recomputation.

(c) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report required by this section shall not expire before the expiration of one year from the date the department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report as provided in subsection (a). Before the expiration of this one-year period, the department and the taxpayer may agree, in writing, to the extension of this period. The period so agreed upon may be further extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.”

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on January 1, 1994.

(Approved April 15, 1993.)

Note

1. Edited pursuant to HRS §23G-16.5.