

ACT 14

S.B. NO. 1396

A Bill for an Act Relating to the Administration of Taxes.

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

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

“(f) In the case of any underpayment of estimated tax, except as provided by this subsection, there shall be added to the tax for the taxable year an amount determined at the rate of two-thirds of one per cent a month or fraction of a month upon the amount of the underpayment for the period of the underpayment.

- (1) The amount of the underpayment shall be the excess of:
 - (A) The required installment, over
 - (B) The amount, if any, of the installment paid on or before the due date for the installment.
- (2) The period of the underpayment shall run from the due date for the installment to whichever of the following dates is the earlier:
 - (A) The twentieth day of the fourth month following the close of the taxable year, or
 - (B) With respect to any portion of the underpayment, the date on which the portion is paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall be credited against unpaid required installments in the order in which the installments are required to be paid.
- (3) For the purposes of this section, the term “tax” means the tax imposed under this chapter reduced by any credits available to the taxpayer other than the credit for amounts withheld from the taxpayer’s wages or taxes withheld at the source, if any, or estimated tax payments or payments remitted with extension requests for the taxable year.
- (4) Sections 6654(d), (e)(2), (e)(3), (h), (i), (j), (k), and (l), (with respect to failure by an individual to pay estimated income tax), and 6655(d), (e), (g)(2), (g)(3), (g)(4), and (i) (with respect to failure by a corporation to pay estimated income tax) of the Internal Revenue Code, as of the date set forth in section 235-2.3(a), shall be operative for the purposes of this section; provided that the due dates contained in any of the preceding Internal Revenue Code sections shall be deemed to be the

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twentieth day of the applicable month; and provided further that, for purposes of this chapter in applying section 6654(d), [~~if the adjusted gross income shown on the return of the individual for the preceding taxable year exceeds \$50,000;~~] the required annual payment shall be the lesser of sixty per cent of the tax shown on the return for the taxable year (or, if no return is filed, sixty per cent of the tax for the taxable year) or [~~one hundred ten~~] **one hundred** per cent of the tax shown on the return of the individual for the preceding taxable year.”

SECTION 2. Section 235-98, Hawaii Revised Statutes, is amended to read as follows:

“§235-98 Returns; form, verification and authentication, time of filing. Returns shall be in such form as the department of taxation may prescribe from time to time and shall be verified by written declarations that the statements therein made are subject to the penalties prescribed in section 231-36. Corporate returns shall be authenticated by the signature of the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other officer duly authorized so to act, under the penalties prescribed by section 231-36. The fact that an individual’s name is signed on the corporation return shall be prima facie evidence that the individual is authorized to sign the return on behalf of the corporation.

The department may grant a reasonable extension of time for filing returns under such rules [~~and regulations~~] as it shall prescribe. Except [~~in the case~~] as otherwise provided by statute for cases in which exceptional circumstances require additional time, including cases of persons who are outside the United States, no extension of time for filing returns shall be for more than six months[-] in order to expedite the timely determination of tax liability and the timely remission of taxes.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2002.

(Approved April 16, 2003.)