

DEPARTMENT OF TAXATION

Amendments to Chapter 18-237,
Hawaii Administrative Rules

Effective: April 20, 2019

SUMMARY

1. New §18-237-29.57-01 is added.

§18-237-29.57-01 Exemption for intangible property used outside the State. (a) If intangible property is used both in and outside of the State, all of the value or gross proceeds will be subject to general excise tax in proportion to the benefit received in the State. Any reasonable method of apportioning all of the value or gross income may be used; provided that the method is consistently used by the taxpayer and supported by verifiable data that reasonably quantifies the proportionate benefit received in the State.

(b) If the customer is a business and the intangible property is acquired by the customer for use in the customer's business activities, the intangible property is used where the business activities occur.

(c) If the customer is a business and the intangible property is not acquired by the customer for use in the customer's business activities, the intangible property is used where the customer's principal place of business is located;

(d) If the customer is an individual, the intangible property is used where the individual resides;

(e) If the customer is the military or federal, state, or local government, the intangible property is used where the benefit of the intangible property is received.

(f) For purposes of this section, "business activities" means the transactions and activities engaged in the regular course of trade or business for the ultimate purpose of obtaining gains or profits, or if the business is a tax-exempt organization, also includes the transactions and activities that further the exempt purpose of the organization. [Eff 04/20/2019] (Auth: HRS §§ 231-3(9), 237-8) (Imp: HRS §237-29.57)

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Chapter 18-237, Hawaii Administrative Rules, on the Summary Page dated April 20, 2019, was adopted on April 10, 2019, following public hearing held on December 10, 2018 after public notice was given in the Honolulu Star Advertiser, the Garden Isle, the Maui News, West Hawaii Today, and the Hawaii Tribune-Herald on November 9, 2018.

These amendments to chapter 18-237 shall take effect ten days after filing with the Office of the Lieutenant Governor.

/s/Linda Chu Takayama/s/
LINDA CHU TAKAYAMA
Director of Taxation

APPROVED:

/s/David Y. Ige/s/
DAVID Y. IGE
Governor
State of Hawaii

Dated: 04-10-2019

APPROVED AS TO FORM:

/s/Cynthia Johiro/s/
Deputy Attorney General

April 19, 2019
Filed