



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

P.O. BOX 259  
HONOLULU, HAWAII 96809

April 17, 1989

# TAX INFORMATION RELEASE


No. 89-1

RE: Conveyance Tax on Certain Time Share Conveyances

This Tax Information Release (TIR) is intended to respond to questions and concerns relating to the application of chapter 247, Hawaii Revised Statutes, the Conveyance Tax Law, to time share ownership and time share use plans. The TIR clarifies a 1978 determination that the conveyance tax does not apply to time share conveyances. At the time of the 1978 determination, popular time share activities included (1) vacation leases, (2) vacation licenses, and (3) club membership plans. All three plans appeared as lease arrangements with terms under a five-year period. Since the lease was for a term of less than five years, the conveyance tax did not apply to these plans. Other forms of time sharing were unknown or undeveloped at that time.

Since then, time sharing has evolved to include time share ownership. It involves both fee ownership as well as long-term leasehold interests of five or more years. These forms of time sharing are subject to the conveyance tax.

Effective July 1, 1989, time share conveyances deemed subject to the conveyance tax as set forth in this TIR which are filed with the Bureau of Conveyances after June 30, 1989, no matter when entered into, shall be subject to the conveyance tax. In view of the change in the time share industry as outlined, good faith reliance on the Department's 1978 determination regarding the application of the conveyance tax on time share transactions, and in order to give the industries involved time to prepare for the application of the conveyance tax on time share transactions, time share conveyances filed with the Bureau of Conveyances prior to July 1, 1989, shall not be subject to the conveyance tax. Time share use plans will continue to be excluded from the conveyance tax so long as the lease terms are for less than a five-year period.

  
RICHARD F. KAHLE, JR.  
Director of Taxation