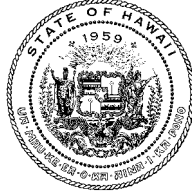


BENJAMIN J. CAYETANO
GOVERNOR

MAZIE HIRONO
LT. GOVERNOR



RAY K. KAMIKAWA
DIRECTOR OF TAXATION

NEAL MIYAHIRA
DEPUTY DIRECTOR

Tel: (808) 587-1540
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STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

January 5, 1999

TAX INFORMATION RELEASE NO. 99-1

RE: Filing of Tax Returns Required by Taxpayers Who Pay Taxes by Electronic Funds Transfer (EFT)

The payment of taxes by EFT is mandatory for every taxpayer whose tax liability for any one taxable year exceeds \$100,000 for those taxes currently required to be filed by EFT who files a tax return for any tax, including consolidated filers. Hawaii Revised Statutes (HRS) § 231-9.9, Hawaii Administrative Rules (HAR) § 18-231-9.9-01. EFT is currently required for the following taxes: (i) General Excise and Use; (ii) Withholding; (iii) Transient Accommodations; and/or (iv) Rental Motor Vehicle and Tour Vehicle Surcharge.

A taxpayer who is not required to remit taxes by EFT may voluntarily participate in the EFT program with the approval of the Department of Taxation (Department).

A taxpayer who is required to pay or elects to pay by EFT who fails to remit taxes by one of the means of EFT transfer approved by the Department on or before the due date will be subject to a penalty of two per cent of the amount of the tax due unless the failure is due to reasonable cause and not neglect. In addition, penalties prescribed by HRS § 231-39 for failure to file tax returns and pay taxes are applicable. Moreover, interest is applicable on the underpayment or nonpayment of taxes. HRS § 231-9.9(c).

Even if the taxes are paid by EFT, the taxpayer must file periodic and annual returns in the same manner as if the taxpayer was not in the EFT program. HAR § 18-231-9.9-08(a). The required tax returns should be completed as usual, except that the "Amount of Remittance" line should be left blank. Signed tax returns must be filed on or before the due date. The timely mailing of the returns is treated as timely filing. In order to be timely mailed, the returns must bear a United States Postal Service postmark which is dated on or before the due date or the records of the designated private delivery service (i.e., designated by the Internal Revenue Service) must establish that the returns were given to the designated private delivery service on or before the due date.¹ HRS § 231-8.

¹ Effective September 1, 1998, the designated private delivery services are: (1) Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and

FORM
EFT-1
(REV. 1998)

STATE OF HAWAII-DEPARTMENT OF TAXATION
**AUTHORIZATION AGREEMENT FOR
ELECTRONIC FUNDS TRANSFER (EFT)**

Please Type or Print

PART I — Must be Completed by All EFT Participants

Taxpayer's Name	Hawaii Identification Number _____
DBA Name	
Address (Number and Street)	
City or town, State, and ZIP code	Federal Employer's Identification Number _____
Contact Person	
Telephone Number	

Tax Type (check types):

General Excise and Use Withholding Transient Accommodations Rental Motor Vehicle and Tour Vehicle Surcharge

Part II — Must be Completed for Participants Using the ACH Debit Method

Bank Information for ACH Debit

Account Name	Account Number _____
Bank Name	(Not to exceed 17 digits)
Branch Name	Transfer/Routing Number _____
	(Requires 9 digits)

Reminder: Attach voided check

The Hawaii Department of Taxation is hereby authorized to present debit entries which I or my authorized agent originates to the bank account identified above and the bank is authorized to debit such account for the tax(es) identified above. The authority is to remain in full force until EFT payments are no longer required by statute or, if I am a voluntary participant, until the Hawaii Department of Taxation and I mutually agree to terminate my participation in the EFT program.

Signature of Owner, Partner or Member, Fiduciary, or Officer

Title: Owner, Partner or Member, Fiduciary, or Officer

Date

Part III — Request for Approval to Use ACH Credit Method

The Hawaii Department of Taxation is hereby requested to grant approval for the above named taxpayer to initiate ACH Credit transactions to the State of Hawaii's bank account. These payments must be in the NACHA CCD+ format using the Tax Payment Convention (TXP). The authority is to remain in effect until EFT payments are no longer required by statute, until I am notified in writing that the Hawaii Department of Taxation has withdrawn its approval, or, if I am a voluntary participant, until the Hawaii Department of Taxation and I mutually agree to terminate my participation in the EFT program.

Signature of Owner, Partner or Member, Fiduciary, or Officer

Title: Owner, Partner or Member, Fiduciary, or Officer

Date

STATE OF HAWAII — DEPARTMENT OF TAXATION
INSTRUCTIONS FOR FORM EFT-1
AUTHORIZATION AGREEMENT FOR ELECTRONIC FUNDS TRANSFER

SESSION LAWS OF HAWAII 1997

Act 177, Session Laws of Hawaii (SLH) 1997, provides for a service charge in the amount of \$15 for any electronic funds transfer that is dishonored for any reason. It also provides a penalty of 2% of the amount of the tax due for failure to remit the taxes on or before the prescribed date using an electronic funds transfer method approved by the Department of Taxation.

GENERAL INSTRUCTIONS

Please type or print clearly. Return your registration material to the Hawaii Department of Taxation within 15 days from the date you received your packet.

If you will be paying for more than one tax type using the same bank account, only one Form EFT-1 should be completed. You may pay for any of the taxes listed on the form by EFT even if you do not exceed \$100,000 for that particular tax type.

If you will be using more than one bank account, please complete a Form EFT-1 for each account you will be using.

Please make a copy of your application for your records.

For more information, see Tax Information Release No. 95-6, "Questions and Answers on Paying Taxes by Electronic Funds Transfer."

SPECIFIC INSTRUCTIONS

Part I—Taxpayer Information

All taxpayer information must be completed. If you are requesting approval to use the ACH Credit method, failure to provide the information requested will result in automatic rejection of your request.

Part II—Bank Information for ACH Debit

This part must be completed only by participants who will be using the ACH Debit method.

The bank information can be obtained from your bank or at the bottom of the check from the account you wish to be debited.

Account number should not exceed 17 digits.

Transfer/Routing Number requires 9 digits.

Remember to attach a voided check from the bank account you want debited.

Form EFT-1 must be signed by an owner, partner or member, fiduciary or officer who is authorized to sign checks drawn in the account identified on the form.

Part III—Request for Approval to Use ACH Credit Method

This part is to be completed only to request approval to use the ACH Credit method.

Some financial institutions offer ACH origination services. Contact your bank to determine what ACH origination services it offers and the costs of ACH Credit service. You cannot use the ACH Credit method unless your bank can initiate transactions in the CCD+TXP format.

Remember that if you use the ACH Credit method, the Department of Taxation is not responsible for the successful completion of EFT transactions that are required by law. Furthermore, the Department will not pay any costs your financial institution charges you for its services.

Signature of owner, partner or member, fiduciary or officer is required.

IMPORTANT INFORMATION

You will receive a confirmation letter after you file this form. The letter will include detailed instructions for the method of payment to be used. No EFT payments should be attempted before that date.

For ACH Debit Method Filers - You should receive your access code from the Department of Taxation several weeks after submitting Form EFT-1. After receiving your access number, your personal identification number (PIN) will be mailed on a separate cover from the data collection center.

The Department of Taxation may withdraw its approval for use of the ACH Credit method for failure to conform to the requirements for ACH Credit transactions.

You must make a written request if you wish to change from one ACH payment method to another. You must continue making your tax payments through EFT using the method in use until you receive confirmation authorizing the change and the effective date of the change.

If you have any questions, please call (808) 587-4242 or toll free at 1-800-222-3229.

Mail the completed Form EFT-1, with a voided check, if applicable, to:

**EFT Program
Hawaii Department of Taxation
P.O. Box 259
Honolulu, HI 96809-0259**

STATE DISTRICT TAX OFFICE ADDRESSES & TELEPHONE NUMBERS

OAHU DISTRICT OFFICE

First Taxation District
P. O. Box 259
Honolulu, HI 96809-0259

Telephone Numbers
Information: (808) 587-4242
Toll Free: 1-800-222-3229

Forms by Fax:
On Oahu: (808) 587-7572
Outside Oahu: (808) 678-0522
call from your fax machine

Office Location:
Princess Ruth Keelikolani Bldg.
830 Punchbowl St.
Honolulu, HI 96813-5094

Forms and CD-ROM (nominal fee) by mail:
(808) 587-7572
Toll Free: 1-800-222-7572

Website: <http://www.state.hi.us/tax/tax.html>

Telephone Devices for the Deaf (TDD)

Tax Services & Processing
(808) 587-1418
Toll Free: 1-800-887-8974

Compliance Division
(808) 587-1419
Toll Free: 1-800-961-5369

MAUI DISTRICT OFFICE

Second Taxation District
P. O. Box 1169
Wailuku, HI 96793-6169

Telephone No.: (808) 984-8500

State Office Building
54 S. High St., #208
Wailuku, HI 96793-2198

HAWAII DISTRICT OFFICE

Third Taxation District
P. O. Box 833
Hilo, HI 96721-0833

Telephone No.: (808) 974-6321

State Office Building
75 Aupuni St., #101
Hilo, HI 96720-4245

KAUAI DISTRICT OFFICE

Fourth Taxation District
3060 Eiwa St., #105
Lihue, HI 96766-1889

Telephone No.: (808) 274-3456

State Office Building
3060 Eiwa St., #105
Lihue, HI 96766-1889

This Tax Information Release supplements and updates Tax Information Release No. 95-6, dated December 20, 1995, relating to questions and answers on paying taxes by EFT.

A current copy of the "Authorization Agreement for Electronic Funds Transfer (EFT)" (Form EFT-1, REV. 1998) is attached.

Forms and other tax information may be downloaded from the Department's website at: <http://www.state.hi.us/tax.html>. On Oahu, forms may be ordered by calling the Department's Forms Request Line at 808-587-7572. Persons who are not calling from Oahu may call 1-800-222-7572 to receive forms by mail or 808-678-0522 from a fax machine to receive forms by fax.



RAY K. KAMIKAWA
Director of Taxation

Attachment: Form EFT-1, REV. 1998

HRS Sections Explained: HRS §§ 231-8, 231-9.9

Rules Sections Explained: HAR §§ 18-231-9.9-01, 18-231-9.9-08(a)

tir99-1.fmd

Second Day Service; (2) DHL Worldwide Express (DHL): DHL "Same Day" Service and DHL USA Overnight; (3) Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, and FedEx 2Day; and (4) United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, and UPS 2nd Day Air A.M. See Internal Revenue Bulletin, Notice 98-47, 1998-37 IRB (September 1, 1998).

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