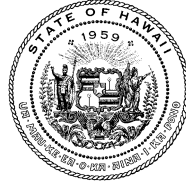


NEIL ABERCROMBIE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



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August 1, 2013

## **DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-21**

RE: Act 174, Session Laws of Hawaii 2013, Relating to Professional Employer Organizations

On June 25, 2013, Governor Neil Abercrombie signed into law House Bill 144, H.D. 2, S.D. 2, C.D. 1, as Act 174, Session Laws of Hawaii 2013 (Act 174). Act 174 went into effect July 1, 2013.

This Act amends and clarifies the terms governing the loss of the general excise tax exemption for Professional Employer Organizations (PEOs). The Act amends section 237-24.75, Hawaii Revised Statutes (HRS), to add the requirement that a PEO be properly registered in order to maintain the exemption. The Act also clarifies the timing of the loss of the exemption by providing measurable events upon which a PEO will lose the exemption.

Section 237-24.75, HRS, as amended by Act 174, provides that the exemption shall not apply after the Department of Labor notifies the Department of Taxation of noncompliance with the registration requirements of Chapter 373L, HRS, or after the Department of Taxation determines the PEO has failed to pay any tax or tax withholding for which the PEO is responsible.

For more information on this issue, please contact the Rules Office at 808-587-1577 or by e-mail at [Tax.Rules.Office@hawaii.gov](mailto:Tax.Rules.Office@hawaii.gov).

FREDERICK D. PABLO  
Director of Taxation