For Immediate Release: June 23, 2009

DEPARTMENT OF TAXATION REMINDS TAXPAYERS
TAX AMNESTY PROGRAM CLOSING THIS FRIDAY

HONOLULU – The State of Hawai'i Department of Taxation (DOTAX) reminds eligible taxpayers that the tax amnesty "Tax Fresh Start Program" ends on Friday, June 26, 2009. The program, which began on May 27, 2009, provides an opportunity for eligible taxpayers to pay their back taxes to the state while avoiding penalties and potentially avoiding referral for criminal prosecution. It also offers a 50 percent reduction in interest from the statutory rate of 8 percent per annum to 4 percent per annum. Taxpayers who have undisclosed or underreported Hawai'i income are encouraged to make a voluntary disclosure to become compliant. DOTAX is currently aggressively pursuing non-filers and under-reporters and, when appropriate, will refer such delinquent taxpayers for criminal prosecution.

The program covers all taxes that are administered by DOTAX, including the general excise tax, use tax, net income tax, and transient accommodations tax. The program may not be used for tax liabilities that are already known to DOTAX, or by taxpayers already in a payment plan with DOTAX or who have received a tax bill from DOTAX. Taxpayers may, however, report additional liabilities for tax periods with already known liabilities as under-reporters under the Tax Fresh Start Program. For a comprehensive list of taxpayers eligible for the program, please visit www.Hawaii.gov/tax.
To participate in the Tax Fresh Start Program, a taxpayer must file all required tax return(s) for the applicable periods using the appropriate tax forms. The notation "Tax Fresh Start Program" must be noted boldly at the top of all pages of the tax return(s). Full payment, including interest, must also be made at the time the tax returns are filed under this program. Each tax type must be accompanied by a separate check. The return(s) and accompanying payment(s) must be mailed or submitted to:

Tax Fresh Start Program Administrator
PO Box 259
Honolulu, HI 96809-0259

If payment in full, including interest, is not postmarked or submitted to DOTAX on or before June 26, 2009, or if payment is dishonored for any reason through no fault of DOTAX, participation in the Tax Fresh Start Program will be denied. If a taxpayer is denied participation, all applicable penalties and interest at the statutory rate of 8 percent per annum will be assessed. Interest will continue to accrue at the full statutory rate until payment is received. Payment plans are not available under this program.

Taxpayers should be aware that payment under the Tax Fresh Start Program constitutes an express and absolute relinquishment of any and all administrative and judicial rights of appeal.

The Department would also like to inform the community about recently enacted legislation which greatly enhances the power of DOTAX to audit and assess non-filers or under-reporters. Specifically, Act 134 provides DOTAX with the necessary resources and tools to target high-risk, cash-based transactions by allowing DOTAX (through a Special Enforcement Section) to inspect books, records, and premises. DOTAX may also seize and levy any assets in the custody or control of the person.

This measure provides substantial civil fines for:

- Failure to produce any required license or permit;
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- for conducting more than ten taxable business transactions per day in cash and failing to provide a receipt or other record of the transaction when the means for issuing a receipt or recording the transaction are available;
- for conducting more than ten taxable business transactions per day in cash and failing to record the transaction in a cash register when the means for recording the transaction in the cash register are available;
- for selling or offering to sell any product or service for a lower price if paid in cash, unless there is a legitimate business purpose for doing so;
- for engaging in business in this state and possessing currency for tax avoidance purposes;
- for engaging in business in the state without first obtaining a license; and
- against any person intentionally interfering with, hindering, obstructing, preventing, or impeding any investigator, auditor, collector, or other employee of DOTAX from obtaining license information, books, records, articles, or item of business transacted, or other information or property that may be rightfully obtained.

For more information about the Tax Fresh Start Program or on Act 134, please visit www.Hawaii.gov/tax, or call one of the following offices between the hours of 7:45 a.m. through 4:30 p.m. Monday through Friday, excluding State holidays:

O'ahu (808) 587-9200
Maui (808) 984-8511
Hilo (808) 974-6321
Kona (808) 323-4597
Kauai (808) 274-3456

Hearing impaired users only may transmit inquiries calling (808) 587-1418 (O'ahu only) or 1-800-887-8974 (neighbor islands).

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For more information, contact:
Kurt Kawafuchi
Director, State of Hawai‘i Department of Taxation
Phone: (808) 587-1510