

# OUTLINE OF THE HAWAII TAX SYSTEM AS OF JULY 1, 2017

Issued by the Department of Taxation

KIND OF TAX & LEGAL REFERENCES (HAWAII REVISED STATUTES)	MEASURE AND RATE OF TAX	REPORTS	TAX PAYABLE
<p>(1) Net Income</p> <p>Chapter 235 — Section 235-1 to 235-130</p>	<p>For taxable years beginning after December 31, 2015, the tax rates for individuals range from 1.4% to 8.25% of taxable income.</p> <p>For taxable years beginning after December 31, 2017, the tax rates for individuals range from 1.4% to 11% of taxable income.</p> <p>For taxable years beginning after December 31, 2012, the standard deduction amounts are as follows: married filing joint return or surviving spouse with dependent child is \$4,400; single or married filing separately is \$2,200; and head of household is \$3,212.</p> <p>For taxable years beginning after December 31, 2012, the personal exemption amount is \$1,144.</p> <p>The tax rates for estates and trusts range from 1.4% to 8.25%.</p> <p>The tax rates for corporations are 4.4% up to \$25,000, 5.4% over \$25,000 but not over \$100,000, and 6.4% over \$100,000 of taxable income.</p> <p>Effective January 1, 2012, Hawaii recognizes civil unions. Therefore, the Internal Revenue Code provisions referred to in this chapter that apply to a husband and wife, spouses, or person in a legal marital relationship applies to partners in a civil union with the same force and effect as if they were “husband and wife,” “spouses,” or other terms that describe persons in a legal marital relationship.</p> <p>Effective December 2, 2013, Hawaii recognizes same-sex marriages. Therefore, all same-sex couples that are legally married in Hawaii or any other jurisdiction where such marriages are valid are married for all tax purposes.</p>	<p>Returns are due 20th day of 4th month following the close of taxable year. Withholding returns are due monthly on or before the 15th day of the following calendar month. When the total tax liability is less than \$5,000 for the calendar year, returns may be filed quarterly on or before the 15th day of the month after the close of each quarter. After January 1, 2018 all returns are due quarterly. An annual employer’s return and reconciliation of Hawaii income tax withheld, Form HW-3, must be filed together with a duplicate copy of each employee’s tax statement, Form HW-2, on or before the last day of February following the close of the calendar year. Estimates of income of individuals not subject to withholding, estates, trusts, and corporations are due April 20th.</p>	<p>In general, at time of filing returns. Estimates of individuals, estates, trusts, and corporations, one-quarter, April 20th; June 20th; September 20th; and January 20th.</p> <p>See Booklet A, Employer’s Tax Guide, for the withholding requirements for employers who are required to pay the taxes withheld by electronic funds transfer (EFT).</p>
<p>(2) Estate and Generation-Skipping Transfer Tax (for decedents dying after 1/25/12)</p> <p>Chapter 236E — Section 236E-1 to 236E-26</p>	<p>The Estate and Generation-Skipping Transfer Tax is effective for decedents dying after January 25, 2012.</p> <p>“Hawaii taxable estate” means the federal taxable estate, but without regard for the deduction for state death taxes paid, with adjustments for nonresidents.</p> <p>The Hawaii exclusion amount is the same as the federal exclusion amount, the exemption equivalent of the unified credit reduced by the amount of taxable gifts made by the decedent that reduces the amount of the federal exclusion amount, or the exemption equivalent of the unified credit on the decedent’s federal estate tax return, with adjustments for nonresidents.</p> <p>Effective January 1, 2012, Hawaii recognizes civil unions. Therefore, the Internal Revenue Code provisions referred to in this chapter that apply to a husband and wife, spouses, or person in a legal marital relationship applies to partners in a civil union with the same force and effect as if they were “husband and wife,” “spouses,” or other terms that describe persons in a legal marital relationship.</p> <p>Effective December 2, 2013, Hawaii recognizes same-sex marriages. Therefore, all same-sex couples that are legally married in Hawaii or any other jurisdiction where such marriages are valid are married for all tax purposes.</p>	<p>Returns due 9 months from the decedent’s date of death. If the date for filing the federal return is extended by the Internal Revenue Service, the filing of the Hawaii return shall be due on the date specified by the Internal Revenue Service.</p>	<p>At time of filing returns.</p>
<p>(3) General Excise (Gross Income)</p> <p>Chapter 237 — Section 237-1 to 237-49</p>	<p>This is a business privilege tax measured by gross proceeds of sales or gross income. The tax rate is 0.5% on wholesaling and wholesale services, producing, sugar processing and pineapple canning; all other activities (retailing business and professional services, contracting, theatre, amusement, radio, interest, commissions, rentals) are taxed at 4%, except insurance commissions received by general agents, subagents and solicitors who are taxed at 0.15%. The licensing fee for general excise tax licensees and nonprofit organizations is a one-time fee of \$20.</p> <p>Effective January 1, 2007, a county surcharge of 0.5% was added to the State’s 4% general excise tax for business conducted in the City and County of Honolulu.</p>	<p>Monthly returns are due on or before the 20th day of the following month. When the total tax liability does not exceed \$4,000 for the calendar or fiscal year, returns may be filed quarterly on or before the 20th day of the month after the close of each quarter. When the total tax liability does not exceed \$2,000 for the calendar or fiscal year, returns may be filed semiannually on or before the 20th day of the month after the close of each semiannual period. An annual summary and reconciliation return must be filed on or before the 20th day of the 4th month following the close of the taxable year.</p>	<p>At time of filing returns.</p>

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(4) Transient Accommodations Tax  Chapter 237D — Section 237D-1 to 237D-16	This is a tax levied on the furnishing of a room, apartment, suite, single family dwelling, or the like to a transient for less than 180 consecutive days for each letting by a hotel, apartment, motel, horizontal property regime or cooperative apartment, dwelling unit, rooming house, or other place in which lodgings are regularly furnished to transients. Effective July 1, 2010, the transient accommodations tax rate is 9.25%. The registration fee for transient accommodations operators is a one-time fee of \$5 for each registration consisting of 1 to 5 units and \$15 for 6 or more units. Plan managers are liable for and pay to the State the transient accommodations tax of 7.25% that is imposed on the fair market rental value of time share vacation units. Act 93, SLH 2015, increased the transient accommodations tax on time share vacation units to 8.25% beginning January 1, 2016, and 9.25% beginning January 1, 2017.	Monthly returns are due on or before the 20th day of the following month. When the total tax liability does not exceed \$4,000 for the calendar or fiscal year, returns may be filed quarterly on or before the 20th day of the month after the close of each quarter. When the total tax liability does not exceed \$2,000 for the calendar or fiscal year, returns may be filed semiannually on or before the 20th day of the month after the close of each semiannual period. An annual summary and reconciliation return must be filed on or before the 20th day of the 4th month following the close of the taxable year.	At time of filing returns.
(5) Use  Chapter 238 — Section 238-1 to 238-16	This is an excise tax levied on tangible personal property which is imported or purchased from an unlicensed seller for use in the State. The tax is based upon the purchase price or value of the tangible personal property purchased or imported, whichever is applicable. Rates: 0.5%, if for resale at retail; 4%, if for use or consumption. For exceptions, see sections 238-3 and 238-4. The use tax is imposed on the value of services or contracting that are performed by an unlicensed seller at a point outside the State and imported or purchased for use in the State. Effective January 1, 2007, a county surcharge of 0.5% was added to the State's 4% use tax for the importation or purchase of tangible personal property or services for use in the City and County of Honolulu.	Monthly returns are due on or before the 20th day of the following month. When the total tax liability does not exceed \$4,000 for the calendar or fiscal year, returns may be filed quarterly on or before the 20th day of the month after the close of each quarter. When the total tax liability does not exceed \$2,000 for the calendar or fiscal year, returns may be filed semiannually on or before the 20th day of the month after the close of each semiannual period. An annual summary and reconciliation return must be filed on or before the 20th day of the 4th month following the close of the taxable year. These returns have been consolidated with the general excise (gross income) tax returns and are filed simultaneously.	At time of filing returns.
(6) Public Service Company  Chapter 239 — Section 239-1 to 239-25	Nature of Tax—Public utility business in lieu of general excise tax. (a) Measurement of assessment—general rule: Gross income from public utility business of public utilities for preceding calendar year. For exception, see section 239-9. (b) Rates: (i) Gross income from passenger fares for transportation between points on a scheduled route by a carrier of passengers, 5.35%. (ii) Sale of its products or services to another public utility which resells such products or services, 0.5%. (iii) Sale of telecommunications services by a public utility to an interstate or foreign telecommunications services provider that is subject to the general excise tax and that resells the services to retail customers, 0.5%. (iv) All other revenues: 4% of gross income.	Returns filed on or before the 20th day of the 4th month following the close of the taxable year, based upon operations of the preceding taxable year.	First installment at the time of filing return, or, on or before the 20th day of the 4th month. Other installments due on the 20th day of the 2nd, 5th, and 8th month thereafter. If the total tax liability for the taxable year exceeds \$100,000, 1st installment on or before the 10th day of the 1st month. Remaining installments due on or before the 10th day of each calendar month thereafter.
(7) Banks, Building and Loan, Financial Services Loan Companies and Certain Other Financial Corporations  Chapter 241 — Section 241-1 to 241-7	(1)(a) Assessment Date: January 1. (b) Nature of Tax: a franchise tax (in lieu of net income and general excise taxes) on banks, building and loan associations, development companies, financial corporations, financial services loan companies, trust companies, mortgage loan companies, financial holding companies, small business investment companies, or subsidiaries not subject to the tax imposed by chapter 235. (2) Measure of Assessment: Net income for the preceding year from all sources as defined by chapter 235 (Income Tax Law) with modifications. (3) Rate: 7.92% of taxable income.	Returns filed on or before the 20th day of the 4th month following the close of the taxable year, based upon operations of the preceding taxable year.	First installment at the time of filing return, or, on or before the 20th day of the 4th month. Other installments due on the 20th day of the 2nd, 5th and 8th month thereafter. If the total tax liability for the taxable year exceeds \$100,000, 1st installment on or before the 10th day of the 1st month. Remaining installments due on or before the 10th day of each calendar month thereafter.

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(8) Fuel  Chapter 243 — Section 243-1 to 243-16	<p>Distributors, as defined, are required to pay: 1¢ per gallon on aviation fuel, an initial 1¢ per gallon on diesel oil, 2¢ per gallon on naphtha fuel sold for use in a power-generating facility, as defined, 0.25¢ per gallon on alternative fuels for operation of an internal combustion engine and at the rates specified below per gallon on alternative fuels, and from 24.8¢ to 39¢ (31¢ to 39¢ from August 1, 2017) per gallon on liquid fuels other than the foregoing; also, pay additional taxes from 23.8¢ to 38¢ (30¢ to 38¢ from August 1, 2017) per gallon on diesel oil used to operate motor vehicles upon the public highways, however, they are not required to pay the additional tax on diesel oil and the tax on alternative fuels if purchasers furnish Exemption Certificates, Form M-38. Refunds of liquid fuel used for agricultural equipment not operated upon the public highways, diesel oil used for motor vehicles not operated upon the public highways, and alternative fuels used for motor vehicles and internal combustion engines not operated upon the public highways may be claimed on Form M-36. Distributors are required to register and be licensed. Licenses are valid until revoked.</p> <p>An Environmental Response, Energy, and Food Security Tax of \$1.05 per barrel or a fractional part of a barrel of petroleum product that is not aviation fuel sold by a distributor to a retail dealer or end user is also imposed.</p> <p>The fuel tax is adjusted to reflect the energy content of alternative fuels as follows: ethanol- 0.145 times the rate for diesel; methanol- 0.11 times the rate for diesel; biodiesel- 0.25 times the rate for diesel; liquefied petroleum gas- 0.33 times the rate for diesel; and for other alternative fuels, the rate is based on the energy content of the fuels as compared to diesel fuel, using a lower heating value of 130,000 BTUs per gallon as a standard for diesel, so that the tax rate, on an energy content basis, is equal to one-quarter the rate for diesel fuel.</p> <p>Act 185, SLH 2015, also imposes the Environmental Response, Energy, and Food Security tax on fossil fuel. The tax is 19¢ on each 1,000,000 BTUs of fossil fuel, effective July 1, 2015.</p>	Returns are due monthly on or before the 20th day of the following month.	At time of filing returns.
(9) Liquor  Chapter 244D — Section 244D-1 to 244D-17	<p>This is a gallonage tax imposed upon “dealers” as defined in the law and certain others who sell or use liquor. A \$2.50 liquor tax permit is required and must be renewed before July 1st of each year. See section 244D-4 for exemption from tax. The tax rates per wine gallon are \$5.98 on distilled spirits, \$2.12 on sparkling wine, \$1.38 on still wine, \$.85 on cooler beverages, \$.93 on beer other than draft beer, and \$.54 on draft beer.</p>	Returns are due monthly on or before the 20th day of the following month.	At time of filing returns.
(10) Cigarette and Tobacco  Chapter 245 — Section 245-1 to 245-63	<p>“Wholesalers” and “dealers” as defined in the law must pay an excise tax on the sale or use of tobacco products and on each cigarette sold, used, or possessed. The tax on cigarettes and little cigars is increased to 16¢ per cigarette or little cigar sold on and after July 1, 2011.</p> <p>The tobacco tax is imposed as follows: (1) Tobacco products (other than large cigars), 70% of the wholesale price. (2) Large cigars, 50% of the wholesale price. (3) Little cigars, 16¢ for each little cigar.</p> <p>A \$2.50 tobacco tax license is required and must be renewed before July 1st of each year.</p> <p>Cigarette and tobacco wholesalers and dealers are required to affix stamps to individual cigarette packages as proof of payment of cigarette taxes.</p> <p>Every retailer engaged in the retail sale of cigarettes and other tobacco products is required to obtain a \$20.00 retail tobacco permit that must be renewed before December 1st of each year.</p>	Returns are due monthly on or before the 20th day of the following month.	At time of filing returns. Cigarette tax paid through the purchase of cigarette tax stamps by licensees.

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(11) Conveyance  Chapter 247 — Section 247-1 to 247-13	This tax is imposed on all documents transferring ownership or interest in real property and is based on the actual and full consideration paid or to be paid. Minimum \$1 tax for each taxable transaction. The conveyance tax rate ranges from 10¢ per \$100 for properties with a value of less than \$600,000 to \$1 per \$100 for properties with a value of \$10,000,000, or greater. For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax, the conveyance tax rate ranges from 15¢ per \$100 for properties with a value of less than \$600,000 to \$1.25 per \$100 for properties with a value of \$10,000,000, or greater. (Documents of certain conveyances are exempted.)	A certificate of conveyance must be filed with the document at the Bureau of Conveyances within 90 days after a taxable transaction; a claim for exemption from the conveyance tax must be filed for certain exempt conveyances.	At time of filing the certificate, but no later than 90 days after the taxable transaction.
(12) Rental Motor Vehicle, Tour Vehicle, and Car-Sharing Vehicle Surcharge Tax  Chapter 251 — Section 251-1 to 251-15	Beginning July 1, 2012, the rental motor vehicle surcharge tax reverted back to \$3.00 a day or any portion of a day that a rental motor vehicle is rented or leased. The tax is levied on the lessor. There is also a tour vehicle surcharge tax of \$65 per month for each tour vehicle in the 25 passenger seat and over category and \$15 per month for each tour vehicle in the 8 to 25 passenger seat category. The tax is levied on the tour vehicle operator. There is a one-time \$20 registration fee. Beginning January 1, 2015, the car-sharing vehicle surcharge tax is 25¢ per half-hour, or any portion of a half-hour, that a rental motor vehicle is rented or leased by a car-sharing organization, provided that for each rental of 6 hours or more, the tax is \$3 a day, or any portion of a day, that a rental motor vehicle is rented or leased. The tax is levied on the car-sharing organization.	Monthly returns are due on or before the 20th day of the following month. When the total tax liability does not exceed \$4,000 for the calendar or fiscal year, returns may be filed quarterly on or before the 20th day of the month after the close of each quarter. When the total tax liability does not exceed \$2,000 for the calendar or fiscal year, returns may be filed semiannually on or before the 20th day of the month after the close of each semiannual period. An annual summary and reconciliation return must be filed on or before the 20th day of the 4th month following the close of the taxable year.	At time of filing returns.
(13) Unemployment Insurance  Chapter 383 — Section 383-1 to 383-176	This is a tax on wages paid by employing units with one or more employees with certain exemptions. The unemployment tax rate is determined according to a multi-contribution rate system. Each year, one of eight contribution rate schedules (A-H) is applicable depending on the condition of the UI Trust Fund. An employer's contribution rate ranges from 0.00% to 6.0%. For 2017, schedule "C" is in effect. On schedule "C," employer contribution rates are not less than 0.00% or greater than 5.60%. There is also an additional employment and training (E&T) fund assessment on taxable wages paid to an employee. The E&T assessment is applicable to all employing units with unemployment insurance contribution rates greater than 0.00% or less than the maximum rate on the effective contribution schedule. For 2016, the percentage rate for this additional tax is 0.01%. There is a limitation of the tax on wages paid to an employee called the "tax base." The tax base represents 100% of the state's average annual wages reported by employers contributing to the unemployment trust fund. For 2017, the tax base has been set at \$44,000.	On a quarterly basis, employers submit Form UC-B6, "Quarterly Wage, Contribution and Employment and Training Assessment Report." The report must be filed on or before the last day of the month following the report quarter.	At time of filing returns.
(14) Insurance Premiums  Chapter 431 — Section 431:7-201 to 431:7-209 and 431:8-300 to 431:8-317	Tax on insurance companies (Underwriters) based on premiums written in Hawaii. In lieu of all taxes except property tax and taxes on the purchase, use or ownership of tangible personal property. Tax Rates: Life Insurance, 2.75%; Surplus Lines, 4.68%; Ocean Marine, .8775% on gross underwriting profit; and Other Insurance, 4.265%. To insurers who qualify, there is a 1% tax credit to facilitate regulatory oversight. This law is administered and the tax collected by the Insurance Commissioner, who is required to report to the Director of Taxation all amounts of taxes collected under this chapter.	Monthly tax statement is due on or before the 20th day of the calendar month following the month in which the taxes accrue. Annual Tax Statement is due on or before March 1 with the Insurance Commissioner. Quarterly surplus lines tax statement is due within forty-five days after the end of each calendar quarter.	At time of filing statements.