

**DEPARTMENT OF TAXATION'S
ANNUAL REPORT AS REQUIRED BY Section 231-9.9, Hawaii Revised Statutes**

For Fiscal Year 2018 (period between 7/1/2017 - 6/30/2018)

Section 231-9.9, Hawaii Revised Statutes (HRS), authorizes the Director of Taxation to require certain taxpayers to remit taxes by electronic funds transfer (EFT). The Department of Taxation is required to submit an annual report on the number of taxpayers who were assessed the two percent penalty for failing to timely file by an approved EFT method, the amount of each assessment, and the total amount collected.

The mandatory remittance of taxes by means of EFT applies to (1) taxpayers with tax liabilities exceeding \$100,000, and (2) taxpayers with withholding taxes of over \$40,000.

Section 231-9.9(c), HRS, imposes a two percent penalty on the amount of taxes owed if a taxpayer mandated to remit taxes using an approved EFT method fails to do so on or before the date the taxes are due. The penalty may apply to any tax type. The Department may waive the penalty for reasonable cause.

The table below shows the amount of the EFT penalties assessed and collected for fiscal year 2018.

EFT Penalties Assessed
For the 2018 Fiscal Year
For the period of 07/01/2017 – 06/30/2018

	Total Penalty Assessed	Total Penalty Collected	Number Assessed
Corporate/Partnership	2,477.90	2,477.90	1
General Excise	1,140,688.44	993,117.41	3,576
Transient Accommodations	92,230.39	58,730.13	125
Withholding	303,723.97	97,071.91	952
Rental and Tour Vehicle	1.05	1.05	1
County Surcharge	99,957.18	87,806.53	2,579
Cigarette and Tobacco	17,248.99	2,728.24	13
Franchise	19,451.21	18,340.75	18
Public Service Company	48,625.82	42,583.15	59
Liquor	1,817.85	0	1
Fuel	9,550.55	0	3
Total	1,735,773.35	1,302,857.07	7,328

The Department's Tax System Modernization (TSM) and Integrated Tax Information Management System (ITIMS) allows for automated assessment of the penalties associated with EFT, allowing the Compliance Division to focus their resources on collecting the assessed EFT penalties and interest.