

DEPARTMENT OF TAXATION'S
Annual Report as Required by Section 231-9.9, Hawaii Revised Statutes
For Fiscal Year 2019 (period between 7/1/2018 - 6/30/2019)

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) all 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 table below (Table 1) shows the amount of the EFT penalties assessed and collected for fiscal year 2019.

Table 1
EFT Penalties Assessed
Fiscal Year 2019 (07/01/2018 – 06/30/2019)

	Total Penalty Assessed	Total Penalty Collected	Number Assessed
General Excise	\$1,236,239.00	\$902,997.46	3,673
Withholding	\$164,192.46	\$128,785.45	916
Public Service Company	\$124,182.32	\$84,741.97	85
County Surcharge	\$102,948.60	\$75,822.07	2,777
Transient Accommodations	\$46,300.37	\$49,527.96	84
Other Tax Types*	\$43,164.02	\$41,302.38	19
Cigarette and Tobacco	\$18,395.09	\$8,520.85	12
Franchise	\$4,594.78	\$791.79	13
Total	\$1,740,016.64	\$1,292,489.93	7,579

*Other tax types include: corporate/partnership, fuel, liquor, rental/tour vehicle, and seller's collection

The penalty collected may be higher than the penalty assessed due to timing (e.g., penalties assessed in Fiscal Year 2018 were collected in Fiscal Year 2019).