

## **New legislation and other tax nuggets**

# **Now you can get help that makes life a whole lot easier**

Half of the year is gone, and so much has happened! Here is some tax news you can't afford to miss!

## **New legislation for 2002**

A number of tax measures were passed this year, and while there isn't anything specifically for real estate professionals, there are a few that you may find will matter to your clients if not yourself. One piece of legislation that has generated a lot of interest is Act 174 (S.B. 2831, S.D. 1, H.D. 1, C.D. 1), Relating to an Extension of the Residential Construction and Remodeling Income Tax Credit.

Earlier this year, we told you about the new residential construction and remodeling non-refundable income tax credit that was enacted as part of Act 10, Third Special Session of 2001. This credit is 4% of qualifying construction and remodeling costs up to a maximum of \$250,000, in the aggregate, for each residential real property unit, and originally would not have extended to taxable years beginning after December 31, 2003, and costs incurred after June 30, 2002.

Act 174 extends to July 1, 2003, the date before which costs can be incurred, and also clarifies the definition of "construction and remodeling cost" and the type of taxpayers that may claim the credit.

For more information on the residential construction and remodeling income tax credit, see Department of Taxation Announcement No. 2002-11, and also Tax Information Release No. 2002-3.

For your convenience, we have compiled and summarized all the major tax measures enacted during the 2002 Legislative Session in our annual Digest of Tax Measures. Additional information on the various measures enacted is provided in Department of Taxation Announcements that are currently being issued.

The Digest of Tax Measures, announcements, information releases, and other Department publications are available at any district tax office, by calling 587-7572 (toll-free at 1-800-222-7572), and on our website at [www.state.hi.us/tax](http://www.state.hi.us/tax). The full text of the legislation is available on the Legislature's website at [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov). *By the State Department of Taxation*

## **Check out Tax Information Release No. 2002-2 on Hawaii's HARPTA provisions**

Each sale of real property brings you face-to-face with Hawaii's requirement that income tax be withheld by purchasers and remitted to the State on dispositions of Hawaii real property by nonresidents.

The original Hawaii legislation, enacted in 1990, was based on the federal Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), and thus became known as the Hawaii Real Property Tax Act (HARPTA). Although we have issued a number of Tax Information Releases about HARPTA, we recently decided to pull everything together into a single, comprehensive document which we recently issued as Tax Information Release No. 2002-2, "Withholding of State Income Taxes on the Disposition of Hawaii Real Property." Even if you don't deal with the paperwork associated with HARPTA, it is a good idea to familiarize yourself with its requirements so that you can provide informed guidance to your clients. Tax

Information Release No. 2002-2 is available at any district tax office, by calling 587-7572 (toll-free at 1-800-222-7572), and on our website at [www.state.hi.us/tax](http://www.state.hi.us/tax).

## **Booklet suppression**

HELP! If you use computer software, fillable form PDF files (available on our website at [www.state.hi.us/tax](http://www.state.hi.us/tax)), or online Internet filing (at [www.ehawaii.gov.org/efile](http://www.ehawaii.gov.org/efile)) to complete your periodic and annual general excise, withholding, transient accommodations, and/or rental motor vehicle and tour vehicle surcharge tax returns instead of the forms booklets we send you, help cut unnecessary government spending on those unused booklets.

Go to any district tax office or call us at 587-4242 (tollfree at 1-800-222-3229), and ask us to “suppress the printing” of your booklet(s).

If you prefer, you can also request booklet suppression through an on-line form on our website at [www.state.hi.us/tax](http://www.state.hi.us/tax).

**Thanks!**