CONTINUING YOUR TAX EDUCATION

Hawaii's competitive environment in the real estate industry requires all licensees to meet their State tax obligations without overpaying their taxes, and to stay on top of tax issues that affect their clients' real estate transactions and holdings. We can help you do both at your convenience via the Internet.

Posted on our website (www.state.hi.us/tax) are a number of reference materials including tax forms and publications, tax statutes and administrative rules, etc. However, there are a few new or overlooked options that we think you'll find useful.

Workshops and seminars are always good learning opportunities, but it is not always possible to attend them given the time pressures we all struggle under and the fact that courses offered on one island are not readily accessible to persons on the other islands. Nevertheless, our Team T.E.A.C.H. (Taxpayer Education and Awareness for Compliance in Hawaii) program is committed to taxpayer education and is developing PowerPoint presentations on a variety of subjects which we are beginning to post on our website.

From our home page, select "Presentations and Workshops." The presentations currently available include a general excise tax "Sublease Deduction" presentation that you may find of particular interest. Additional presentations (e.g., on HARPTA, residency, etc.) will be posted as they are finalized. All presentations are available both as a PowerPoint file for those with that software, and also as a portable document file viewable with Adobe Acrobat Reader.

Keeping track of tax law changes may not be high on your list of favorite activities, but we try to make it easier for you. Last year, for example, two measures reduced the general excise tax on qualifying transactions effective January 1, 2000. Act 70 (as amended this year by Act 198) provides an exemption for exported services and contracting as well as a new use tax on imported services and contracting. Act 71 (also as amended this year by Act 198), provides pyramiding relief for qualifying sales, services, and amusements that did not previously qualify for the 0.5% general excise tax rate.

Although neither law affects commission income earned by real estate brokers and agents, it could affect you if you receive consulting income. For example, if you provide consulting services to an out-of-State client regarding the sale, purchase, or development of a property located outside Hawaii, you may exempt the gross income from this transaction from the general excise tax under Act 70.   If you provide real estate consulting services to another business for use in providing to that other business' client a report and recommendation about a real estate transaction, then that income will qualify for a preferred rate under Act 71. The preferred rate is 3.5% this year and will decrease 0.5% in each of the following years until it reaches 0.5% in 2006.

Detailed information about both Act 70 and Act 71, as amended, is available at our website. From our home page, select "Recent Legislation" to access a host of information about these and other new tax law changes.

Even with all the available resources, there will be questions that require a more personal response. Traditionally, you called, visited, or mailed letters to us, but now there is another way — e-mail! E-mail your tax questions to our Taxpayer Services Branch at <Taxpayer_Services@tax.state.hi.us>. We strongly discourage including confidential

information such as social security numbers in your e-mail, and you may want to include your telephone number and/or mailing address in case we are unable to respond to you via e-mail for whatever reason.

New things are constantly being added to our website, so visit it from time to time to see what's new. For added convenience, you can register for automatic e-mail notification of updates from our "What's New @ Tax" page. Keeping on top of the latest tax law changes and educational resources can help you to pay the correct amount of tax (but not more) and to better serve your clients.