

Digest of Tax Measures



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Department of Taxation
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This digest summarizes the federal tax laws enacted during calendar year 2016. It is issued solely as a guide and is not intended to be either authoritative or complete. Coverage of Hawaii tax laws enacted during the 2017 regular session may be found at the Department of Taxation website at <http://tax.hawaii.gov>. Hawaii bills and acts can be viewed on the State Capitol website at <http://capitol.hawaii.gov>.

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DIGEST OF FEDERAL LAWS

This section summarizes the changes made to the Internal Revenue Code during 2016. This section includes changes to subtitle A, chapter 1; subtitle B; and certain 6000 series sections of the Internal Revenue Code. Unless otherwise noted, all references are to the Internal Revenue Code of 1986, as amended.

Trade Facilitation and Trade Enforcement Act of 2015 (P.L. No. 114-125; February 24, 2016)

CODE SECTION DESCRIPTION OF PROVISION

The following provision is NOT operative for Hawaii income tax purposes.

§6651; Penalty for failure to file tax return

The Act amends section 6651(a) and (i) to increase the penalty for failure to file a tax return. In general, the penalty for failure to file a return is equal to five percent of the amount of tax due for each month that the failure to file continues, not to exceed 25 percent of the tax due in the aggregate. Under previous law, a special rule stated that in cases of a tax return filed more than 60 days late, the penalty shall not be less than \$135, adjusted for inflation, or 100 percent of the tax due, whichever is lesser.

The Act increases the statutory minimum applicable for the special rule to \$205, adjusted for inflation, or 100 percent of the tax due, whichever is lesser.

Effective for tax returns due after December 31, 2015.

Recovering Missing Children Act (P.L. No. 114-184; June 30, 2016)

CODE SECTION DESCRIPTION OF PROVISION

The following provision is NOT operative for Hawaii income tax purposes.

**§6103(i) and
conforming
amendments Exception to confidentiality for cases of missing or exploited children**

The Act adds an exception to confidentiality to allow return or return information to be shared with officers and employees of any federal agency personally and directly engaged in investigating cases of missing or exploited children.

The Act also allows federal agencies to share information with state or local law enforcement agencies. Information can be shared with a state or local agency only if the state or local agency is part of a team with the federal agency. In addition, the information can only be shared with those who are personally and directly engaged in the investigation.

Effective for disclosures made after June 30, 2016.

United States Appreciation for Olympians and Paralympians Act of 2016

(P.L. No. 114-239; October 7, 2016)

CODE SECTION DESCRIPTION OF PROVISION

The following provision is operative for Hawaii income tax purposes.

§74(d)

Exclusion for Olympic and Paralympic medals and prizes

The Act excludes from gross income the value of any medal or prize money received from the United States Olympic Committee from competition in the Olympic or Paralympic Games. The exclusion is limited to those whose adjusted gross income is \$1,000,000 or lower (\$500,000 for taxpayers who are married filing separately).

Effective for prizes and awards received after December 31, 2015.