



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

P.O. Box 259  
HONOLULU, HAWAII 96809-0259

March 3, 1995

GENERAL EXCISE TAX MEMORANDUM NO. 4

Under the General Excise Tax Law, the "visible pass on" of this tax is entirely a matter of contractual agreement between the buyer and the seller.

Whether there is a visible pass on or not, the Department of Taxation will look to the seller for the tax upon the seller's total gross receipts. Any amount added as the tax and collected by the taxpayer must be considered as part of the price received, and will be a part of the gross receipts of the taxpayer and must be reported as taxable income.

The amount of the "visible pass on" is a separate part of the price charged by the seller. Therefore, customers must be apprised of the seller's intention to add the tax at the time the price of the merchandise or service is quoted. We have repeatedly advised that where it is the intention of the seller of either merchandise or services to add the tax as a separate item, such intention should be prominently noted and be thoroughly understood before the purchase is consummated.

In addition, the General Excise Tax Law makes it unlawful to either advertise or hold out to the public that the general excise tax is not considered nor calculated as part of the selling price charged to the purchaser. Section 237-49 of the Hawaii Revised Statutes deems this practice to constitute unfair competition and prescribes penalties for each violation.

Originally Issued: July 5, 1957  
Reissued: May 9, 1960  
Reissued: November 9, 1964  
Reissued: October 4, 1969  
Reissued: May 14, 1976  
Reissued: July 10, 1979  
Reissued: May 15, 1984  
Reissued: February 1, 1987  
Reissued: March 3, 1995

A handwritten signature in black ink, appearing to read "Ray K. Kamikawa".

RAY K. KAMIKAWA  
Director of Taxation