



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809-0259

December 7, 1990

TAX INFORMATION RELEASE No. 90-11

RE: The Administration and Application of the Conveyance Tax Law

PART I. ADMINISTRATION

To further ease taxpayer compliance with the Conveyance Tax Law, and assist efficient processing of conveyance tax forms, the Department of Taxation, Technical Review Office (Department) and the Department of Land and Natural Resources, Bureau of Conveyances (Bureau) have agreed to implement several changes to improve service to the public. The following changes will become effective on January 1, 1991.

PART II. FILING OF CONVEYANCE TAX FORMS

A revised Hawaii Form P-64B (Rev. 11/90), "Exemption From Conveyance Tax" will replace all previous editions. The new form clarifies that sellers also include transferors, grantors, lessors, sublessors, assignors, vendors, or conveyors. Similarly, purchasers also include transferees, grantees, lessees, sublessees, assignees, vendees, or conveyees.

The new form is divided into Parts I and II. If the parties to the conveyance who are the taxpayers fall within the circumstances of Part I, the exemption form first must be submitted to and approved by the Department before the accompanying document may be filed at the Bureau. Taxpayers who fall within the circumstances of Part II may file the form directly with the Bureau.

The Bureau also will continue to directly accept the yellow Hawaii Form P-64A, "Conveyance Tax Certificate" on behalf of the Department at the Bureau's office in Honolulu, Hawaii. The Bureau may review the certificates to ensure that they are complete. The Bureau will refer taxpayers needing assistance to the Department. If the certificates are in order, the Bureau shall accept the documents and remittances and imprint its seal on the taxable documents or instruments indicating that the taxes have been paid in full.

The Bureau is authorized to reject and return incomplete conveyance tax forms submitted for recordation (i.e., Forms P-64A and P-64B), supporting documents, and remittances to the taxpayer or to refer the documents to the Department, if the Bureau determines (1) that the documents are not complete, (2) may required further review by the Department, or (3) further action is required by the taxpayer.

PART III. COMPLETING THE GREEN FORM P-64B

If Part I of the form is used, Taxation must review and approve the form and accompanying documents before they are filed with the Bureau of Conveyances.

Taxpayers must complete Part I of the form if the conveyance involves consideration of \$100 or less or if the document to be filed at the Bureau confirms or corrects a previously executed document. A gift of a real property interest other than between individuals other than as described in Part II of the form (between a grandparent and grandchild or between siblings) must be reported and fully described in Part I. Taxpayers also must use Part I to report transfers to or from any other type of trust not listed in Part II (testamentary gift by trust or grantor revocable living trust). Other instances that must be reported in Part I involve a consideration of \$100 or less such as a dedication deed to the government of remnant parcels having very little or no appraised value. To facilitate approval by the Department, transfers in Part I should be clearly and fully described on the form or in a transmittal letter accompanying the green conveyance tax exemption form and documents.

Taxpayers may complete Part II of the form and submit the form directly to the Bureau if the claimed exemption involves transfers of real property for the following reasons:

1. The transfer is between spouses, marital parties pursuant to a divorce decree, or parent and child;
2. The consideration underlying the transfer is \$100 or less and is a gift between a grandparent and a grandchild; between siblings; or a transfer into or from a testamentary gift trust to a third party beneficiary or a grantor revocable living trust, where the grantor is the primary beneficiary of the trust;
3. The transfer is a fulfillment of an agreement of sale which was previously executed and for which the conveyance tax was paid; or
4. The transfer involves a tax sale for delinquent taxes of assessments.
5. Other exemptions set forth in section 247-3, HRS, except where the claim for exemption must be reviewed by the Department as set forth in this Tax Information Release.

A copy of the new Exemption From Conveyance Tax, (green) Form P-64B, is attached to this Tax Information Release.


RICHARD F. KAHLE, JR.
Director of Taxation