



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

P.O. BOX 259  
HONOLULU, HAWAII 96806-0259

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**TAX INFORMATION RELEASE**

No. 91-1

RE: General Excise Tax Treatment of Federal Luxury Taxes Collected

The Revenue Reconciliation Act of 1990 (Public Law 101-508) imposes new federal excise taxes on the retail sale of certain luxury items. The tax is equal to 10 percent of the amount of the sales price exceeding (1) \$30,000 for passenger vehicles, (2) \$100,000 for boats, (3) \$250,000 for aircraft, and (4) furs and jewelry with a sales price exceeding \$10,000. The tax is imposed upon the first retail sale of the article and applicable to sales made after December 31, 1990.

Section 237-24(11), Hawaii Revised Statutes, with respect to amounts not taxable for the general excise tax, excludes federal excise taxes imposed on articles sold at retail which are collected from the purchasers and paid to the federal government by the retailer.

The Department of Taxation will allow an exclusion from gross income for general excise tax purposes equal to the federal excise taxes on luxury items collected under Public Law 101-508.

  
RICHARD F. KAHLE, JR.  
Director of Taxation