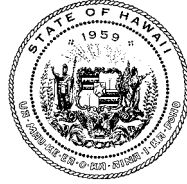


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May 13, 2010

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2010-02

RE: Act 22, Session Laws of Hawaii 2010, Relating to Tax Administration; Amending the Due Dates for Various Taxes.

On April 14, 2010, Governor Linda Lingle signed into law House Bill 2600, as Act 22, Session Laws of Hawaii 2010.

This Act amends several provisions of Title 14, Hawaii Revised Statutes ("HRS") that address certain filing and payment deadlines of various taxes. In summary, this measure amends the due date for filing and payment of various taxes from the last day of the month to the 20th day of the month. The purpose of this measure is to conform the various tax due dates to that of the general excise tax, which was amended to the 20th day of the month by Act 196, Session Laws of Hawaii 2009. Act 22 also amends the Insurance Premium Tax, which is further discussed below.

ADVANCED FILING AND PAYMENT DEADLINE FOR VARIOUS TAXES

This measure amends the due date for the filing and payment for various taxes in Title 14, HRS, from the last day of the month to the 20th day of the month. Prior to the amendment, taxpayers were required to file various tax returns and pay these various taxes by the last day of the calendar month following the end of the reporting period, whether the reporting period was monthly, quarterly, or semi-annually. The Act advances the deadline for filing the various tax returns and paying the taxes due to the twentieth day of the calendar month following the end of the reporting period.

The various taxes contained in Title 14, HRS, which are impacted by this Act, are the following:

- Transient Accommodations Tax, Chapter 237D;
- Use Tax, Chapter 238;
- Fuel Tax, Chapter 243;
- Liquor Tax, Chapter 244D;
- Cigarette Tax & Tobacco Tax, Chapter 245; and
- Rental Motor Vehicle Surcharge Tax, Chapter 251;

EXAMPLES FOR ADVANCED FILING DEADLINE:

January return (monthly filer)	Return and payment due February 20
Quarter ending March 31 (quarterly filer)	Return and payment due April 20
6-month period ending June 30 (semi-annual filer)	Return and payment due July 20

The Department of Taxation (the "Department") will provide a transition period to allow taxpayers to implement the necessary changes to meet the advanced filing deadline for the above various taxes impacted by the Act. No penalties or interest will be imposed on taxpayers who file their various tax returns and pay these various taxes due after the twentieth day but on or before the last day of the calendar month following the end of the reporting period for all reporting periods ending on or before December 31, 2010. For instance, no penalty or interest will be imposed with respect to use tax for the period (month, quarter, or semi-annual) ending December 31, 2010 if the use tax return is filed and the use tax is paid on or before January 31, 2011; but a penalty will be imposed if the taxpayer files the return and pays the tax after January 31, 2011.

Penalties and interest will be imposed on taxpayers who fail to file their various returns and pay these various taxes due on or before the twentieth (20th) day of the calendar month following the end of the reporting period for reporting periods ending after December 31, 2010. Continuing with the example in the previous paragraph, monthly filers must file their use tax returns and pay any use tax due for the month ended January 31, 2011 by February 21, 2011¹ to avoid penalties and interest.

ADVANCED FILING AND PAYMENT DEADLINE FOR INSURANCE PREMIUMS TAXES

Sections 10 and 11 of Act 22 make amendments to the Insurance Premium Tax under Chapter 431, HRS, which is administered entirely by the Department of Commerce & Consumer Affairs, Insurance Commissioner.

Act 22 does not provide a transition period for Insurance Premium Taxes, therefore insurers are required to file monthly statements and make any applicable payments of Insurance Premium Taxes due on or before the 20th day of the month following the month in which the taxes accrue. The annual tax statement remains due on or before March 1.

A separate announcement has been issued by the Insurance Commissioner discussing these amendments, which is available at www.hawaii.gov/dcca/ins/insurers/annual-filing-instructions-and-tax-forms.

¹February 20, 2011 is a Sunday so the filing deadline moves to the next business day, Monday, February 21, 2010.

EFFECTIVE DATE

Act 22, Session Laws of Hawaii 2010, takes effect on July 1, 2010. As discussed above, please note that the Department will not be assessing penalties and interest on various tax returns filed or various taxes paid after the 20th day of the month, but before the last day of the month, for periods ending on or before December 31, 2010. Penalties and interest will be imposed on taxpayers who fail to file their various returns and pay these various taxes due on or before the twentieth (20th) day of the calendar month following the end of the reporting period for reporting periods ending after December 31, 2010.

For more information on this Act, please contact the Rules Office at 808-587-1577.

A handwritten signature in black ink, appearing to read "Kurt Kawafuchi", with a large, stylized flourish at the end.

KURT KAWAFUCHI
Director of Taxation