



DEPARTMENT OF TAXATION

News Release

LINDA LINGLE
GOVERNOR

KURT KAWAFUCHI, DIRECTOR
Phone: (808) 587-1510
Fax: (808) 587-1560

For Immediate Release: May 27, 2009

DEPARTMENT OF TAXATION ANNOUNCES

TAX FRESH START PROGRAM

HONOLULU – The State of Hawaii Department of Taxation ("DOTAX") announced that it is offering a "Tax Fresh Start Program", running from May 27, 2009 through June 26, 2009. The program provides an opportunity for eligible taxpayers to pay their back taxes to the state while avoiding penalties and potentially avoiding referral for criminal prosecution. It also offers a 50% reduction in interest from the statutory rate of 8% per annum to 4% per annum. The program is available to all eligible taxpayers owing eligible Hawaii tax(es) for any taxable period ending on or before December 31, 2007, either because the taxpayer:

- failed to file a return for the taxable period, or
- previously filed a return for the taxable period but underreported the amount of Hawaii tax due.

Taxpayers who have undisclosed or unreported Hawaii income are encouraged to make a voluntary disclosure to become compliant, avoid substantial civil penalties and generally eliminate the risk of referral for criminal prosecution. Making a voluntary

disclosure also provides the opportunity to calculate with a reasonable degree of certainty the total cost of resolving their Hawaii tax liabilities.

DOTAX is currently aggressively pursuing non-filers and under-reporters and, when appropriate, will refer such taxpayers for criminal prosecution. Hawaii law contains no civil statute of limitations on auditing or assessing non-filers. There is also no civil statute of limitations on auditing or assessing under-reporters where tax fraud is involved. In addition, the legislature has recently passed legislation which greatly enhances the power of DOTAX to audit and assess non-filers or under-reporters, including the adoption of stiffer penalties and a longer civil statute of limitations for cases involving substantial underreporting of income.

The program covers all taxes that are administered by DOTAX, including the general excise tax, use tax, income tax, and transient accommodations tax, among others. The program may not be used for tax liabilities that are already known to DOTAX. Taxpayers already in a payment plan with DOTAX or who have received a tax bill from DOTAX cannot participate in this program for the tax liability that is the subject of that bill. The taxpayer may, however, report additional liability for that tax period as an under-reporter under the Tax Fresh Start Program.

A taxpayer is ineligible for participation in the program if any of following applies:

- The taxpayer is currently under audit by DOTAX;
- The taxpayer is currently under criminal investigation;
- The taxpayer is a party to any civil or criminal litigation that is pending on May 27, 2009 with DOTAX;
- The taxpayer is currently in DOTAX's collection program;
- The taxpayer has been contacted by DOTAX concerning a return for any reason, including a return that has not been filed or an apparent understatement of income;

- The taxpayer is under audit by the federal government or has been notified of such an examination; or
- The taxpayer has been criminally prosecuted by the criminal investigations unit, or who is currently under court jurisdiction.

If a taxpayer is not eligible for the Tax Fresh Start Program for a particular Hawaii tax or for a particular taxable period, the taxpayer may still be eligible to apply for participation in the program for a different Hawaii tax or for a different taxable period. If you have a question about eligible taxes, visit the website www.hawaii.gov/tax for a comprehensive list.

All participants must file the required tax return(s) for the applicable periods using the appropriate tax form for the period involved in order to participate in the Tax Fresh Start Program. Full payment including interest must also be made at the time the tax returns are filed under this program. Each tax type must be accompanied by a separate check. If payment in full including interest is not submitted with the return on or before June 26, 2009, or if your payment is dishonored for any reason through no fault of DOTAX, your participation in the Tax Fresh Start Program will be denied. If you are denied participation in the Tax Fresh Start Program, all applicable penalties and interest at the statutory rate of 8% per annum will be assessed against you. Interest will continue to accrue at the full statutory rate until payment is received. Payment plans are not available under this program. The notation "**Tax Fresh Start Program**" must be noted boldly at the top of all pages of the tax return and submitted to:

Tax Fresh Start Program Administrator
PO Box 259
Honolulu, HI 96809-0259

Taxpayers should be aware that payment under this Tax Fresh Start Program constitutes an express and absolute relinquishment of any and all administrative and judicial rights of appeal. If you need more information about the

Tax Fresh Start Program, visit www.hawaii.gov/tax, or call the office nearest to you between the hours of 7:45 a.m. through 4:30 p.m. Monday through Friday, excluding State holidays:

Oahu (808) 587-9200

Maui (808) 984-8511

Hilo (808) 974-6321

Kona (808) 323-4597

Kauai (808) 274-3456

Hearing impaired users only may transmit inquiries calling (808) 587-1418 (Oahu only) or 1-800-887-8974 (Outer islands).

####

For more information, contact:
Kurt Kawafuchi, Director
State of Hawaii Department of Taxation
Phone: (808) 587-1510