



DEPARTMENT OF TAXATION

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FOR IMMEDIATE RELEASE

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TAX DEPARTMENT REMINDS TAXPAYERS ENGAGING IN PEER-TO-PEER CAR SHARING TO COMPLY WITH STATE TAX LAWS

HONOLULU – The Hawai'i Department of Taxation (DOTAX) reminds taxpayers using peer-to-peer car sharing apps to obtain all proper registration and have a general excise tax license before conducting or engaging in any business.

Revenues derived from a car rental activity must be reported to DOTAX, and is subjected to the general excise tax, as well as the state income tax on revenues made. In addition, taxpayers who rent their motor vehicle directly to another person without utilizing a marketplace facilitator app, will be subject to the general excise, net income, and daily rental vehicle surcharge tax.

“The Department emphasizes that taxpayer who rent their motor vehicle on a marketplace facilitator app, should know whether or not the facilitator meets all of its obligations to the government. If not, the taxpayer may be liable for additional taxes.” said Isaac W. Choy, Director of Taxation.

Taxpayers should also be aware of any zoning or neighborhood regulations regarding operating a business, particularly from a residential location. Taxpayers may be subjected to state, federal, city and county fines if operating in an unauthorized area.

For more specific information regarding Peer-to-Peer Car-Sharing Facilitator, please refer to Tax Announcement 2021-04 and Tax Information Release 2019-03 on the Department's website at <http://tax.hawaii.gov>.

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