

**DEPARTMENT OF TAXATION'S
ANNUAL REPORT AS REQUIRED BY Section 231-9.9, Hawaii Revised Statutes**

For the period between 7/1/2011- 6/30/2012

Section 231-9.9, Hawaii Revised Statutes (HRS), relates to remittance of taxes by means of Electronic Funds Transfer (EFT). The Department is required to submit an annual report on the number of taxpayers who were assessed the two percent penalty for failing to timely file by an approved EFT method, the amount of each assessment, and the total amount collected.

The mandatory remittance of taxes by means of EFT applies to (1) taxpayers with tax liabilities exceeding \$100,000, and (2) taxpayers with withholding taxes of over \$40,000.

Section 231-9.9(c), HRS, imposes a two percent penalty on the amount of taxes owed if a taxpayer mandated to remit taxes using an approved EFT method fails to do so on or before the date the taxes are due, unless failure is due to reasonable cause and not to neglect.

The amount of the EFT penalties imposed for fiscal year 2012 for taxpayers who remit more than \$100,000 a year in general excise, transient accommodations, rental and tour vehicle, and more than \$40,000 a year in withholding taxes is:

EFT Penalties and Interest Assessed
For the 2011-2012 Fiscal Year
For the period of 07/01/2011 – 06/30/2012

	Total Penalty Assessed	Total Penalty Collected	Number Assessed
General Excise	941,454.37	617,577.81	2,512
Transient Accommodations	83,740.34	45,737.79	58
Withholding	101,712.53	73,853.12	860
Rental and Tour Vehicle	1,185.68	1,185.62	3
County Surcharge	66,794.79	50,005.37	1,540
Cigarette and Tobacco	3,827.09	3,286.77	7
Fuel	213,414.85	18,828.65	7
Liquor	47,195.86	38,387.87	12
Public Service	25,522.31	21,122.31	2
Total	1,484,847.82	869,985.31	5,001

The Department's Integrated Tax Information Management System (ITIMS) allows for automated assessment of the penalties associated with EFT, allowing the Compliance Division to focus their resources on collecting the assessed EFT penalties and interest.