



HIP

State of Hawaii Department of Taxation
EFT PENALTY ANNUAL REPORT
As Required By Section 231-9.9, Hawaii Revised Statutes

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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 2020 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:

For the 2019-2020 Fiscal Year

For the period of 7/1/2019 – 6/30/2020

	Total Penalty Assessed	Total Penalty Collected	Number Assessed
Cigarette & Tobacco	7,104.40	6,909.19	11
Corporate Income	54,344.84	54,324.56	19
County Surcharge	142,755.95	128,584.98	3690
Fiduciary Income	105.00	105.00	3
Franchise	80,510.55	79,816.58	110
General Excise	1,479,198.83	1,357,813.38	3887
Individual Income	67,571.83	39,300.05	60
Liquid Fuel Distributor	2.98	0.00	1
Liquor Non-Permit	14,918.81	14,918.81	4
Public Service Co.	213,186.73	139,528.57	98
Rental Vehicle	6,163.50	6,163.50	8
Seller's Collection	6,807.50	6,807.50	3
Transient Accommodations	104,836.54	101,404.53	159
Withholding	203,620.29	165,654.44	870
Liquor	2,683.75	2,683.75	2
Total	2,383,811.50	2,104,014.84	8925

The Department 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.