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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2004-16

RE: Business Tax License Numbers to be Replaced

The Department of Taxation (Department) implemented the business tax component of its new computer system earlier this month, and has now successfully completed its five-year project to develop a single, Integrated Tax Information Management System (ITIMS) to replace the two separate income tax and business tax computer systems.[1] The result of the successful implementation will be improved services to Hawaii taxpayers as well as changes affecting taxpayers who are registered for the general excise tax, use tax, withholding, transient accommodations tax, and/or rental motor vehicle and tour vehicle surcharge tax.

The Department's old income tax computer system maintained accounts according to the taxpayer's social security number (SSN) if an individual, or the taxpayer's federal employer identification number (FEIN) if a partnership, corporation, or other non-individual taxpayer. The old business tax computer system, however, maintained general excise tax and other business tax accounts according to an eight-digit license number that was assigned by that system.

ITIMS links all income tax and business tax accounts according to the taxpayer's SSN or FEIN, as applicable, and no longer needs the old license numbers for the business accounts.

Although the old license numbers are no longer needed, business tax licensees need a non-confidential number to provide to others as proof of being properly licensed for Hawaii tax purposes. As a result, current and future licensees have been assigned a new **Hawaii Tax Identification Number (Hawaii Tax ID Number)** to replace the old business tax license number. This new number will appear on pre-printed tax forms sent to licensees and is the number that may be provided to financial institutions and other businesses as needed.

Hawaii Tax ID Numbers begin with the letter "W" and are followed by eight numbers plus a two-digit sequence number. If the taxpayer has more than one old license number for the same tax type (e.g., if the taxpayer has two general excise tax license numbers), the last two digits of the Hawaii Tax Identification Numbers will be different (e.g., W12345678-01 and W12345678-02).

[1] The income tax component of ITIMS was implemented in October 2002.

Business taxpayers will also be assigned a new **Tax Account Number** for each account. The Tax Account Number contains specific information that is not part of the Hawaii Tax ID Number, and will only be used on confidential correspondence sent directly to taxpayers. Because part of this number is the taxpayer's FEIN, this number should NOT be given to anyone taxpayers would not otherwise give their SSN or FEIN to.

Business tax licensees who do not have a FEIN, or who do not have a FEIN on file, will be assigned a number by the computer in lieu of a FEIN that begins with the letter "H." Licensees who did not previously notify the Department of their FEIN, or who obtain a FEIN from the IRS in the future, should provide their FEIN to the Department so that their records can be updated.

New tax forms and license certificates will not be issued, because the new system is able to process forms and identify accounts using either the new Hawaii Tax ID Number or the old license number. Continue using the forms pre-printed with the old license number(s). General excise/use, withholding, transient accommodations, and/or rental motor vehicle and tour vehicle surcharge tax forms booklets sent to taxpayers in the future will have the Hawaii Tax ID Number pre-printed on those forms.

In addition, resale certificates previously provided to vendors will not need to be updated, and the "Search the Tax Licenses" feature on the Department's website at www.state.hi.us/tax will cross-list both the old license number and the new Hawaii Tax ID number.

Informational letters will be sent to all business tax licensees before the end of the year. These letters will list the old license numbers assigned to the taxpayer and the types of taxes the taxpayer is registered for, and will also list the corresponding new Hawaii Tax ID Number and Tax Account Number for each of the tax accounts. Taxpayers are advised to carefully review all of the information provided in the letter and to notify the Taxpayer Services Branch of any corrections needed. Taxpayers should provide a copy of this letter to their accountant or other tax professional, and to persons to whom they have given a power of attorney with respect to their Hawaii tax accounts. **Taxpayers should also keep the informational letter in their permanent files.**

For further information and assistance, contact the Taxpayer Services Branch (see below).

Tax forms and information are available on the Department's website at www.state.hi.us/tax. If you know which tax form or publication you need, please call the Department's request line at 808-587-7572, or toll-free from the neighbor islands and continental U.S. at 1-800-222-7572. This service is available 24 hours a day, 7 days a week.

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