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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2005-14

RE: Act 9, First Special Session Laws of Hawaii 2005, Relating to Tax (Act 9)

On July 12, 2005, S.B. No. 1685, S.D. 2, H.D. 1, C.D. 1 was enacted into law as Act 9. Act 9 authorizes Director of the Department of Taxation ("Department") to share confidential tax information with the counties' directors of finance for tax purposes and authorizes the counties' directors of finance to provide confidential tax information to the Department notwithstanding any other law to the contrary.

Generally, the Department is prohibited by state law from disclosing confidential tax information to third parties without a taxpayer's express authorization. As an exception to this statutory prohibition, the Department is authorized by state law to disclose confidential tax information to tax officials of other states, the federal government, and the Multistate Tax Commission for tax purposes. Act 9 amends Section 231-18, Hawaii Revised Statutes ("HRS"), Section 235-117, HRS, and Section 237D-13, HRS, to add county tax officials to the list of persons to whom the Department may disclose confidential tax information.

Tax confidentiality statutes promote the State's strong governmental interest in each taxpayer's full and complete disclosure to the Department, which maximizes revenue to the State. The Department therefore intends to exercise this statutory authority with caution and only where such disclosure will maximize tax revenues and where the Department and a county's taxing official agree to stringent safeguards to protect against the unauthorized disclosure of confidential tax information to third parties.

Current forms and other tax information are available at 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.

KURT KAWAFUCHI
Director of Taxation

HRS Sections Explained: HRS Sections 231-18, 235-117, 237D-13, 246A-__.