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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2005-20

RE: Hawaii's Estate and Transfer Tax

At the present time, Hawaii has neither an inheritance tax nor a gift tax. Hawaii's estate and transfer tax is based on the federal state death tax credit and is currently not effective for decedents dying after December 31, 2004 through December 31, 2010. For a person dying after June 30, 1983, section 236D-3 of the Hawaii Revised Statutes (HRS) imposed tax on the transfer of the taxable estate if the person was a resident and section 236D-4, HRS imposed tax on the transfer of the taxable estate located in Hawaii if the person was a nonresident. The amount of the tax was equal to the maximum amount of the federal state death tax credit, as specified in the Internal Revenue Code (IRC).

The Economic Growth and Tax Relief Reconciliation Act of 2001, PL 107-16, enacted June 7, 2001, phased out the federal state death tax credit from 2002 to 2004. From January 1, 2005 through December 31, 2010, the credit was repealed and replaced with a deduction for the state death taxes. Hawaii's estate and transfer tax is currently not effective for decedents dying after December 31, 2004 through December 31, 2010. Therefore, for decedents dying after December 31, 2004 and prior to January 1, 2011, the personal representative of the estate is not required to file Form M-6 "Hawaii Estate Tax Report", nor is the personal representative required to file Form M-6A, "Request for Release to be Filed for Decedents Dying After June 30, 1983".

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