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July 5, 2007

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-17

RE: Act 240, Session Laws of Hawaii 2007, Relating to Dishonored Payments.

On July 2, 2007, Governor Linda Lingle signed into law House Bill 1207 SD 1, as Act 240.

Act 240 increases the service charge for dishonored payments made to the State, including payments of tax. The dishonored payment fee is increased from $15 for any check or electronic funds transfer or $7.50 for any draft, certificate of deposit, or other negotiable instrument, to $25 for any remittance for payment.

Interest will no longer be assessed on the $25 dishonored payment fee. However, Act 240 has no impact on the assessment of interest or penalties on the underlying tax obligation. Act 240 only impacts the interest assessed on the dishonored payment fee.

Act 240 takes effect on July 2, 2007.

For more information on Act 240, please contact the Rules Office at 808-587-1577.

KURT KAWAFUCHI
Director of Taxation