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July 31, 2009

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2009-18

RE: Act 165, Session Laws of Hawaii 2009, Relating to State Income Tax.

On July 1, 2009, Governor Linda Lingle signed House Bill 1495 HD1 SD1 CD1 into law as Act 165.

This Act amends section 235-2.4(e), Hawaii Revised Statutes, in order to make Internal Revenue Code Section 165 (d) (with respect to wagering losses) inoperative for the purpose of Hawaii state income tax.

Taxpayers with income from gambling activities will be required to include all winnings in gross income and will not be allowed to offset any of their gambling winnings by their gambling losses. Under prior law, gambling losses could be used up to the amount of any gambling winnings.

This Act took effect upon approval, and applies to taxable years beginning after December 31, 2008.

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

KURT KAWAFUCHI
Director of Taxation