LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

KURT KAWAFUCHI
DIRECTOR OF TAXATION

STANLEY SHIRAKI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

June 7, 2010

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2010-09

RE: Act 91, Session Laws of Hawaii 2010, Relating to General Excise Tax; Extension of the Exemption for Condominium Common Expenses Paid by Managers, Submanagers, and Suboperators and Hotel Employee Expenses Paid by Hotel Operators and Timeshares

On May 11, 2010, Governor Linda Lingle signed into law Senate Bill 2643 SD 1 HD 1 CD 1, which became law as Act 91, Session Laws of Hawaii 2010.

Under current law, there are exemptions from the general excise tax for common area expense amounts received by condominium submanagers and suboperators. There is also an exemption for employee expenses received from the owner of a hotel or timeshare by a hotel or timeshare suboperator. These general excise tax exemptions were passed by Act 239, Session Laws of Hawaii 2007.

After Act 239, SLH 2007, Act 196, Session Laws of Hawaii 2009, amended the repeal date for these exemptions, as well as instituted an aggregate cap of $400,000 per year. Act 91 amends these general excise tax exemptions by extending the repeal date until December 31, 2014. The Act also clarifies that the $400,000 aggregate cap applies only to the hotel employee expense reimbursement exemption and further that the exemption applies to the amount of tax exempt per calendar year.

Act 91 takes effect on July 1, 2010.

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

KURT KAWAFUCHI
Director of Taxation