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April 5, 2011

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2011-04

RE: Additional Tax Types Required to be Paid by Electronic Funds Transfer (EFT)

Hawaii Revised Statues §231-9.9 permits the Department of Taxation (Department) to require certain taxpayers to pay their taxes by electronic funds transfer (EFT). Generally, every taxpayer whose tax liability for a particular tax exceeds $100,000 in the taxable year is required to pay that tax by EFT. EFT is currently required for the following types of taxes: (1) General Excise and Use; (2) Withholding[1]; (3) Transient Accommodations; and (4) Rental Motor Vehicle and Tour Vehicle Surcharge. In addition to existing types of taxes that are required to be paid by EFT, effective October 1, 2011, the Department will require every taxpayer to pay their taxes by EFT when their tax liability for a particular tax exceeds $100,000 in the taxable year for the following types of taxes:

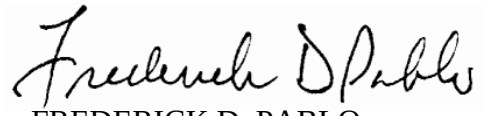
- Fuel Tax;
- Cigarette Tax and Tobacco Tax;
- Liquor Tax;
- Franchise Tax; and
- Public Service Company (PSC) tax.

Taxpayers whose tax liability for a particular tax (as listed above) exceeds $100,000 will be mailed notices from the Department to inform them of their requirement to pay by EFT. Taxpayers who are not required to pay their taxes by EFT may voluntarily participate in the EFT program. Taxpayers who are required to or who would like to pay by EFT must complete and submit Form EFT-1, *Authorization Agreement for Electronic Funds Transfer,* to the Department's Electronic Processing Section. The form is available on our website at www.hawaii.gov/tax or by contacting the Taxpayer Services Call Center at 808-587-4242 or toll-free at 1-800-222-3229 to have the form mailed.

A taxpayer who is required to pay by EFT, but who fails to do so on or before the due date will be assessed a penalty of two per cent of the amount of the tax due unless the failure is due to reasonable cause and not neglect. The service fee for a dishonored EFT payment is $25. These penalties are in addition to any other applicable penalties and interest.

[1] See Tax Announcement No. 2009-11 for the EFT filing requirements for Hawaii withholding.

For more information, please refer to Tax Information Release (TIR) No. 95-06, "Questions and Answers on Paying Taxes by Electronic Funds Transfer;" and TIR No. 99-01, "Filing of Tax Returns Required by Taxpayers Who Pay Taxes by Electronic Funds Transfer (EFT);" or contact the Electronic Processing Section at 808-587-1740 or tax.efile@hawaii.gov.



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