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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-18

RE: Act 161, Session Laws of Hawaii 2013, Relating to Transient Accommodations Tax

On June 21, 2013, Governor Neil Abercrombie signed into law Senate Bill 1194 S.D. 2, H.D. 1, C.D. 1, as Act 161, Session Laws of Hawaii 2013 (Act 161). Act 161 is effective July 1, 2013.

Act 161 makes several modifications to the Transient Accommodations Tax (TAT) law.

First, Act 161 makes permanent the rate of 9.25 per cent on gross rental or gross rental proceeds derived from furnishing transient accommodations. Under the law prior to Act 161, the rate is 7.25 per cent imposed under Hawaii Revised Statutes (HRS) §237D-2(a), with an additional 2.0 per cent imposed under HRS §237D-2(b), or a total of 9.25 per cent. The additional 2.0 per cent imposed under HRS §237D-2(b) had been set to expire June 30, 2015. Act 161 deletes subsection (b) and imposes the 9.25 per cent rate permanently under subsection (a) on gross rental or gross rental proceeds for the period beginning July 1, 2010 and thereafter.

Second, Act 161 repeals the daily $10 tax imposed on transient accommodations furnished on a complimentary or gratuitous basis, or otherwise at no cost, under §237D-2(c). Beginning July 1, 2013, such complimentary rooms shall no longer be subject to transient accommodations tax.

Third, Act 161 makes several changes to the allocations of TAT revenues collected.

For more information on this issue, please contact the Rules Office at 808-587-1577 or by e-mail at Tax.Rules.Office@hawaii.gov.

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