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August 1, 2013

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-19

RE: Act 162, Session Laws of Hawaii 2013, Relating to Cash Economy Enforcement

On June 21, 2013, Governor Neil Abercrombie signed into law Senate Bill 1196 S.D. 1, H.D. 1, C.D. 1, as Act 162, Session Laws of Hawaii 2013 (Act 162). Act 162 is effective July 1, 2013.

Act 162 modifies §231-96, Hawaii Revised Statutes (HRS), by requiring all persons doing business and engaging in cash transactions to offer a receipt or other record of the transaction and maintain a contemporaneously generated record of all business transactions conducted each day. Under current law, only those businesses conducting more than ten taxable business transactions per day were required to comply with these two requirements. Beginning July 1, 2013, a taxpayer conducting nine or fewer taxable business transactions per day must comply with these two requirements as well.

Please note that this law does not apply to casual sales. Casual sales are occasional or isolated sales or transactions involving tangible personal property by a person. Such sales do not require the recording of the sale or a general excise tax license. A casual sale is generally distinguishable from activity subject to HRS §231-96 because the taxpayer is not acting in the ordinary course of business in which the taxpayer is normally engaged.

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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