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August 1, 2013

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-20

RE: Act 163, Session Laws of Hawaii 2013, Relating to General Excise Tax

On June 21, 2013, Governor Neil Abercrombie signed into law Senate Bill 1360 S.D. 1, H.D. 1, C.D. 1, as Act 163, Session Laws of Hawaii 2013 (Act 163). Act 163 is effective upon approval.

Act 163 makes the following exemptions permanent:

- Amounts received by submanagers of associations of apartment owners of a condominium property regime established in accordance with Chapter 514A or 514B or nonprofit homeowners or community associations incorporated in accordance with Chapter 414D in reimbursement of sums paid for common expenses under Hawaii Revised Statutes (HRS) §237-24.3(3).
- Amounts received by the operator of a hotel from a timeshare association in amounts equal to and which are disbursed by the operator or suboperator for employee wages, salaries, payroll taxes, insurance premiums, and benefits including retirement, vacation, sick pay, and health benefits under HRS §237-24.7(1).
- Amounts received by the suboperator of a hotel from the owner of the hotel, from a timeshare association, or from the operator of the hotel for employee wages, salaries, payroll taxes, insurance premiums, and benefits including retirement, vacation, sick pay, and health benefits under HRS §237-24.7(1).

These exemptions were set to expire December 31, 2014. Act 163 also repeals the cap of $400,000 on the aggregate amount of tax exempted per calendar year, effective for taxable years after December 31, 2012.

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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