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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2021-09

RE: New REIT Reporting Requirement under Act 78, Session Laws of Hawaii 2021

This Tax Announcement provides guidance regarding the notification requirement for Real Estate Investment Trusts (REITs) under Act 78, Session Laws of Hawaii 2021 (Act 78). Act 78 applies to taxable years beginning after December 31, 2021. Act 78 requires REITs to take the following three actions:

1. Notify the Department of Taxation (Department) of their operation as a REIT in the State;
2. Complete their tax returns as prescribed by the Department (including checking the box indicating their REIT status); and
3. Include a copy of their federal tax return with their state tax return.

Act 78 also imposes a penalty of $50 per day for any failure to comply with these requirements.

Deadline to Notify the Department of Operation as a REIT

In order to meet the notice requirement, REITs must notify the Department of their operation in the State within fifteen days of beginning operations in the State. However, any REIT that was active in the State as of July 1, 2021 must notify the Department of their activity in the State **no later than January 15, 2022**.

How to Notify the Department

To satisfy this reporting requirement, REITs must notify the Department sending an email to the following email address:

tax.rules.office@hawaii.gov

The subject line must read, 'Act 78 REIT Notification'. The email must also include the:

1. Name of the REIT;
2. "Doing Business As (DBA)" name(s), if applicable;
3. Hawaii tax identification number;
4. Current mailing address; and current telephone number.

Please note that each REIT that has its own Hawaii tax identification number must send a separate notification email. For more information on this issue please contact the Rules Office at (808) 587-1530 or by email at tax.rules.office@hawaii.gov.

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Hawaii Revised Statutes section explained: §235-71