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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2023-07

RE: Mandatory Electronic Filing of Withholding Returns for Employers

This Tax Announcement supplements Tax Announcement 2019-11 and Tax Announcement 2021-08, which outline electronic filing requirements for employer's withholding tax returns.

Pursuant to section 231-8.5, Hawaii Revised Statutes (HRS), the Department of Taxation ("Department") requires the electronic filing of withholding tax filings for employers whose withholding tax liability exceeds $40,000 annually. Pursuant to section 231-9.9, HRS, the Department may also require electronic filing for any person who is required to electronically file a federal return.

On February 23, 2023, the United States Department of the Treasury issued Treasury Regulation § 301.6011-2, which generally requires electronic filing of federal returns for employers with 10 or more returns, effective for returns required to be filed after December 31, 2023.

The Department will not be adopting the 10-return threshold for employer's withholding returns at this time. Accordingly, employers who must file at least 10 returns, but whose withholding tax liability does not exceed $40,000 annually, will not be required to electronically file withholding returns with the State. Employers whose withholding tax liability exceeds $40,000 annually will continue to be subject to mandatory electronic filing, as detailed in Tax Announcements 2019-11 and 2021-08.

For questions related to this Tax Announcement please email the Rules Office at Tax.Rules.Office@hawaii.gov.

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