JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

GARY S. SUGANUMA
DIRECTOR OF TAXATION

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAI'I
DEPARTMENT OF TAXATION
Ka 'Oihana 'Auhau
P.O. BOX 259
HONOLULU, HAWAI'I 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

December 15, 2025

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2025-08

Re: Temporary Administrative Rules Related to Apportionment and Allocation of Income from Cruise Fares for Purposes of the General Excise Tax (GET)

Pursuant to section 231-10.7, Hawaii Revised Statute (HRS), the Department of Taxation ("Department") promulgated Temporary Administrative Rules for sections 18-237-201-01 through 18-237-201-02 (“Temporary Rules”), effective December 15, 2025, and will expire on June 15, 2027.

The temporary rules specify the amount of gross income derived from cruise fares that shall be apportioned to the State in accordance with section 237-21, HRS, and further specify the amount of gross income derived from cruise fares that shall be allocated to each county for purposes of the county surcharge in accordance with section 237-8.6, HRS. The Department will be issuing these Temporary Rules as proposed rules for formal Hawaii Administrative Rules adoption, subject to the procedural requirements of chapters 91 and 201M, HRS, to include conducting a public hearing and providing the opportunity for public input.

A copy of the Temporary Rules is attached to this announcement and can also be viewed on the Department's website at https://tax.hawaii.gov/legal/taxlawandrules/. Forms and instructions are available on the Department's website at https://tax.hawaii.gov/forms/.

If you have any questions about this Tax Announcement, please contact the Rules Office at (808) 587-1577 or by email at Tax.Rules.Office@hawaii.gov.

GARY S. SUGANUMA
Director of Taxation

TEMPORARY ADMINISTRATIVE RULES

THESE ADMINISTRATIVE RULES ARE TEMPORARY RULES ISSUED PURSUANT TO SECTION 231-10.7; HAWAII REVISED STATUTES.

AS TEMPORARY RULES, THESE ADMINISTRATIVE RULES BECOME EFFECTIVE SEVEN DAYS AFTER PUBLIC NOTICE IS ISSUED. THESE TEMPORARY ADMINISTRATIVE RULES TAKE EFFECT ON December 15, 2025.

TEMPORARY ADMINISTRATIVE RULES ARE EFFECTIVE FOR EIGHTEEN MONTHS. THESE TEMPORARY ADMINISTRATIVE RULES WILL EXPIRE ON June 15, 2027.

PERMANENT ADMINISTRATIVE RULES, SUBJECT TO THE PROCEDURAL REQUIREMENTS OF CHAPTER 91, HAWAII REVISED STATUTES (THE HAWAII ADMINISTRATIVE PROCEDURES ACT), ARE SIMULTANEOUSLY BEING PROPOSED FOR FORMAL ADOPTION.

DEPARTMENT OF TAXATION

Amendments to Chapter 18-237,
Hawaii Administrative Rules

Effective: December 15, 2025

SUMMARY

1. New §18-237-210-01 is added.

2. New §18-237-210-02 is added.

§18-237-210-01 Apportionment of gross income or gross rental proceeds from cruise fares. (a) Effective January 1, 2026, gross income or gross rental proceeds from cruise fares shall be apportioned to the State in an amount equal to the total amount of gross income or gross rental proceeds from cruise fares, prorated by the percentage of days the cruise ship is docked at any port in the State in comparison to the total number of days of the voyage.

(b) For purposes of this section:

"Cruise fare" has the same meaning as in section 237D-1, HRS;

"Cruise ship" has the same meaning as in section 237D-1, HRS;

"Gross rental proceeds" has the same meaning as in section 237D-1, HRS.

Example 1:

Hi Cruises, Inc., a cruise ship operator, has gross rental proceeds of $100,000 from cruise fares for a ten-day voyage. The itinerary for the voyage is as follows:

Day 1:	Oahu
Day 2:	Oahu
Day 3:	Oahu and Maui
Day 4:	Maui
Day 5:	Hawaii County
Day 6:	Hawaii County
Day 7:	At Sea
Day 8:	At Sea
Day 9:	Kauai
Day 10:	Oahu

Hi Cruises, Inc. shall apportion $80,000 of its $100,000 in gross rental proceeds to the State (eighty per cent of $100,000). [Eff 12/15/2025] (Auth: HRS §231-10.7) (Imp: HRS §237-21)

§18-237-210-02 Allocation of gross income or gross rental proceeds from cruise fares. (a) Effective January 1, 2026, gross income or gross rental proceeds from cruise fares shall be allocated to each taxation district in which the cruise ship docked; provided that the amount allocated shall equal the total amount of gross income or gross rental proceeds from cruise fares, prorated by the percentage of days the cruise ship docked at any port in the taxation district in comparison to the total number of days of the voyage; provided further that if a cruise ship docks at two or more taxation districts in a single day, the amount allocated shall be divided among each taxation district in which the cruise ship docks during that day in equal shares.

(b) For purposes of this section:

"Cruise fare" has the same meaning as in section 237D-1, HRS;

"Cruise ship" has the same meaning as in section 237D-1, HRS;

"Gross rental proceeds" has the same meaning as in section 237D-1, HRS.

Example 1:

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Day 6:	Hawaii County
Day 7:	At Sea
Day 8:	At Sea
Day 9:	Kauai
Day 10:	Oahu

Hi Cruises, Inc. shall allocate its income as follows: $35,000 shall be allocated to Oahu district; $15,000 shall be allocated to Maui district; $20,000 shall be allocated to Hawaii district; and $10,000 shall be allocated to Kauai district. [Eff 12/15/2025] (Auth: HRS §231-10.7) (Imp: HRS §237-8.6)