

Income/Franchise:

Hawaii Department of Taxation Adopts Temporary Rules Implementing Pass-Through Entity-Level Tax

Temporary Administrative Rules 18-235-201-01 through 18-235-201-09; 18-237-200-01 through 18-237-200-25, and 18-237D-200-01 through 18-237D200-25, Haw. Dept. of Tax. (eff. 1/2/25); Announcement No. 2025-01, Haw. Dept. of Tax. (1/21/25). The Hawaii Department of Taxation adopted temporary administrative rules, some of which reflect state law allowing qualifying pass-through entities to make an annual election to pay an entity level state tax (PTET) applicable to taxable years beginning after December 31, 2022 [see S.B. 1437 (2023) and previously issued Multistate Tax Alert for more details on this PTET]. Among the topics addressed in the rules are making the election, underlying income tax credit eligibility and allowance, filing and calculating the new tax, and making estimated payments. The new temporary rules took effect on January 2, 2025, and are scheduled to expire on July 2, 2026. Please contact us with any questions.

URL: <https://tax.hawaii.gov/legal/taxlawandrules/>

URL: <https://files.hawaii.gov/tax/news/announce/ann25-01.pdf>

URL: https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=1437&year=2023

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-hawaii-enacts-pass-through-entity-tax-election.pdf>

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