

STATE OF HAWAII — DEPARTMENT OF TAXATION
**GENERAL INSTRUCTIONS FOR FILING THE
HAWAII WITHHOLDING TAX**

CHANGES YOU SHOULD NOTE

- Act 115, Session Laws Of Hawaii (SLH) 2021 - Effective January 1, 2022, Form HW-30 is due on or before January 31 following the close of the calendar year.
- Effective for taxable periods beginning on or after January 1, 2020, the Department of Taxation (Department) requires certain taxpayers, including employers whose withholding tax liability exceeds \$40,000 annually, to file Form HW-14 electronically at tax.hawaii.gov/eservices/ unless a waiver is obtained by filing Form L-110. The penalty for failure to file electronically is 2% of the tax due. Act 66, SLH 2018, amended section 231-8.5, Hawaii Revised Statutes (HRS), to enable the Department to require certain taxpayers to file tax returns electronically. For more information, see Department of Taxation Announcement No. 2019-11.
- Beginning calendar year 2020, Form HW-3 will be obsolete and replaced with Form HW-30, Employer's Annual Transmittal of Hawaii Income Tax Withheld from Wages. Form HW-30 is ONLY required for paper filing.

SCANNABLE FORMS

Forms HW-14 and HW-30 are designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

- Print amounts only on those lines that are applicable.
- Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
- Because this form is read by a machine, please print your numbers inside the boxes like this:

1	2	3	4	5	6	7	8	9	0	X
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- Do NOT print outside the boxes.
- Fill in ovals completely. Do not ✓ or × the ovals.
- Do NOT use dollar signs, slashes, dashes, or parentheses in the boxes.
- Submit only original forms.

FILING PERIOD

The withholding tax returns (**Forms HW-14**) are used to report the wages paid and the taxes withheld. These returns are sometimes referred to as periodic returns because they must be filed quarterly. (Act 7, SLH 2017)

PAYMENTS

How often you make payment depends on the amount of withholding tax your business has to pay during the year. Payments must be remitted **semi-weekly** when the withholding liability for the taxable year exceeds \$40,000. Payments must be remitted **monthly** when the total withholding liability for the taxable year exceeds \$5,000 but does not exceed \$40,000. Payments must be remitted **quarterly** when the total withholding liability for the taxable year is \$5,000 or less. Complete Form VP-1 and send it with your payment. Enter the total amount of taxes withheld for the period on line 3 of Form HW-

14. Payments may also be electronically filed (e-filed) through the State's Internet portal. For more information, go to tax.hawaii.gov/eservices/.

WHAT FORMS TO FILE

All filers must file a return (**Form HW-14**) for each quarter. The quarters recognized by the Department are: 1st - January to March; 2nd - April to June; 3rd - July to September; and 4th - October to December. A return must be filed even if you do not have any wages to report for the period. Just write "0.00" on the line for "total taxes withheld."

If you file your Form HW-14 and later become aware of any changes you must make, you may file an **amended return on Form HW-14** to change the Form HW-14 you already filed.

An annual withholding tax transmittal (**Form HW-30**) must be filed once a year. For taxable years beginning on or after January 1, 2020, Form HW-30 is used as a transmittal form for copy 1 of Forms HW-2 and federal Form W-2. If you need to make any changes to the amount of withholding payments made and reported, you **MUST** amend the affected period by using Form HW-14.

NOTE: Form HW-30 is required for paper filing only.

If Form HW-14 is your final return and you are cancelling your withholding account, you should fill in the oval stating this is your **FINAL** return and you are cancelling this withholding account as of XX XX XXXX (date). You may also complete Form GEW-TA-RV-1.

If your business activity has stopped (e.g., you incorporated a sole proprietorship or you sold your business) or if you no longer have employees, you must cancel your employer's withholding account. Complete **Form GEW-TA-RV-1**, Notification of Cancellation, and send it to the Department. You must file all returns up to the date of cancellation.

Employers should keep a copy of returns for their records. Generally, returns as well as the records to support the returns should be kept for three years following the filing of the return or the prescribed due date of the return, whichever is later.

NOTE: Do NOT submit withholding payments for Form 1099-R distributions. Instead, taxpayers may submit estimated tax payments via Form N-200V in order to avoid estimated tax penalties.

ELECTRONIC FUNDS TRANSFER (EFT)

Sections 231-9.9 and 235-62, HRS, require certain taxpayers to pay the tax by EFT. Any taxpayer who does not meet the criterion may still voluntarily pay by EFT. For more information on paying taxes by EFT, see Booklet A - Employer's Tax Guide and Tax Information Release Nos. 95-6 and 99-1.

IMPORTANT! A penalty of 2% of the tax due will be assessed if a taxpayer who is required to make payments by EFT fails to do so, or fails to do so by the return's due date. If an EFT payment is dishonored, a \$25 service fee will be assessed.

DUE DATES

Periodic Withholding Tax Returns (Form HW-14) are due on or before the **15th** day on the month following the close of the filing period.

Extension - A two-month extension of time to file periodic withholding tax returns and to make payment of the tax withheld for Form HW-14 and a two-month extension of time to file Form HW-30 may be granted by the Department for good reason. The extension may be requested by submitting a letter stating the reasons for the request at least 10 days before the due date of the return or payment. The letter also must include the taxpayer's name, Hawaii Withholding Tax ID Number, and signature of an authorized individual. You will be notified by letter of the Department's decision to permit or reject your request.

Employer's Annual Transmittal of Hawaii Income Tax Withheld from Wages (Form HW-30) is due on or before January 31 following the close of the calendar year.

Note: If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday as the due date.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the "timely mailing treated as timely filing/paying rule." The Department will conform to the Internal Revenue Service listing of designated private delivery services and type of delivery services qualifying for the "timely mailing treated as timely filing/paying rule." Timely filing of mail which does not bear a U.S. Post Office cancellation mark will be determined by reference to other competent evidence.

If you file and/or pay late, you may have to pay penalties and interest. See *Penalties and Interest* below.

PENALTIES AND INTEREST

Late Filing of Return - The penalty for failure to file a return on time is assessed on the tax due at a rate of 5% per month, or part of a month, up to a maximum of 25%.

Failure to Pay Tax After Filing Timely Return - The penalty for failure to pay the tax after filing a timely return is 20% of the tax unpaid within 60 days of the prescribed due date.

Failure to Timely Pay by EFT - The penalty for failure to timely pay by EFT for taxpayers who are required to pay by EFT is 2% of the tax due.

Failure to File Electronically - Effective January 1, 2020, Form HW-14 MUST be filed electronically if the withholding tax liability exceeds \$40,000 annually unless you obtain waiver. (Use Form L-110 to apply for a waiver). The penalty for failure to file electronically for taxpayers who are required to file electronically is 2% of the tax due.

Failure to Furnish Statement to Employees by the Due Date, Failure to File to the Department by the Due Date and Failure to Electronically File if Required - The penalty is \$25 per failure not to exceed \$50 per employee.

Interest - Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on a Saturday, Sunday, or legal holiday.

Please check your return carefully. Additional penalties may be assessed if you make an underpayment of tax due to negligence, intentional disregard of the Department's rules, or fraud.

CREDIT OR REFUND

In general, a claim for refund or credit for overpaid withholding taxes must be filed within three years after the return is filed for the taxable year, within three years of the due date for filing the return, or within two years from when the tax is paid, whichever is later. For purposes of determining a refund or credit allowed, withholding taxes paid on or before the due date of the return are considered paid on the due date of the return, without considering an extension of time to file the return.

WHERE TO FILE

Mail the Forms (HW-14 and HW-30) and your withholding tax payment to:

Hawaii Department of Taxation
P.O. Box 3827
Honolulu, HI 96812-3827

Effective January 1, 2020, Form HW-14 MUST be filed electronically if the withholding tax liability exceeds \$40,000 annually.

WHERE TO GET FORMS, INSTRUCTIONS, AND PUBLICATIONS

Forms, publications, and other documents, such as copies of the Booklet A Employer's Tax Guide, Tax Information Releases, Administrative Rules issued by the Department, are available on the Department's website at tax.hawaii.gov or you may contact a customer service representative at:

Voice: 808-587-4242
1-800-222-3229 (Toll-Free)

Telephone for the Hearing Impaired:
808-587-1418
1-800-887-8974 (Toll-Free)

Fax: 808-587-1488

Mail: Taxpayer Services Branch:
P.O. Box 259
Honolulu, HI 96809-0259