

# DEPARTMENT OF FINANCE

REIKO MATSUYAMA, DIRECTOR

MICHELLE L. LIZAMA, DEPUTY DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR  
MICHAEL A. DAHLIG, MANAGING DIRECTOR

## COUNTY OF KAUAI TRANSIENT ACCOMMODATIONS TAX ANNOUNCEMENT NO. 2021-01

September 16, 2021

RE: New Kaua'i County Transient Accommodations Tax Starting October 1, 2021

The purpose of this Announcement is to notify the public of the new Kaua'i County Transient Accommodations Tax (KTAT) and provide information for taxpayers subject to the KTAT.

### Background

Act 1, 1st Special Session 2021 (House Bill 862, H.D. 2, S.D. 2, C.D. 1), which became law on July 8, 2021, authorizes the counties to establish and administer their own transient accommodations tax (TAT) at a maximum rate of 3%. In order to establish the county TAT, the county must first adopt a local ordinance. The Director of Finance in each county that establishes a county TAT is granted the same authority that the state Director of Taxation has under chapter 237D, Hawai'i Revised Statutes (HRS).

The County of Kaua'i introduced Bill 2829 establishing Chapter 5A, Article 4 within the Kaua'i County Code which implements the Kaua'i County Transient Accommodation Tax. First reading at the Kaua'i County Council was held on July 21, 2021. A Public Hearing was held on August 18, 2021, and a Committee Meeting took place on September 1, 2021. The Bill was unanimously approved by Council and signed into law by Mayor Derek S.K. Kawakami on September 15, 2021.

### Imposition of Kaua'i County Transient Accommodations Tax (KTAT)

Beginning October 1, 2021, the KTAT is levied at a rate of 3%<sup>1</sup> on every taxpayer that has taxable gross rental proceeds<sup>2</sup> and/or total fair market rental value<sup>3</sup> attributable to the County of Kaua'i. The KTAT is imposed in addition to the state transient accommodations tax (State TAT), which is currently levied at a rate of 10.25%<sup>4</sup>. These amounts can be found on Forms TA-1 and TA-2 which must be filed with the State of Hawai'i Department of Taxation (DOTAX). A sample Form TA-1, the periodic return for taxable gross rental proceeds and total fair market rental value of timeshares, is attached to this announcement for reference.

### Registration

Under Kaua'i County Code sections 5-4.5 all operators, timeshare plan managers, transient

<sup>1</sup> Kaua'i County Code §§ 5-4.1, 5-4.3.

<sup>2</sup> State of Hawai'i, Department of Taxation - Form TA-1/TA-2, Line 4, Column C.

<sup>3</sup> State of Hawai'i, Department of Taxation - Form TA-1/TA-2, Line 8.

<sup>4</sup> Hawai'i Revised Statutes (HRS) §237D-2.

accommodations brokers, travel agents, and tour packages subject to the KTAT must have a state transient accommodations tax license issued pursuant to sections 237D-4 or 237D-4.5, HRS. Taxpayers who are registered with the state and have a valid State TAT number, will be deemed registered for KTAT. Taxpayers subject to the KTAT do not need to register separately with the County of Kauaʻi.

### **Tax Returns**

Under Kauaʻi County Code sections 5-4.6 and 5-4.7, the County Director of Finance has the authority to prescribe how periodic and annual KTAT returns are filed. The County Director of Finance has determined that state transient accommodations tax returns filed with DOTAX will also be deemed as filed with the County of Kauaʻi. Therefore, taxpayers who are subject to the KTAT will only need to file the Forms TA-1 and TA-2 with DOTAX, as already required.<sup>5</sup> In other words, taxpayers subject to the KTAT will not need to file separate KTAT returns with the County of Kauaʻi.

### **KTAT Payment Due Dates**

KTAT payments are due on the same date as State TAT returns and payments. Thus, payments are due on or before the 20<sup>th</sup> day of the calendar month following the close of the filing period. For periodic returns, taxpayers are required to file Form TA-1 on a monthly, quarterly, or semi-annual basis.

- For **monthly filers**, the first KTAT payment is due on or before **November 20, 2021**.
- For **quarterly filers**, the first KTAT payment is due on or before **January 20, 2022**.
- For **semi-annual filers**, the first KTAT payment is due on or before **January 20, 2022**, however, the KTAT payment amount will be based on income from October, November and December of 2021 only.<sup>6</sup>

The annual reconciliation State TAT return (Form TA-2) is due on or before the 20<sup>th</sup> day of the fourth calendar month following the close of the taxable year. As a general rule, a KTAT payment will only be due when filing Form TA-2, if taxable gross rental proceeds or fair market rental value attributable to Kauaʻi is reported on Form TA-2 that was not reported on Form TA-1 during the taxable year. If a KTAT payment is due, payment must be made by the deadline to file Form TA-2. For calendar year taxpayers, the Form TA-2 is due April 20, 2022. Therefore, calendar year taxpayers who have a KTAT payment due with Form TA-2, must pay on or before April 20, 2022.

### **How to Calculate and Make KTAT Payments**

The KTAT payment due is the sum of the taxable gross rental proceeds and fair market rental value attributable to Kauaʻi, multiplied by 3%. For a monthly filer, the first KTAT payment due will equal the taxable gross rental proceeds and fair market rental value attributable to Kauaʻi, as reported on the taxpayer's October TA-1, multiplied by 3%. As mentioned above, this first payment is due on or before November 20, 2021.

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<sup>5</sup> HRS §§ 237D-6, 7.

<sup>6</sup> Kauaʻi County Transient Accommodations Tax is levied beginning on October 1, 2021.

### **Payment Method**

The County is currently finalizing the methods of remittance. There will be no walk-in or mail-in payments accepted at the County. There will be an online portal to pay via credit/debit card or ACH. These will be the only acceptable methods of payment. A convenience fee will be applied to payments made by debit or credit cards. There will be no fees assessed for payments made via ACH. Please continue to check the website listed below for updates as well as the link to pay.

For more information, please visit our website at [www.kauai.gov/tat](http://www.kauai.gov/tat) or contact the KTAT Office by email at [countytat@kauai.gov](mailto:countytat@kauai.gov). DOTAX will not be able to answer any questions regarding the KTAT.

**TRANSIENT ACCOMMODATIONS  
TAX RETURN**For periods beginning **AFTER** December 31, 2017

ID NO 01

☐ Place an "X" in this box **ONLY** if this is an **AMENDED** return

PERIOD ENDING

/  (MM/YY)

HAWAII TAX I.D. NO.

TA      

NAME: \_\_\_\_\_

Last 4 digits of your FEIN or SSN    

	DISTRICT	Column a GROSS RENTAL OR GROSS RENTAL PROCEEDS	Column b EXEMPTIONS/DEDUCTIONS (Explain on Reverse Side)	Column c TAXABLE PROCEEDS (Column a minus Column b)	
PART I — TRANSIENT ACCOMMODATIONS TAX	1. OAHU	<input type="text"/>	<input type="text"/>	<input type="text"/>	1
	2. MAUI, MOLOKAI, LANAI	<input type="text"/>	<input type="text"/>	<input type="text"/>	2
	3. HAWAII	<input type="text"/>	<input type="text"/>	<input type="text"/>	3
	4. KAUAI	<input type="text"/>	<input type="text"/>	<input type="text"/>	4
<b>Taxable gross rental proceeds subject to KTAT</b>					
PART II — TIMESHARE OCCUPANCY TAX	5. OAHU DISTRICT .....			<input type="text"/>	5.
	6. MAUI, MOLOKAI, LANAI DISTRICT .....			<input type="text"/>	6.
	7. HAWAII DISTRICT .....			<input type="text"/>	7.
	8. KAUAI DISTRICT .....			<input type="text"/>	8.
<b>Timeshares - fair market rental value subject to KTAT</b>					
PART III — TAX COMPUTATION	9. <b>TOTAL AMOUNT TAXABLE.</b> Add Column c of lines 1 through 8. Enter result here (but not less than zero). .....			<input type="text"/>	9.
	10. <b>Tax Rate</b> .....			<input type="text"/>	10.
	11. <b>TOTAL TAXES DUE.</b> Multiply line 9 by line 10 and enter the result here. <b>If you did not have any activity for the period, enter "0.00" here</b> .....			<input type="text"/>	11.
PART IV — ADJUSTMENTS	12. Amounts Assessed During the Period... <b>PENALTY</b> (For Amended Return ONLY)	<input type="text"/>		<input type="text"/>	
	<b>INTEREST</b>	<input type="text"/>		<input type="text"/>	12.
	13. <b>TOTAL AMOUNT.</b> Add lines 11 and 12. (For Amended Return ONLY) .....			<input type="text"/>	13.
	14. <b>TOTAL PAYMENTS MADE FOR THE PERIOD</b> (For Amended Return ONLY) .....			<input type="text"/>	14.
	15. <b>CREDIT TO BE REFUNDED.</b> Line 14 minus line 13 (For Amended Return ONLY) .....			<input type="text"/>	15.
16. <b>ADDITIONAL TAXES DUE.</b> Line 13 minus line 14 (For Amended Return ONLY) .....			<input type="text"/>	16.	

**DECLARATION** - I declare, under the penalties set forth in section 231-36, HRS, that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is a true, correct, and complete return, made in good faith for the tax period stated, pursuant to the Transient Accommodations Tax Laws, and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT.

SIGNATURE

TITLE

DATE

DAYTIME PHONE NUMBER

Hawaii Tax I.D. No. IA- - - - -

Last 4 digits of your FEIN or SSN

PERIOD ENDING (MM/YY) / 

**17. FOR LATE FILING ONLY**



PENALTY

## INTEREST

17.

..18.

..19.

You must explain your exemptions and deductions, otherwise they will be disallowed and you will owe more taxes.

DISTRICT / ED CODE		AMOUNT			
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*Example:* Taxpayer A received gross rental proceeds of \$2,000.00 from the Consul General of the Philippines for lodging on Maui. Taxpayer A enters the following to justify the deduction entered in Part I, Line 2, Column b of the Transient Accommodations Tax Return:

**AMOUNT**

2 / 110      2,000.00

Description (HRS)	ED Code
Temporary Lodging Allowance for military (§237D-3(4)).....	180
Working Fringe Benefit (§237D-3(7)).....	190