

____.B. NO. _____

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 235, Hawai'i Revised Statutes, is amended by
2 adding a new section to be appropriately designated and to read as follows:

3 “§235- Income tax credit for hiring an elderly individual.

4 (a) There shall be allowed to each taxpayer subject to the tax imposed by this
5 chapter, a credit for the hiring of an elderly individual that shall be
6 deductible from the taxpayer's net income tax liability, if any, imposed by this
7 chapter for the taxable year in which the credit is properly claimed.

8 (b) The amount of the credit shall be equal to fifty per cent of the
9 qualified wages for the first six months after the elderly individual is initially
10 hired. A tax credit that exceeds the taxpayer's income tax liability may be
11 used as a credit against the taxpayer's income tax liability in subsequent
12 years until exhausted; provided that in no taxable year shall the total
13 amount of the tax credit claimed under this section exceed \$ per
14 taxpayer.

15 (c) The following wages paid to an elderly individual are ineligible
16 to be claimed by the employer for this credit:

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1 (1) No wages shall be taken into account under this section
2 with respect to an elderly individual who:

3 a. Bears any of the relationships described in section
4 152(d)(2)(A) through (G) of the Internal Revenue Code
5 to the taxpayer, or, if the taxpayer is a corporation, to
6 an individual who owns, directly or indirectly, more
7 than fifty per cent in value of the outstanding stock of
8 the corporation (determined with the application of
9 section 267(c) of this Internal Revenue Code);

10 b. If the taxpayer is an estate or trust, is a grantor,
11 beneficiary, or fiduciary of the estate or trust, or is an
12 individual who bears any of the relationships
13 described in section 152(d)(2)(A) through (G) of the
14 Internal Revenue Code to a grantor, beneficiary or
15 fiduciary of the estate or trust; or

16 c. Is a dependent (described in section 152(d)(2)(H) of the
17 Internal Revenue Code) of the taxpayer, or, if the
18 taxpayer is an estate or trust, of a grantor, beneficiary,
19 or fiduciary of the estate or trust; and

20 (2) No wages shall be taken into account under this section
21 with respect to any elderly individual if, prior to the day the individual

1 is hired by the employer, the individual had been employed by the
2 employer at any time.

3 (d) In the case of a successor employer referred to in section
4 3306(b)(1) of the Internal Revenue Code, the determination of the amount of
5 the tax credit allowable under this section with respect to wages paid by the
6 successor employer shall be made in the same manner as if the wages were
7 paid by the predecessor employer referred to in the section.

8 (e) Claims for the tax credit under this section, including any
9 amended claims, shall be filed on or before the end of the twelfth month
10 following the taxable year for which the credit may be claimed. Failure to
11 comply with the foregoing provision shall constitute a waiver of the right to
12 claim the tax credit.

13 (f) The director of taxation:

14 (1) Shall prepare any forms necessary to claim a credit under
15 this section;

16 (2) May require a taxpayer to furnish reasonable information
17 to ascertain the validity of a claim for credit; and

18 (3) May adopt rules pursuant to chapter 91 to effectuate the
19 purposes of this section.

20 (g) For purposes of this section:

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1 “Elderly individual” means an individual who is sixty years of
2 age or older.

3 “Qualified wages” means wages attributable to work rendered
4 by an elderly individual for the six-month period after the individual is
5 initially hired.

6 “Wages” means wages, commissions, fees, salaries, bonuses, and
7 every and all other kinds of remuneration for, or compensation
8 attributable to, services performed by an employee for the employee’s
9 employer, including the cash value of all remuneration paid in any
10 medium other than cash and the cost-of-living allowances and other
11 payments included in gross income by section 235-7(b), but excluding
12 income excluded from gross income by section 235-7 or other provisions
13 of this chapter.”

14 SECTION 2. New statutory material is underscored.

15 SECTION 3. This Act, upon its approval, shall apply to taxable years
16 beginning after December 31, 2018.

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INTRODUCED BY:

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Report Title:

Taxation; Income Tax Credit; Elderly

Description:

Provides a taxpayer who hires an elderly individual a nonrefundable tax credit for the six-month period after the individual is initially hired by the taxpayer.

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