

Income/Franchise:

Hawaii: New Law Says REITs Must Provide Specified Information with Return or Else Face Penalties

H.B. 286, signed by gov. 6/24/21. Applicable to taxable years beginning after December 31, 2021, new law authorizes the Hawaii Department of Taxation (Department) to require some real estate investment trusts (REITs) operating in Hawaii to notify the State of their existence and annually provide specified information, including a copy of their federal income tax returns, to be filed along with their Hawaii income tax returns. Specifically, beginning January 1, 2022, the Department must mandate some REITs to:

URL: https://www.capitol.hawaii.gov/measure_indiv.aspx?billtype=HB&billnumber=286&year=2021

- Notify the Department of their in-state operation “no later than fifteen days from the first day of operation in the State;” however, for REITs already operating in Hawaii, the Department generally must be notified no later than January 15, 2022;
- Properly designate on their respective Hawaii tax returns that they are REITs;
- Complete their Hawaii tax returns in the manner delineated by the Department, including following special line-by-line instructions; and
- Submit copies of their corresponding federal tax returns.

Any impacted REIT that fails to comply with these new Department requirements “shall be assessed a penalty of \$50 per day.” Please contact us with any questions.

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