

## Income/Franchise:

### Hawaii: New Law Establishes Elective Entity-Level Taxation for Some Pass-through Entities

*S.B. 1437*, signed by gov. 6/1/23. Effective on January 1, 2024, and applicable to taxable years beginning after December 31, 2022, new law permits qualifying pass-through entities to make an annual election to pay an entity level state tax (PTET). Correspondingly, every member of an electing pass-through entity is entitled to a nonrefundable credit against their Hawaii income tax equal to the member's share of the PTET.

**URL:** [https://www.capitol.hawaii.gov/session/measure\\_indiv.aspx?billtype=SB&billnumber=1437&year=2023](https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=1437&year=2023)

See recently issued Multistate Tax Alert for more details on this new PTET, and please contact us with any questions.

**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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