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**City and County of Honolulu
Oahu Transient Accommodations Tax (OTAT) Announcement
December 14, 2021**

The purpose of this Announcement is to notify the public of the new Oahu Transient Accommodations Tax ("OTAT") effective December 14, 2021 and provide information for taxpayers subject to the OTAT.

Background

On March 4, 2020, the Governor issued a Proclamation and Executive Orders related to the COVID-19 Emergency. In April 2020, under the Sixth Supplementary Proclamation, Section 237D-6.5(b), the State suspended distribution of the Transient Accommodations Tax ("TAT") to the counties, resulting in the counties' share of TAT allocation coming to an end.

Act 1, 1st Special Session 2021, which became effective on July 1, 2021, repealed the State's allocation of TAT to the counties and instead allowed the four counties the right to establish and administer their own transient accommodations tax at a maximum rate of 3%. In order to establish the OTAT, the City and County of Honolulu ("City") was required to first enact a local ordinance. The Director of Budget and Fiscal Services is granted the same authority that the State Director of Taxation has under chapter 237D, Hawai'i Revised Statutes (HRS).

The City and County of Honolulu's City Council introduced Bill 40 (2021) to establish Chapter 8A relating to the Transient Accommodations Tax on September 30, 2021. The bill passed first reading on October 6, 2021. The bill passed second reading with amendments by the City Council Committee on Budget, on November 10, 2021. The bill was posted for third and final reading with further amendments on November 24, 2021. On December 1, 2021, Bill 40 (2021), CD2, FD1 was approved by Council and [Ordinance No. 21-33](#) was signed into law by Mayor Rick Blangiardi on December 14, 2021. Therefore, the OTAT will be assessed effective December 14, 2021.

Imposition of OTAT

Effective December 14, 2021, the OTAT is levied at a rate of 3% on every taxpayer that has taxable gross rental proceeds and/or fair market rental value attributable to Oahu. The

OTAT is imposed in addition to the State TAT, which is currently levied at a rate of 10.25%. These amounts can be found on Forms TA-1 and TA-2 which must be filed with the State of Hawaii 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

Chapter 8A Section 1.5 provides that all operators, timeshare plan managers, transient accommodations brokers, travel agents, and tour packages subject to the OTAT must have a State TAT 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 OTAT. Taxpayers subject to the OTAT do not need to register separately with the City.

Tax Returns

Under Chapter 8A Section 1.6, the City's Director of Budget and Fiscal Services (BFS) has the authority to prescribe how periodic and annual OTAT returns are filed. The City's Director of BFS has determined that State TAT returns filed with DOTAX will also be deemed as filed with the City. Therefore, taxpayers who are subject to the OTAT will only need to file the Forms TA-1 and TA-2 with DOTAX, as they are currently required. Taxpayers subject to the OTAT will **not** need to file separate OTAT returns with the City.

Payment Due Dates

OTAT payments are due concurrent with the State TAT returns and payments. Thus, periodic payments are due on or before the 20th day of the calendar month following the close of the filing period (except that the deadline for the initial partial period from December 14, 2021 to December 31, 2021 will be due on the date specified below). For periodic returns, taxpayers are required to file Form TA-1 on a monthly, quarterly, or semi-annual basis.

- For **all calendar year taxpayers** (including monthly, quarterly and semi-annual filers), the first OTAT payment for the initial partial period, beginning December 14, 2021 and ending December 31, 2021, is due on or before **February 20, 2022**.
- For **calendar year taxpayers who file on a monthly basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending January 31, 2022) is also due on or before **February 20, 2022**.
- For **calendar year taxpayers who file on a quarterly basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending March 31, 2022) is due on or before **April 20, 2022**.
- For **calendar year taxpayers who file on a semi-annual basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending June 30, 2022) is due on or before **July 20, 2022**.

The annual reconciliation of the State TAT return (Form TA-2) is due on or before the 20th day of the fourth calendar month following the close of the taxable year. As a general rule, an OTAT payment will only be due if taxable gross rental proceeds or fair market rental value attributable to the City is reported on Form TA-2, but has not been reported on Form TA-1 and paid during the taxable year. If an OTAT payment is due, filing of Form TA-2 and payment must be made by the deadline. For calendar year 2021 taxpayers, the deadline is **April 20, 2022**.

How to Calculate and Make OTAT Payments

To calculate the OTAT payment, multiply the sum of the taxable gross rental proceeds and fair market rental value, less any applicable exemptions, attributable to Oahu by 3%.

Payment Method

The City is currently finalizing the methods of remittance. The City will accept OTAT payments by mail and online. There will be no in person, walk-in payments accepted at the City.

By Mail:

City and County of Honolulu
Division of Treasury
OTAT Office
530 South King Street, Room 115
Honolulu, HI 96813

Online: Credit, debit and Automated Clearing House (ACH) payments will be accepted via the City's online payment portal. A convenience fee of 2.35% will be applied to payments made by credit or debit cards. No fees will be assessed for payments made via ACH.

Taxpayers whose liability for the TAT exceeds \$50,000 per year are required to pay tax by Electronic Funds Transfer (EFT). ACH payments that will be accepted via the City's online payment portal will satisfy this requirement.

Please continue to check our Treasury website for updates as well as a link to pay.



**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
PART II — TIMESHARE OCCUPANCY TAX	5. OAHU DISTRICT		<input type="text"/>	<input type="text"/>	5.
	6. MAUI, MOLOKAI, LANAI DISTRICT		<input type="text"/>	<input type="text"/>	6.
	7. HAWAII DISTRICT		<input type="text"/>	<input type="text"/>	7.
	8. KAUAI DISTRICT		<input type="text"/>	<input type="text"/>	8.
PART III — TAX COMPUTATION	9. TOTAL AMOUNT TAXABLE. Add Column c of lines 1 through 4 and lines 5 through 8. Enter result here (but not less than zero).			<input type="text"/>	9.
	10. Tax Rate			<input type="text"/>	10.
	11. TOTAL TAXES DUE. Multiply line 9 by line 10 and enter the result here. If you did not have any activity for the period, enter "0.00" here			<input type="text"/>	11.
PART IV — ADJUSTMENTS	12. Amounts Assessed During the Period... PENALTY <input type="text"/>			<input type="text"/>	12.
	(For Amended Return ONLY) INTEREST <input type="text"/>			<input type="text"/>	
	13. TOTAL AMOUNT. Add lines 11 and 12. (For Amended Return ONLY)			<input type="text"/>	13.
	14. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)			<input type="text"/>	14.
	15. CREDIT TO BE REFUNDED. Line 14 minus line 13 (For Amended Return ONLY)			<input type="text"/>	15.
	16. ADDITIONAL TAXES DUE. Line 13 minus line 14 (For Amended Return ONLY)			<input type="text"/>	16.

Taxable rental proceeds subject to OTAT

Timeshares - fair market rental value subject to OTAT

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 _____

• ATTACH CHECK OR MONEY ORDER HERE •

Name: _____



Hawaii Tax I.D. No. **TA**

Last 4 digits of your FEIN or SSN

PERIOD ENDING (MM/YY) /

PART V — TOTAL AMOUNT DUE

17.	FOR LATE FILING ONLY →	PENALTY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	17.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
		INTEREST <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
18.	TOTAL AMOUNT DUE AND PAYABLE (Original Returns, add lines 11 and 17; Amended Returns, add lines 16 and 17)		18.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
19.	PLEASE ENTER THE AMOUNT OF YOUR PAYMENT. Attach a check or money order payable to "HAWAII STATE TAX COLLECTOR" in U.S. dollars drawn on any U.S. bank to Form TA-1. Write "TA," the filing period, and your Hawaii Tax I.D. No. on your check or money order. Mail to: HAWAII DEPARTMENT OF TAXATION, P. O. Box 2430, HONOLULU, HI 96804-2430 or file and pay electronically at tax.hawaii.gov/eservices/ . If you are NOT submitting a payment with this return, please enter "0.00" here.		19.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

PART VI — SCHEDULE OF EXEMPTIONS/DEDUCTIONS

Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g., materials, supplies, etc.) on your transient accommodations tax return. For more information, see the Form TA-1 Instructions.

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

DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT
<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> / <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Grand Total of Exemptions and Deductions — Add the amounts above in Part VI and enter here. If more space is needed, attach a schedule. Include the total deductions claimed from any attachments in this total. (See Instructions)

Additional Instructions for Exemptions/Deductions (ED)

For each exemptions/deductions you have claimed, enter:

- For the "DISTRICT" column, enter the number that represents the Tax District from which the income was earned.
1 = Oahu; 2 = Maui; 3 = Hawaii; and 4 = Kauai
- For the ED Code please see the list of codes below and enter the corresponding Exemption/Deduction code.
- Enter your total amount of the exemption/deduction claimed for that District and ED Code.

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:

DISTRICT / ED CODE	AMOUNT
2 / 110	2,000.00

Description (HRS)	ED Code	Description (HRS)	ED Code	Description (HRS)	ED Code
Complimentary Accommodations (§237D-3(7))	100	Nonprofit Organization, Lodging provided by a (§237D-3(3))	140	Temporary Lodging Allowance for military (§237D-3(4))	180
Diplomats and Consular Officials (§237D-3(8))	110	School Dormitories (§237D-3(2))	150	Working Fringe Benefit (§237D-3(7))	190
Federal or state subsidized lodging (§237D-3(5))	120	Students —			
Health care facilities defined in HRS§321-11(10) (§237D-3(1))	130	Full-time Post-secondary (§237D-3(6))	160		
		Summer Employment (§237D-3(6))	170		