

# NON-PROFIT OFFICERS, DIRECTORS, AND OTHER RESPONSIBLE PERSONS RELIEVED FROM POTENTIAL PERSONAL RESPONSIBILITY FOR UNPAID HAWAII GENERAL EXCISE TAXES

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**Background:** In 2009, Hawaii imposed personal liability on any persons with control or supervision over gross proceeds subject to General Excise tax or charged with responsibility for filing General Excise tax returns or remitting general excise taxes. Such persons who “wilfully” failed to pay or cause to be paid were personally liable for unpaid taxes, interest, and penalties. See, Act 155 of 2009; [HRS 237-41.5](#).

**New law:** Via [Act 219 of 2012](#), Section 2, personal liability does not exist for otherwise ‘responsible persons’ with respect to non-profit organizations. See, HRS 237-41.5(b). Non-profit organizations are defined as Internal Revenue Code section 501(c)(3), 501(c)(4), and 501(c)(8) organizations registered with the State. See, HRS 237-41.5(e).

**Analysis:** Officers, directors, and managers, of qualifying non-profit organizations are no longer subject to potential personal liability for future (post-6/30/2012) unpaid general excise taxes. Persons responsible for preparing general excise tax returns and causing general excise taxes to be paid for qualifying non-profits have similarly been relieved of future liability.

**Conclusion:** The law remains unchanged for persons connected with entities other than qualifying non-profits. Persons with control or supervision over gross proceeds subject to General Excise Tax, or responsible for filing and paying General Excise Taxes, may be personally liable for any unpaid taxes, penalties and interest, for any amounts “wilfully” not paid over to the State Department of Taxation.