

Update On Tax Clearance Application Fee

Summary: No Change to Tax Clearance Fee Structure Pending Implementation of On-Line Tax Clearance Application Process.

As previously outlined, Hawaii Governor Neil Abercrombie signed Senate Bill 2868 SD 1 HD 1 into law on June 28, 2012, as [Act 180 of 2012](#).

Act 180 permits the Department of Taxation to charge a \$20 fee for a tax clearance application and an additional \$5 fee for each certified copy of the tax clearance.

According to Testimony by the Director of the Department of Taxation, the imposition of the fee is part of a strategy of the Department to force the e-filing of tax forms and payments. The Director testified to the Legislature that e-filing would continue to be free and that the \$20/\$5 would be for paper requests. See, [Testimony](#) Of Director Frederick D. Pablo on 2/10/2012.

On August 1, 2012, Department of Taxation Legislative Coordinator Mallory Fujitani stated that the authorized fees would not be imposed until the Department of Taxation had a “fully automated” process. At that point, in-person, manual requests would be charged the fee. In a slide presented at the Department of Taxation’s Summer Tax Workshop, the Department stated that public notice would be provided before the imposition of any fee.

Tax clearances are routinely required for bi-annual contractor’s and annual liquor license renewals. According to Director Pablo, the Department of Taxation processes 30,000 requests and makes 60,000 certified copies per year, each request taking 15-30 minutes of staff time.

Tax clearances may be denied for a variety of reasons including unfiled returns and unpaid tax balances.

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