

RICHARD T. BISSEN, JR.
Mayor

SCOTT K. TERUYA
Director

STEVE A. TESORO
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

March 15, 2024

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

() APPROVED () DISAPPROVED
Richard T. Bissen 3-15-24
MAYOR DATE

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
and Members of the Budget, Finance, and Economic Development Committee
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura and Committee Members:

SUBJECT: COUNTY AUDITOR'S REPORT 23-01, EVALUATION OF THE ASSESSMENT AND COLLECTION OF MAUI COUNTY TRANSIENT ACCOMMODATIONS TAX, AND BILL 7 (2024), AMENDING CHAPTER 3.47, MAUI COUNTY CODE, RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX (BFED-71)

This transmission is in receipt to your letter dated March 12, 2024, requesting the following information be submitted:

1. Attached are annual reconciliation vouchers used in other counties for TAT payers to make additional payments or request refunds at the end of the taxable year. Does the County of Maui use a similar voucher? If so, please provide a copy of the form.

Response: Yes, the County of Maui uses the MCTAT-5 Annual Reconciliation Voucher. Please see the attached copy.

Further, is the form available online, and can it be filed electronically?

Response: No, the MCTAT-5 form is not available online at this time; this was an intentional decision as we did not want taxpayers initially using this form without understanding its purpose and filing it with a zero balance due. MCTAT added FAQ #13 to its webpage relative to this form (see below for the FAQ language). This form can be submitted via email or mail. Given taxpayers increased familiarity with filing TAT, we are re-evaluating availability of MCTAT-5 and providing it online.

“13. Do I need to do an annual reconciliation with the County of Maui?”

It depends on which of the three scenarios you fall under based on your TRANSIENT ACCOMMODATIONS TAX ANNUAL RETURN & RECONCILIATION (TA-2) filing with the State of Hawaii Department of Taxation (DOTAX):

- 1. A TA-2 filed with DOTAX is deemed to be filed with the County of Maui. Taxpayers make a 3% payment to the County of Maui based on the Taxable Proceeds reported to DOTAX. If the Taxable Proceeds reported on your TA-2 match the sum of the Taxable Proceeds reported on your periodic TRANSIENT ACCOMMODATIONS TAX RETURNS (TA-1) throughout the year, then there is no action necessary with the County of Maui.*
- 2. If you reported Taxable Proceeds on your TA-2 that are less than the sum of the Taxable Proceeds reported on your periodic TA-1s (i.e. you overreported your Taxable Proceeds on your periodic TA-1s throughout the year), you may be due a refund from the County of Maui. You may contact our office for a TRANSIENT ACCOMMODATIONS TAX ANNUAL RECONCILIATION VOUCHER (MCTAT-5) to request a refund.*
- 3. If you reported Taxable Proceeds on your TA-2 that are greater than the sum of the Taxable Proceeds reported on your periodic TA-1s (i.e. you underreported your Taxable Proceeds on your periodic TA-1s throughout the year), then you are required to pay the County of Maui 3% of the additional Taxable Proceeds reported on your TA-2. You may make an online payment by selecting “TA2” as the Record Type or you may contact our office for a TRANSIENT ACCOMMODATIONS TAX ANNUAL RECONCILIATION VOUCHER (MCTAT-5) if you wish to mail in or drop off your payment.”*

2. Which documents are collected and maintained by the Department from TAT payers?

Response: The Department collects and maintains the following documents from MCTAT taxpayers and/or their representatives, including but not limited to:

- MCTAT-1 Payment Vouchers (for taxpayer payments made other than online) and original envelope*

Honorable Yuki Lei K. Sugimura, Chair

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- *MCTAT-1X Amended Tax Payment Vouchers and original envelope if mailed in*
- *MCTAT 2 Bulk Filers Registrations*
- *MCTAT-3 Bulk Filers Authorizations*
- *Relative to the grandfathering exclusion: MCTAT-1 worksheets and supporting documents such as reservation contracts/rental agreements, booking details, and evidence of date first payment was received from guests*
- *MCTAT-5 Annual Reconciliation Voucher and original envelope if mailed in*
- *Various written correspondence to/from taxpayers and/or their representative (email and mail) and original envelope if mailed in.*

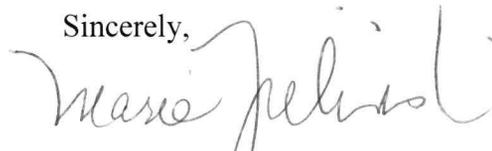
3. Would having TAT payers submit an annual reconciliation voucher or a similar annual return, even if additional payments or refunds are not necessary, assist the Department with establishing records on TAT payers in the County and reconciling the collection of TAT? Explain why or why not.

Response: As long as the taxpayer files the TA-2 with DoTAX, the County will receive that filing data from DoTAX, which can be used to reconcile the account. Unfortunately, not all taxpayers file a TA-2 with DoTAX, even though they are required to do so. If a taxpayer does not file a TA-2, the County would use the taxpayer's periodic TA-1 filings data from DoTAX to reconcile the account. The MCTAT-5 form is only useful for communicating to the County that the taxpayer either underpaid or overpaid for the year. Assuming that the taxpayer filed a TA-2, the DoTAX filing data would show this same information.

The County still needs fully functional software to easily compare and reconcile the taxpayer's State filings with the corresponding MCTAT payments. While this is being addressed and resolved, MCTAT will be implementing a database that Hawaii County created to assist with taxpayer account reconciliations.

Should you have any questions, please feel free to contact me at extension no. 7212 or Deputy Director Steve Tesoro at extension no. 7475.

Sincerely,



MARIA ZIELINSKI
Interim Director of Finance

Attachment

COUNTY OF MAUI — DEPARTMENT OF FINANCE
TRANSIENT ACCOMMODATIONS TAX
ANNUAL RECONCILIATION VOUCHER



PURPOSE OF VOUCHER

Effective November 1, 2022, the County of Maui imposes a Maui County Transient Accommodations Tax (MCTAT) at the rate of 3% on gross rental proceeds and/or fair market rental value attributable to the County of Maui. Use this form to reconcile your yearly reported proceeds and payments for MCTAT. If an additional payment is due, you may use this voucher to accompany your payment. If a refund is due, you may use this voucher to request your refund.

COMPLETING THE VOUCHER

Print the name that is associated with your Maui State Tax ID account.

Fill in the tax year ending you are reconciling. Enter the date as MM/DD/YYYY. For example, if your tax year ends December 31, 2022, you would enter 12/31/2022.

Enter your **Hawai'i State Tax I.D. No.** that starts with **TA**, the 10-digit account number and the 2-digit extension.

If this reporting is due to an amended return, please check the box indicated.

Enter your mailing address in the space provided (street address, unit type/no., city, state, zip code, and country).

Enter your telephone number starting with the area code.

Line 1. Enter the net rental proceeds from your State Form TA-2, line 2, column c.

Line 2. Enter the total fair market rental value (for **timeshares**) from your State Form TA-2, line 6.

Line 3. Add lines 1 and 2. Enter the total here.

Line 4. Multiply line 3 by 0.03 (3%) and enter your total **MCTAT DUE**.

Line 5. The penalty for failure to file a return on time is calculated at 5% per month, or part of

month, on the unpaid tax up to a maximum of 25%. Interest is calculated at 2/3 of 1% per month or part of a month, on unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment whether or not the first calendar day falls on a Saturday, Sunday or holiday. Please call our office if you need assistance at (808) 270-7637. Enter your amount for penalty and interest assessed during the year on line 5.

Line 6. Add lines 4 & 5 Total due.

Line 7. Enter the total amount of MCTAT paid, and penalty and/or interest paid, less any refunds received for the tax year on line 7.

Line 8. Subtract line 7 from line 6. If an amount other than zero appears here you owe additional taxes, or a refund is due. Enter your additional tax due on line 8 a. Enter your refund amount due on line 8 b.

Line 9. Enter the total payment included or refund amount requested on line 9.

HOW TO PAY

Make the check or money order payable in U.S. dollars to the **"Director of Finance."** Make sure your name, "MCTAT", filing period, phone number, and Hawaii Tax I.D. Number appear on the check or money order. Do not postdate the check. **Do not send cash.**

In Person or By Mail – Mail payment with the payment voucher form to:

County of Maui
Department of Finance – MCTAT
Office 110 'Ala'ihi Street, Suite 107
Kahului, HI 96732

Online – Go to: www.hawaiicountiestat.us

**A convenience fee of 2.20% of the payment amount (\$1.95 minimum) is charged for credit card payments.*

Electronic funds transfer (EFT-eCheck) payments will be accepted via the County's online payment portal. Taxpayers whose liability for the MCTAT exceeds \$100,000 per year are required to pay tax by electronic funds transfer (EFT). EFT payments made via the County's online payment portal will satisfy this requirement.

COUNTY OF MAUI — DEPARTMENT OF FINANCE
TRANSIENT ACCOMMODATIONS TAX
ANNUAL RECONCILIATION VOUCHER



Name (Please print): _____ Tax Year Ending: _____

Hawaii State Tax I.D. Number: TA – _____ – _____ – _____ – _____

Please check here if this payment is due to an amended return.

Mailing Address: _____
STREET UNIT TYPE/NO. CITY STATE ZIP CODE COUNTRY

Phone number: _____ Email address: _____

Line 1. Enter the net rental proceeds from your State Form TA-2, line 2, column c	\$
Line 2. Enter the total fair market rental value from your State Form TA-2, line 6	\$ 0.00
Line 3. Total subject to MCTAT. Add lines 1 and 2. Enter the total here	\$ 0.00
Line 4. Multiply line 3 by 0.03 (3%) and enter your total MCTAT DUE	\$
Line 5. Penalty and Interest assessed during the year	\$
Line 6. Add lines 4 & 5 TOTAL DUE	\$ 0.00
Line 7. Total payments made less refunds received for the tax year	\$
Line 8. Additional Taxes/Refund Due Subtract line 7 from line 6.	
a) ADDITIONAL TAXES DUE. _____	
b) CREDIT TO BE REFUNDED. _____	\$
Line 9. Total amount of Payment/Refund Requested	\$

Attach this voucher with check or money order payable to "DIRECTOR OF FINANCE." Write your name, "MCTAT", the filing period, a contact phone number, and your Hawaii Tax I.D. Number on your check or money order.

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Monday, March 18, 2024 9:58 AM
To: BFED Committee
Cc: Didi Hamai
Subject: County Auditor's Report 23-01 (BFED-71)
Attachments: County Auditor's Report 23-01 (BFED-71).pdf

Aloha,

Please see attached from Finance.

Mahalo,

Janina Agapay

County of Maui

Budget Office

(808) 270-7836

Janina.E.Agapay@co.maui.hi.us