

COUNTY OF MAUI • DEPARTMENT OF FINANCE  
**TAX FACTS 2021-01**  
Revised October 20, 2021  
**TRANSIENT ACCOMMODATIONS TAX**

The purpose of this Publication is to notify the public of the Maui County Transient Accommodations Tax (MCTAT) and to provide information for taxpayers' subject to MCTAT.

### **Background:**

Act 1, 1st Special Session 2021 (House Bill 862, H.D. 2, S.D. 2, C.D. 1), which became law on July 8, 2021, authorizes the four counties to establish and administer their own transient accommodations tax (TAT) at a maximum rate of 3 percent. In order to establish the MCTAT, the County must enact an ordinance. The Director of Finance in each County that establishes a county TAT is granted the same authority that the State Director of Taxation has under chapter 237D, Hawaii Revised Statutes (HRS).

The Maui County Council introduced a bill to establish Chapter 3.47, Maui County Code (MCC), which implements the MCTAT. Committee Meetings to discuss the TAT were scheduled on August 4, 2021, August 18, 2021, and September 1, 2021. The bill was recommended to be passed on first reading by the Budget, Finance, and Economic Development Committee meeting on September 1, 2021. The bill was posted for first reading on September 17, 2021 at such time, amendments were made to the bill. On October 1, 2021, the bill passed second and final reading, with further amendments. On October 5, 2021, [Ordinance No. 5273, Bill No. 101 \(2021\) Draft 1](#) was signed into law by Mayor Michael P. Victorino.

### **Frequently Asked Questions:**

#### **What is the County Transient Accommodations Tax?**

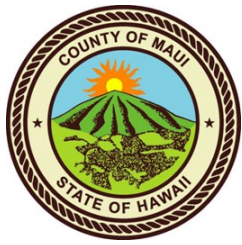
Act 1, in lieu of the counties receiving a distribution from the State, provides authority for a County-wide Transient Accommodations Tax within the Maui County Code which implements the MCTAT. On October 1, 2021, Maui County Council passed Ordinance No. 5273, Bill No. 101 (2021), Draft 1 establishing a rate of 3 percent on all gross rental, gross rental proceeds, and fair market rental value considered taxable under the definitions of Section 237D-1, Hawai'i Revised Statutes (HRS).

#### **Who has to pay the MCTAT?**

General rule of thumb is if you pay the State TAT, you will need to pay the County. All operators, plan managers, transient accommodations brokers, travel agencies, or tour packagers within the County must hold State registration in accordance with Sections 237D-4 and 4.5, HRS. This also applies to every transient accommodation broker, travel agency, and tour packager who arranges transient accommodations at non-commissioned negotiated contract rates.

#### **When is the MCTAT effective?**

The effective date for the MCTAT is November 1, 2021.



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**Frequently Asked Questions (Continued):**

**When are payments due?**

Since the effective date is November 1, 2021, those who pay the State TAT on a monthly basis will also need to remit their first payment to the County on or before December 20, 2021. For quarterly filers, the first deadline covering the period November 1, 2021 through December 31, 2021, will be due on January 20, 2022. The timing of payments will coincide with the State. The first annual reconciliation is due on April 20, 2022, covering the period November 1, 2021 through December 31, 2021. Every annual reconciliation thereafter will cover the entire previous calendar year and will be due on April 20.

**Can I just make one payment for both the State and County portions?**

Unfortunately, the answer is no. Separate payments will need to be made to the State Department of Taxation (DOTAX) and to the County Director of Finance. Act 1 (2021), prevented DOTAX from assisting the counties with billing and collection of the County TAT. The County will maintain a separate County TAT account for each taxpayer. If a single payment is made to the State that includes both State and County TAT, you will receive a refund of the portion not owed to the State. You will then have to remit the payment separately to the appropriate jurisdiction.

**Do I have to file a separate return with the County of Maui?**

No, a report filed with DOTAX will be deemed as filed with the County. However, the MCTAT payment, will have to be separately remitted to the County Director of Finance (“Director”). A payment voucher will be available online for your use.

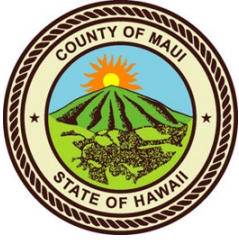
**If I don’t have to file a separate return, how will you know how to apply my payment?**

You will be required to include your State TAT Tax I.D. number on the payment voucher with each payment made to the County. This will allow the County to properly credit your County TAT account.

**What happens if I don’t pay?**

The Director has the authority to estimate tax liability of the operator or plan manager from any information obtained from DOTAX. The Director may assess the taxes, interest, and penalty due to the County and make a demand on the payment.

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### **Frequently Asked Questions (Continued):**

#### **What happens if I don't pay? (Continued)**

If there is an intent to evade tax, the tax may be assessed or levied at any time; provided that the burden of proof with respect to the issues of falsity or fraud and intent to evade tax shall be upon the County.

For late payments, the Director has the authority to collect interest and penalties. Penalties and interest are assessed on any tax that is not paid on time. If the tax is not paid within 60 days of the due date, a penalty of 20% of the unpaid balance will be assessed. If you are required to pay by electronic funds transfer (EFT) and do not timely pay by EFT, a penalty of 2% will be assessed on the tax due. Interest is assessed at the rate of 2/3 of 1% per month or part of a month on any unpaid taxes and penalty. If a payment is dishonored, a \$30 service fee is assessed.

Important: Payments are applied to the fees first, then interest, then penalty, and then the tax.

#### **Can I pass the MCTAT on to the visitor?**

Yes, the MCTAT may be passed on to the visitor.

#### **How do I pay my County Transient Accommodations Tax?**

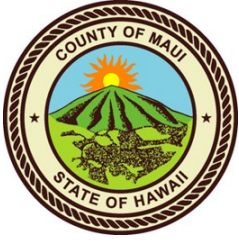
The County of Maui will accept MCTAT payments in the following methods:

- **By Mail:** Mail payment with the payment voucher to:  
County of Maui  
Maui County TAT Office  
110 Ala'ihi Street, Suite 107  
Kahului, HI 96732

Note: **Please DO NOT send cash.** All checks or money orders should be made payable to the "**Director of Finance**" in U.S. dollars drawn on any U.S. bank. Attach your check or money order to the payment voucher. Include the following information included on your check to assure your payment is properly:

- TAT
- The filing period
- Your State TAT ID number
- Your daytime phone number

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### Frequently Asked Questions (Continued):

#### How do I pay my County Transient Accommodations Tax? (Continued)

- **In Person:** Cash, check (personal, company, cashier's, or certified); money order; and debit or credit cards may be accepted at:

County of Maui  
Department of Finance  
Maui County TAT Office (1<sup>st</sup> floor)  
110 Ala'ihi Street, Suite 107  
Kahului, HI 96732

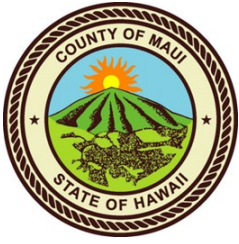
Note: A convenience fee of 2.35% will be applied to payments made by debit or credit cards.

- **Online:** Automated Clearing House (ACH) payments will be accepted via the County's online payment portal. The website address to the County's online payment portal will be made available on or before November 1, 2021. No fees will be assessed for ACH payments.

Taxpayers whose liability for the TAT exceeds \$100,000 per year are required to pay tax by EFT. ACH payment that will be made via the County's online payment portal will satisfy this requirement.

MCTAT payments for multiple State TAT ID numbers may be remitted through a wire transfer rather than having to submit ACH payments online for each individual State TAT ID number. Detailed payment information, in an Excel file format must be submitted/uploaded via County's secured file transfer system or other transmission method as determined by MCTAT. A bulk filing application form must be completed and submitted to MCTAT. Application form(s), file specifications, and wire transfer instructions will be made available online in mid-November.

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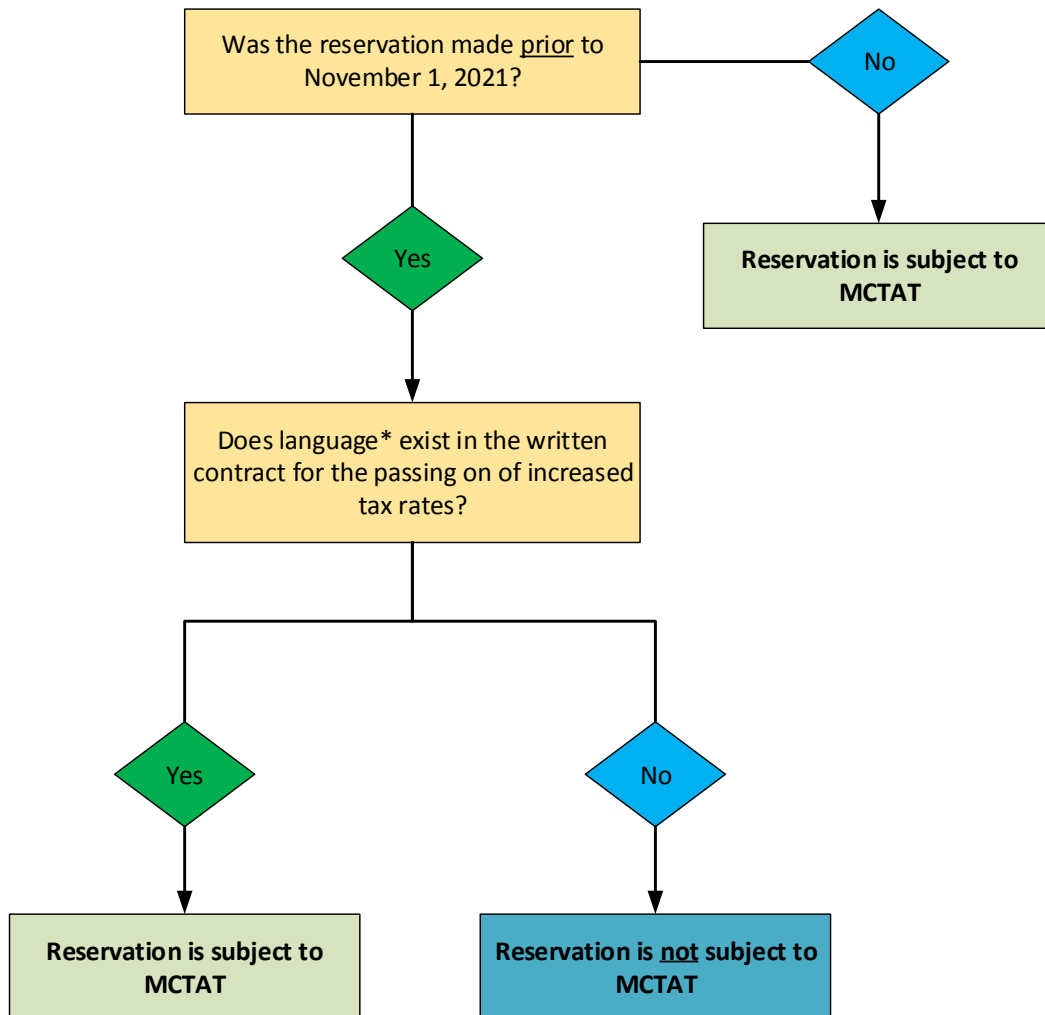


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**Frequently Asked Questions (Continued):**

**What about bookings made in advance before the effective date?**

Under Act 1 (2021), Section 7 states: “[t]he county transient accommodations tax, if adopted, shall be imposed on the gross rental, gross rental proceeds, and fair market rental value of all written contracts that require the passing on of the taxes imposed under this chapter; provided that if the gross rental, gross rental proceeds, and fair market rental value are received as payments beginning in the taxable year in which the taxes become effective, on contracts entered into prior to the adoption of the ordinance pursuant to section 46- , HRS, and the written contracts do not provide for the passing on of increased rates of taxes, the county transient accommodations tax shall not be imposed on the gross rental[.]”



\*Examples of language for the passing on of increased tax rates (not inclusive):

- “Estimated government taxes and fees”
- “Changes in taxes or fees implemented after booking will affect the total room price”
- “Additional charges may apply”
- “Guest is responsible for all taxes at time of check-in”