



H S C P A

Hawaii Society of
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March 27, 2020

The Honorable David Ige
The Honorable Ronald Kouchi
The Honorable Donovan Dela Cruz
The Honorable Scott Saiki
The Honorable Sylvia Luke

To Our Honorable Hawaii Leaders:

Thank you for your leadership efforts during this ongoing COVID-19 pandemic. The 1,500 members of the Hawaii Society of CPAs (HSCPA) are once again requesting your immediate action regarding challenges expected in the Hawaii business community resulting from the COVID-19 pandemic and steps the State of Hawaii could take to mitigate that impact.

We appreciate the tax relief that the State of Hawaii has provided for the 2019 returns and payments, and want to build on the postponement of Hawaii income tax filing and payment deadlines and encourage Hawaii to follow extensions made by the Internal Revenue Service at the federal level. The IRS has issued guidance over deferred tax payments due to COVID-19.

Specifically, we respectfully request the following recommendations to provide relief for the thousands of Hawaii taxpayers and businesses affected by a broad array of Coronavirus-related issues:

- **Hawaii match the Federal tax relief** by postponing the 2020 first quarter **estimated** tax payments to July 20, 2020. Without this change, tax preparers still need to prepare a draft 2019 return to determine what is due for the first quarter or compute the actual first quarter income for 2020. By not matching the IRS and extending the 2020 first quarter estimated tax payments to July 20th it creates a huge burden on Hawaii taxpayers and tax preparers.
- **Relief Should Extend to All Deadlines: Postpone all deadlines and provide additional time to make payments.** Taxpayers who do not have an April 15th payment or filing date are inherently disadvantaged and would similarly benefit from a deferral. They and their advisors need additional time for filings, tax payments, estimated taxes and gathering pertinent information to include in those filings or payment calculations.

State of Hawaii Leaders
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- **Relief Should Apply to All Filers and Types of Tax: Provide appropriate filing and payment relief for all filers and taxpayers (including tax-exempt organizations and fiscal year corporations) for tax returns, information returns, elections, claims for refund and other correspondence.** Relief should also apply broadly to all types of taxes (including payroll, excise tax, estate, gift and generations-skipping transfer tax, etc.). Deferment of other taxes that are not income taxes is necessary to aid both businesses and their employees.
- **Deferment of any cash outlays, especially for small and medium sized businesses, will help them survive during this crisis. Cash is the most important resource that a company utilizes on a day-to-day basis as working capital to pay employees and restock inventory. Without cash, companies would be forced to cease operating and close their doors.**

The process of preparing accurate returns or extensions often involves face-to-face meetings of tax preparers and clients which is highly being discouraged at this time. All nonessential businesses have been encouraged to close operations or send their employees to work from home.

There's an extremely high level of stress within the tax preparation community today. March, in the best of years, is a challenging month. Many of our members are attempting to follow state and county directives by fully going remote with their workforces for the first time. They are trying to get their clients' tax forms completed when they find themselves working from their kitchen tables with spotty Internet connections and clients who cannot access needed information.

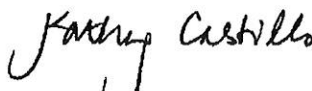
While we recognize that extending a major tax due dates and related payments creates difficulties for government entities, we believe the significant challenges created by the pandemic merit the State of Hawaii doing just that. Please take these points into consideration and grant additional extensions as noted above.

Thank you for the leadership you are providing our state during these unprecedented times. We would welcome the opportunity to discuss this matter further if you have any questions.

Sincerely,



Darryl Nitta, President
Board of Directors



Kathy Castillo
Executive Director

cc: Rona Suzuki, Director of Taxation