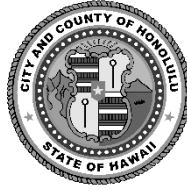


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City and County of Honolulu
Oahu Transient Accommodations Tax (OTAT) Announcement No. 2022-01
Revised February 14, 2022

The purpose of this Announcement is to notify the public of the new Oahu Transient Accommodations Tax ("OTAT") effective December 14, 2021 and provide information for taxpayers subject to the OTAT.

Background

On March 4, 2020, the Governor issued a Proclamation and Executive Orders related to the COVID-19 Emergency. In April 2020, under the Sixth Supplementary Proclamation, Section 237D-6.5(b), the State suspended distribution of the Transient Accommodations Tax ("TAT") to the counties, resulting in the counties' share of TAT allocation coming to an end.

Act 1, 1st Special Session 2021, which became effective on July 1 2021, repealed the State's allocation of TAT to the counties and instead allowed the four counties the right to establish and administer their own transient accommodations tax at a maximum rate of 3%. In order to establish the OTAT, the City and County of Honolulu ("City") was required to first enact a local ordinance. The Director of Budget and Fiscal Services is granted the same authority that the State Director of Taxation has under chapter 237D, Hawai'i Revised Statutes (HRS).

The City and County of Honolulu's City Council introduced Bill 40 (2021) to establish Chapter 8A relating to the Transient Accommodations Tax on September 30, 2021. The bill passed first reading on October 6, 2021. The bill passed second reading with amendments by the City Council Committee on Budget, on November 10, 2021. The bill was posted for third and final reading with further amendments on November 24, 2021. On December 1, 2021, Bill 40 (2021), CD2, FD1 was approved by Council and Ordinance No. [21-33](#) was signed into law by Mayor Rick Blangiardi on December 14, 2021. Therefore, the OTAT will be assessed effective December 14, 2021.

Imposition of OTAT

Effective December 14, 2021, the OTAT is levied at a rate of 3% on every taxpayer that has taxable gross rental proceeds and/or fair market rental value attributable to Oahu if the

taxpayer lets the transient accommodation for less than 180 consecutive days. The OTAT is imposed in addition to the State TAT, which is currently levied at a rate of 10.25%. These amounts can be found on Forms TA-1 and TA-2 which must be filed with the State of Hawaii Department of Taxation (DOTAX). A sample Form TA-1, the periodic return for taxable gross rental proceeds and total fair market rental value of timeshares, is attached to this announcement for reference.

Registration

Chapter 8A Section 1.5 provides that all operators, timeshare plan managers, transient accommodations brokers, travel agents, and tour packages subject to the OTAT must have a State TAT license issued pursuant to sections 237D-4 or 237D-4.5, HRS. Taxpayers who are registered with the State and have a valid State TAT number will be deemed registered for OTAT. Taxpayers subject to the OTAT do not need to register separately with the City.

Tax Returns

Under Chapter 8A Section 1.6, the City's Director of Budget and Fiscal Services (BFS) has the authority to prescribe how periodic and annual OTAT returns are filed. The City's Director of BFS has determined that State TAT returns filed with DOTAX will also be deemed as filed with the City. Therefore, taxpayers who are subject to the OTAT will only need to file the Forms TA-1 and TA-2 with DOTAX, as they are currently required. Taxpayers subject to the OTAT will **not** need to file separate OTAT returns with the City.

Payment Due Dates

OTAT payments are due concurrent with the State TAT returns and payments. Thus, periodic payments are due on or before the 20th day of the calendar month following the close of the filing period (except that the deadline for the initial partial period from December 14, 2021 to December 31, 2021 will be due on the date specified below). For periodic returns, taxpayers are required to file Form TA-1 on a monthly, quarterly, or semi-annual basis.

- For **all calendar year taxpayers** (including monthly, quarterly and semi-annual filers), the first OTAT payment for the initial partial period, beginning December 14, 2021 and ending December 31, 2021, is due on or before **February 22, 2022**.
- For **calendar year taxpayers who file on a monthly basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending January 31, 2022) is also due on or before **February 22, 2022**.
- For **calendar year taxpayers who file on a quarterly basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending March 31, 2022) is due on or before **April 20, 2022**.
- For **calendar year taxpayers who file on a semi-annual basis**, the OTAT payment for the first full period (beginning January 1, 2022 and ending June 30, 2022) is due on or before **July 20, 2022**.

The annual reconciliation of the State TAT return (Form TA-2) is due on or before the 20th day of the fourth calendar month following the close of the taxable year. As a general rule, an OTAT payment will only be due if taxable gross rental proceeds or fair market rental value attributable to the City is reported on Form TA-2, but has not been reported on Form TA-1 and paid during the taxable year. If an OTAT payment is due, filing of Form TA-2 and payment must be made by the deadline. For calendar year 2021 taxpayers, the deadline is **April 20, 2022**.

How to Calculate and Make OTAT Payments

To calculate the OTAT payment, multiply the sum of the taxable gross rental proceeds and fair market rental value, less any applicable exemptions, attributable to Oahu by 3%.

Payment Methods

The City will accept OTAT payments by mail and online. There will be no in person, walk-in payments accepted at the City.

By Mail: Mail payment with the required payment voucher form OTAT-1 to:

City and County of Honolulu

Division of Treasury

OTAT Office

P. O. Box 29280

Honolulu, HI 96820

Note: **Please do not send cash.** All checks should be made payable to the “**City & County of Honolulu**” in U.S. dollars drawn on any U.S. bank. Attach your check to the payment voucher. The following information must be written on your check so payment will be properly credited if the check is separated from the payment voucher form:

- OTAT
- The filing period (MM/YYYY)
- Your State TAT ID number
- Your daytime phone number
- Click [here](#) to download a payment voucher form (Form OTAT-1)

Online: Credit, debit and Automated Clearing House (ACH) payments will be accepted via the City’s online payment portal at www.honolulu.gov/otatpay. A convenience fee of 3% will be applied to payments made by credit or debit cards. No fees will be assessed for payments made via ACH.

Taxpayers whose liability for the TAT exceeds \$50,000 per year are required to pay tax by Electronic Funds Transfer (EFT). ACH payments that will be accepted via the City’s online payment portal will satisfy this requirement.

Bulk Filers: OTAT payments for multiple State TAT ID numbers may be remitted via the City's online payment portal in a single transaction rather than having to submit ACH payments online for each individual State TAT ID number. A one-time Bulk Filers Program Registration Form must be completed and submitted to the OTAT Office. Participants must be registered to access the online payment portal. Additionally, detailed payment information, in an Excel file format (OTAT's Bulk Filers Simple File) must be submitted via email to OTATBulkFilers@honolulu.gov as soon as a payment has been made online. To register for this program and for eligibility requirements, please refer to the OTAT Bulk Filers Instructions Manual.

OTAT Bulk Filers Program

- City and County of Honolulu Bulk Filer Instructions Manual
- OTAT-2 Bulk Filers Registration Form
- OTAT-3 Bulk Filers Authorization Form

IMPORTANT: Commercial Bank Account Holders with an account covered by ACH Debit Block Service must provide their financial institution with the Avenu Insights & Analytics, LLC's ACH Debit ID No. 1342050121.

For more information, contact the OTAT Office at (808)768-9345 or email BFSOTAT@honolulu.gov. DOTAX will not be able to answer any questions regarding the OTAT.