TAT Tax Facts

1. What is the County Transient Accommodations Tax?

Act 1, in lieu of the counties receiving a distribution from the State, provides authority for a Countywide 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).

2. 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.

3. When is this effective?

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

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

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.

9. Can I pass the County Transient Accommodations Tax on to the visitor?

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

10. How do I pay my County Transient Accommodations Tax?

The County of Maui will accept the following payment methods for MCTAT:

- **By Mail**: Payments may be submitted by check (personal, business, cashier’s, or certified) or money order and should be mailed with the Payment Voucher form (MCTAT-1) 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 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 MCTAT-1 form. The following information should be written on your check or money order so your payment will properly be credited if the check or money order is separated from the MCTAT-1 form:

  - MCTAT
  - The filing period
  - Your State TAT ID number
  - Your daytime phone number
  - Click here to download a MCTAT-1 form

- **Drop Box:** Deposit an envelope containing the MCTAT-1 form and your check or money order in the orange Drop Box located in front of the Maui County Service Center main entrance (110 Ala'ihi Street, Suite 107, Kahului, HI 96732).

- **Online**: Automated Clearing House (ACH) payments are accepted via the county's online payment portal at https://www.hawaiicountiestat.us/. No fees will be assessed for ACH payments. However, ACH payments require bank verification, which can take up to 4 days. If your payment needs to be completed sooner, please remit your payment using another payment method.

  Taxpayers whose liability for the TAT exceeds $100,000 per year are required to pay the tax by Electronic Funds Transfer. An ACH payment made via the county's online payment portal will satisfy this requirement.

- **Bulk Filers**: MCTAT payments for multiple State Tax I.D. numbers may be remitted via the county's online payment portal. A one-time Bulk Filers Program (BFP) Registration form (MCTAT-2) must be completed and submitted to MCTAT Office. Participants must use their Bulk Filers ID as their username on the online payment portal. To register for this program and for eligibility requirements, please refer to the MCTAT Bulk Filers Program Handbook.

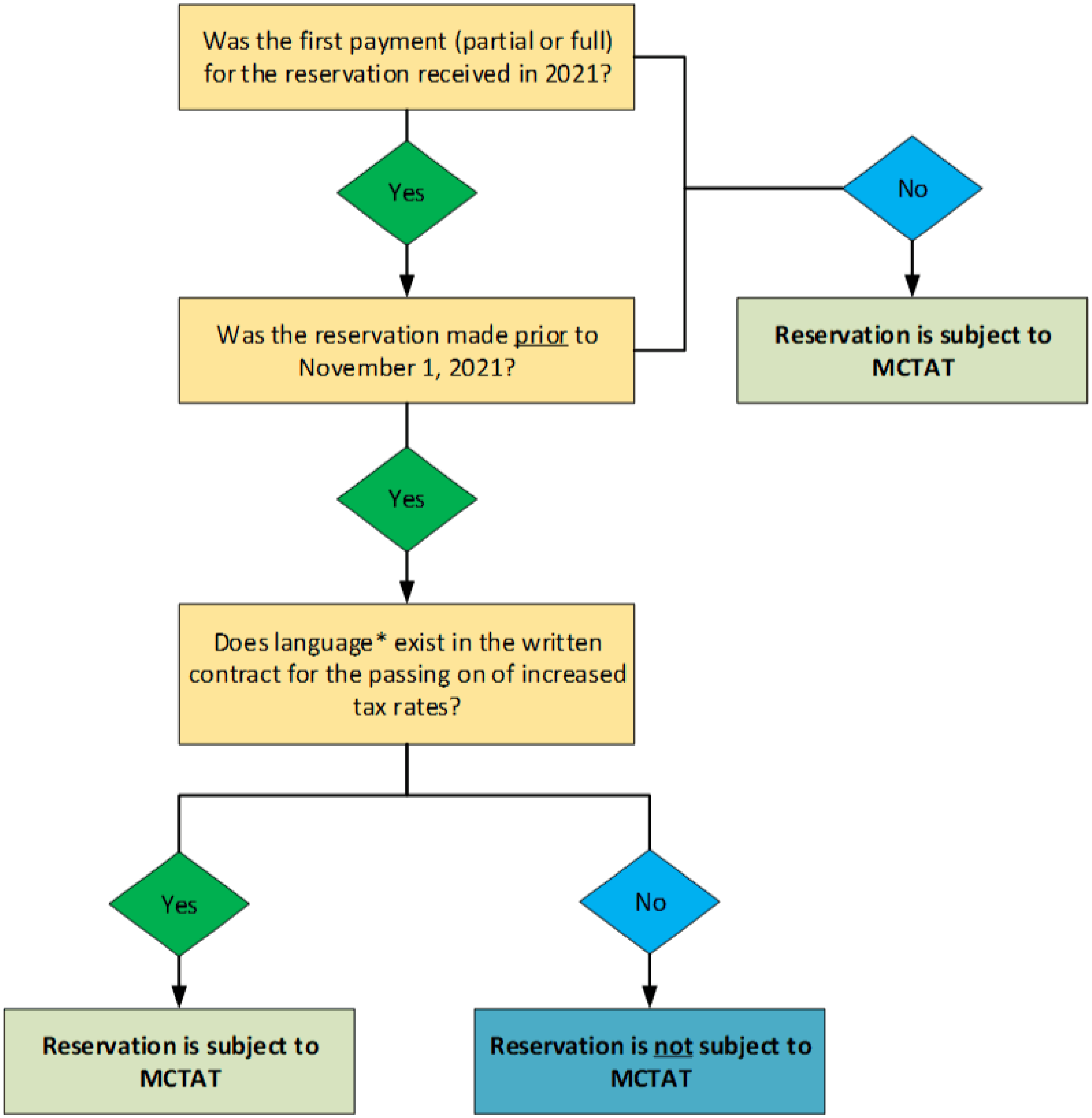
IMPORTANT: Commercial Bank Account Holders with an account covered by ACH Debit Block Service must provide their financial institution with the county's ACH Company Name and ACH Company ID:

ACH Company Name	**ACH Company ID**
MauiTATTax	**0011189794**

For more information, please visit our website at www.mauicounty.gov/tat , or contact the MCTAT Office by email: Email MCTAT Office. DOTAX will not be able to answer any questions regarding the MCTAT.

11. 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"

12. 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.

13. What do I do if I have zero Taxable Proceeds for a period?

If you reported zero Taxable Proceeds on your TA-1, there is no action necessary with the County of Maui. A TA-1 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, and if there were zero Taxable Proceeds reported, then no payment is due to the County of Maui. Refer to Question 6.