

Telecon between Nancy Calhoun, Executive Director of the Handcrafters & Artisans Alliance, and Mr. Ronald Randall, Assistant Director, Dept. of Taxation, on November 18, 2010, to clarify compliance with the Cash Economy Enforcement Act.

All vendors who take more than ten **cash** sales per day are subject to these rules. Fines can be issued for up to \$2,000, so realize that this is no casual matter — it can be expensive if you do not comply, or are cited.

1. You must have a GE Tax License. You do NOT need to have your GE Tax License in plain sight — If you have the license OR a COPY of the license with you, you are OK — this is proof that you HAVE a license. If you have an OLD tax number and license — BEFORE the newer W numbers — the old license is adequate. You do NOT need to call for a newer GE Tax License copy reflecting your new W number instead of using the old one — the old one is fine.
2. Receipts to customers — You are NOT required to issue every cash customer a receipt — you should, however, ask if they want one, and issue it if they say “yes”. Your receipts do NOT have to have your company name, address, etc. on them — a generic receipt book from Office Max or whatever is just fine. The Tax Dept needs to be able to tie the receipt info to the sale — what was sold, and income amount.
3. Cash sales must be recorded in some way onsite — keep a notebook or ledger showing the cash sales amounts. This is the Tax Dept’s way of knowing what your cash sales are, and tracking income.
4. Vendor is NOT required to ADD tax onto the sales price — if you include the amount of the tax in your sales price, that’s OK. If someone asks you of there’s tax, you need only say that it is included in the price quoted....that way, you don’t need to carry lots of coins for example. You just don’t want to say “There’s no tax” — cuz there IS....
5. The Tax Dept. is looking at the following — They need to know that you can account for how much your beginning inventory is, as well as your beginning cash drawer amount. — you might want to work with a beginning cash amount, for example, of \$100. With a set cash amount, it’s easier to tell how much \$\$ sales you’ve had. They need to know that you are recording all cash sales, and therefore accountable for all cash taken in.

If you have any specific questions that I may have missed, you can email this gentleman directly. Mr. Ronald Randall, Assistant Director, Dept. of Taxation, email: Ronald.b.Randall@Hi.gov

SUGGESTION: Keep a copy of this and as well as a copy of the Cash Economy Enforcement Act (available at <http://www.state.hi.us/tax/announce/ann09-08.pdf>) with you. If you are approached by an inspector, and they give you information that you feel may be in error, or have questions about, you will be able to refer to the Dept. of Taxation paperwork.