FREE REFERENCE

Hawaii business taxes, explained for 2026

Small businesses in Hawaii register with the state revenue agency for income tax withholding and sales tax, and with the Hawaii Department of Labor, Unemployment Insurance for unemployment tax. Hawaii has income tax rates from 1.4% to 11%, a 4% state sales tax and a $64,500 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 1.4% to 11% for 2026
- **Sales tax.** 4% state rate, about 4.5% combined with local
- **Unemployment.** Employers pay Hawaii unemployment tax on the first $64,500 of each worker's 2026 wages

What taxes does a small business pay in Hawaii?

Most Hawaii businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Hawaii?

Before your first payroll in Hawaii:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Hawaii withholding account with the Hawaii revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Hawaii Department of Labor, Unemployment Insurance. For 2026, the tax applies to the first $64,500 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Hawaii's new hire registry, usually within 20 days.

Employees in Hawaii also pay temporary disability insurance (TDI) at 0.5% of wages up to $78,000.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Hawaii sales tax permit?

If you sell taxable goods or services in Hawaii, yes. Register with the Hawaii revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Hawaii's economic nexus threshold.

SALES TAX IN HAWAII, MIDYEAR 2026	RATE
State rate	4%
Average local rate	0.5%
Average combined rate	4.5%
Highest local rate	0.5%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Hawaii tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Hawaii income tax on it at the personal rates: income tax rates from 1.4% to 11%. Hawaii allows a standard deduction of $4,400 single and $8,800 joint, a personal exemption of $1,144 single and $2,288 joint and $1,144 for each dependent.

Estimate yours with the Hawaii income tax calculator.

Where are Hawaii's tax forms and refund status?

- Hawaii tax forms
- Hawaii revenue agency
- Hawaii refund status
- Hawaii Department of Labor, Unemployment Insurance

Every state's links are on our state tax forms page.

Which calculators work for Hawaii?

- Hawaii paycheck calculator: take-home pay after every deduction
- Hawaii income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Hawaii unemployment

Common questions

Do I need a sales tax permit in Hawaii?
Yes, if you sell taxable goods or services there. Register with the Hawaii revenue agency before your first taxable sale.

What is the Hawaii unemployment wage base for 2026?
$64,500. Employers pay Hawaii unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Hawaii have a state income tax?
Yes. Hawaii has income tax rates from 1.4% to 11% for 2026.

Who runs payroll taxes in Hawaii?
The Hawaii revenue agency handles income tax withholding, and the Hawaii Department of Labor, Unemployment Insurance handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

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