

State of Hawaii – Department of Taxation
ACH CREDIT GENERAL INSTRUCTIONS

Revised August 17, 2017

The ACH Credit method, a type of Electronic Funds Transfer (EFT), allows you to transfer money by instructing your financial institution to debit your account and credit the State's bank account, eliminating the use of paper checks. To **avoid penalties and/or interest**, please follow the instructions below to ensure your tax payment arrives to us correctly and on time.

STEP 1 – SET UP ACH CREDIT

Let your financial institution know that you wish to make tax payments to the State of Hawaii Department of Taxation using the ACH Credit method. Your financial institution will help set this up for you. It normally takes approximately two weeks to complete the initial set-up, depending on your financial institution.

Inform your financial institution that your tax payments are to go to the State of Hawaii Department of Taxation's bank account at:

First Hawaiian Bank
P.O. Box 1959
Honolulu, HI 96805

(Please contact the Department of Taxation's Electronic Processing Section at 808-543-6814 for the banking information)

Charges by your financial institution and other costs for using the ACH Credit method are your sole responsibility.

Once the set-up is complete, your financial institution will debit your account and credit the State's bank account through the ACH network whenever you initiate a tax payment. The ACH Credit method is named so because of the "credit" we receive from you.

To report your tax payment correctly, your financial institution must originate the ACH Credit tax payment in the ACH Cash Concentration or Disbursement plus Tax Payment Addendum (CCD+/TXP) format. This is the standard format that has been adopted for tax payments by the National Automated Clearing House Association (NACHA) and is endorsed by the Federation of Tax Administrators (FTA). The ACH Credit tax payment transaction is made up of at least two sections. The first section, the "6" Record, specifies the actual payment information (i.e., to whom, how much, from whom, etc.). The second section, the "7" Record, is the CCD+ Tax Payment Addenda Record which allows the inclusion of required tax payment information with your ACH Credit tax payment.

STEP 2 – FILE YOUR RETURNS

If applicable, you must still file your returns before their deadlines. However, leave the "Amount of Remittance" lines blank. You will pay the remittance through your financial institution using the ACH Credit method.

All statutes and laws with respect to Hawaii taxes, tax reporting periods, filing requirements, and filing and payment deadlines remain in effect. You must file the required returns; your EFT tax payment alone does not complete the transaction.

STEP 3 – MAKE YOUR TAX PAYMENTS

Before your tax due dates, make your tax payments using the ACH Credit method you set up with your financial institution. Initiate your ACH Credit tax payment with your financial institution to guarantee settlement on your tax due date. The day that the State's bank account receives your tax payment is the settlement date, the date we will record when you made your tax payment. To avoid penalties and/or interest, please ensure that the settlement date does not exceed your tax due date.

Based on your financial institution and the State's bank schedules, you may need to initiate payment one or two days before the tax due date. **It is your responsibility to find out your financial institution's specific schedule and arrange for payment to be made in a timely manner.** Your tax payment needs to be in the State's bank account by the tax due date.

Separate tax payments must be arranged for each tax type and for each reporting period. Tax payments are not required for tax periods when there is no tax due. Do not submit "\$0.00" tax payments.

It is your responsibility as an ACH Credit method user to determine the transfer time required and the transaction cut-off time of your financial institution, and to initiate the ACH transaction in advance, such that payments from that institution will be credited to the State's bank account no later than the tax due date. **Penalties and/or interest will be assessed for late payments.**

You can make ACH Credit tax payments anytime also, for example, to pay for late tax payments. Be sure to let your financial institution know the tax type and tax period you are paying for. Unless you are a voluntary participant, you must continue to use the ACH Credit method until EFT payments are no longer required by statute or rule, until you are notified that the State of Hawaii Department of Taxation has released you from the requirement, or until you and the State of Hawaii Department of Taxation mutually agree to terminate your participation in the EFT program.

Holidays and Weekends

If a payment due date falls on a legal holiday or weekend, your tax payment must be made so that funds are transferred no later than the first business day after the holiday or weekend. Whether payments are timely is based on the settlement date, the date on which the State's bank account is credited.

If your financial institution will be closed on the day you wish to initiate your transfer, you must contact them one business day prior to the observed holiday or weekend. Financial institution holidays may vary. For example: the financial institutions in the State of Hawaii are open on Columbus Day, which is a holiday observed in most other states and by the ACH. Hawaii financial institutions are closed on several other days for holidays not observed outside Hawaii; ACH transfers cannot be accepted on those days.

Legal Holidays in the State of Hawaii

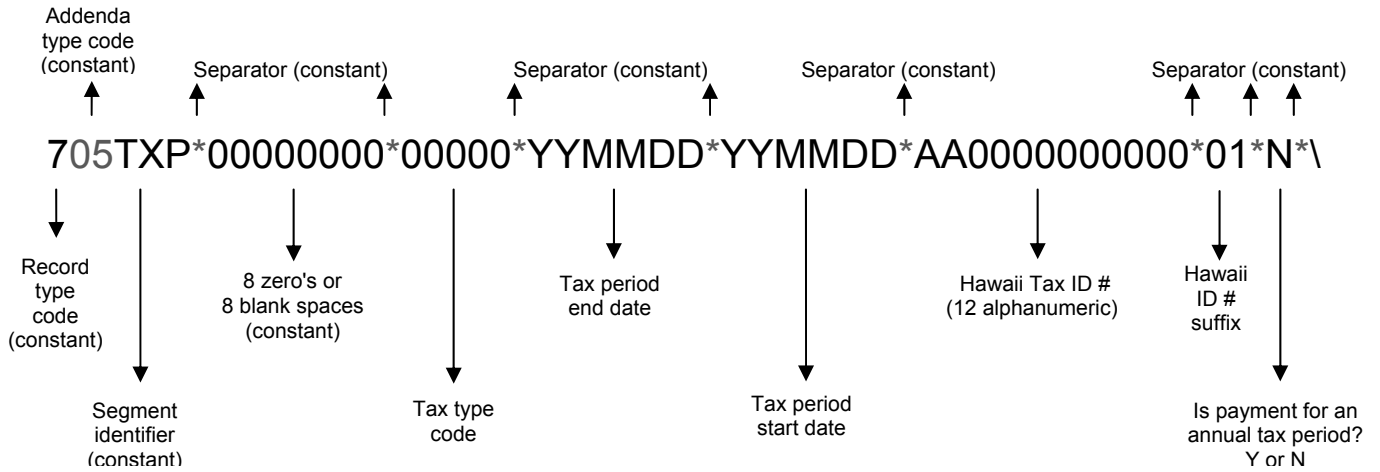
All State of Hawaii Department of Taxation offices and financial institutions are closed for the following holidays. Assistance will not be available and EFT transfers will not be accepted:

- The first day in January, New Year's Day
- The third Monday in January, Dr. Martin Luther King, Jr. Day
- The third Monday in February, Presidents' Day
- The twenty-sixth day in March, Prince Jonah Kuhio Kalaniana'ole Day
- The Friday preceding Easter Sunday, Good Friday
- The last Monday in May, Memorial Day
- The eleventh day in June, King Kamehameha I Day
- The fourth day in July, Independence Day
- The third Friday in August, Admission Day
- The first Monday in September, Labor Day
- The eleventh day in November, Veterans' Day
- The fourth Thursday in November, Thanksgiving Day
- The twenty-fifth day in December, Christmas Day
- All election days, except primary and special election days
- Any day designated by proclamation by the President of the United States or by the Governor as a holiday.

If any of the State's legal holidays falls on Sunday, the following Monday is observed as a holiday. If the holiday falls on Saturday, the preceding Friday is observed as a holiday.

"7" Record CCD+/TXP Addenda Record

NOTE: It is very important that your financial institution transmits the "7" Record to us in the following format to ensure we receive your Hawaii Tax ID #, and the tax type and period you are paying for.



When you initiate an ACH Credit tax payment to us, you will need to provide the following to your financial institution:

- Hawaii Tax ID number (e.g. W12345678-01 or GE-123-456-7890-01)
- Tax type you are paying for (tax type code)

04610 : General Excise (GE)	07420 : Transient Accommodations (TA)
01130 : Withholding (WH)	20070 : Rental Vehicle (RV)
01311 : Individual Income	01201 : Individual Estimated
02230 : Corporation Income (CO)	02103 : Corporation Estimated (CO)
01740 : Fiduciary Income	01205 : Estate and Trust Estimated
02287 : Franchise (FR)	02177 : Franchise Installment (FR)
15095 : Public Service (PS)	15077 : Public Service Installment (PS)
05007 : Fuel	06418 : Liquor
07219 : Tobacco	

- Tax period start and end date you are paying for in year, month, and day format (YYMMDD)
- Amount of your tax payment

With this information, your financial institution will send us your ACH Credit tax payment with the applicable records.

Here are examples of "7" Records a financial institution should transmit to us via ACH Credit:

- Joe Aloha is paying his 2016 first quarter general excise tax payment to the State for his business that has Hawaii Tax ID # GE-987-654-3210-01.
`705TXP*00000000*04610*160331*160101*GE9876543210*01*N\`
- Bob Makai is paying his 2016 Annual general excise tax payment to the State for his business that has Hawaii ID # Tax GE-111-222-3333-01.
`705TXP*00000000*04610*161231*160101*GE1112223333*01*Y\`
- Susan Mahalo is paying her 2016 August Liquor tax payment to the State for her business that has Hawaii Tax ID # W12345678-02.
`705TXP*00000000*07420*160831*160801*W12345678 *02*N\`

Feel free to show your financial institution these instructions. For technical assistance with respect to this format, please call our EFT Technical Assistance Group at: 808-543-6814.

**State of Hawaii, Department of Taxation
CCD + TXP ADDENDA RECORD ("7" Record)**

FLD	POS	SIZE	DATA ELEMENT NAME: EXPLANATION		CONTENTS
01	01-01	01	RECORD TYPE CODE Type of Record	N	CONSTANT '7'
02	02-03	02	ADDENDA TYPE CODE Addenda type identifier	N	CONSTANT '05'
03	04-06	03	SEGMENT IDENTIFIER	A	CONSTANT 'TXP'
04	07-07	01	FIELD SEPARATOR	A	CONSTANT '*'

Start of Hawaii-specific information:					
05	08-15	08	OLD LEGACY NUMBER FIELD (legacy number no longer accepted) Eight zeroes or blank spaces	N	CONSTANT '00000000'
06	16-16	01	FIELD SEPARATOR	A	CONSTANT '*'
07	17-21	05	TAX TYPE CODE	N	
			02103 : Corporation Estimated (CO) 05007 : Fuel		15077 : Public Service Installment (PS)
			02230 : Corporation Income (CO) 04610 : General Excise (GE)		20070 : Rental Vehicle (RV)
			01205 : Estate and Trust Estimated 01201 : Individual Estimated		07219 : Tobacco
			01740 : Fiduciary Income 01311 : Individual Income		07420 : Transient Accommodations (TA)
			02287 : Franchise (FR) 06418 : Liquor		01130 : Withholding (WH)
			02177 : Franchise Installment (FR) 15095 : Public Service (PS)		
08	22-22	01	FIELD SEPARATOR	A	CONSTANT '*'
09	23-28	06	TAX PERIOD END DATE YY - valid year, MM - between 01 and 12, DD - between 01 and 31 Note that for Franchise or Public Service Installment payments, this is the tax period end date, and is not the "based on income year" end date which is one year earlier. e.g., if the installment payment is for tax year 2011 which is based on income from 2010, then the tax period end date should be 111231.	N	FORMAT = YYMMDD
10	29-29	01	FIELD SEPARATOR	A	CONSTANT '*'
11	30-35	06	TAX PERIOD START DATE YY - valid year, MM - between 01 and 12, DD - between 01 and 31	N	FORMAT = YYMMDD
12	36-36	01	FIELD SEPARATOR	A	CONSTANT '*'
13	37-48	12	HAWAII TAX ID NUMBER (Do NOT send FEIN) W + 8 digit number + 3 spaces OR AA + 10 digit number, where AA is the tax type prefix (e.g., 'GE')	AN	
14	49-49	01	FIELD SEPARATOR	A	CONSTANT '*'
15	50-51	02	HAWAII TAX ID SUFFIX	N	
16	52-52	01	FIELD SEPARATOR	A	CONSTANT '*'
17	53-53	01	ANNUAL PERIOD INDICATOR 'Y' - Payment is for an annual period, 'N' - Payment is for a non-annual period	A	
18	54-54	01	FIELD SEPARATOR	A	CONSTANT '*'
19	55-55	01	SEGMENT TERMINATOR	A	CONSTANT '\'
End of Hawaii-specific information					

20	56-83	28	FILLER	A	SPACES
21	84-87	04	SPECIAL ADDENDA SEQUENCE NUMBER	N	Not Applicable
22	88-94	07	ENTRY DETAIL SEQUENCE NUMBER	N	Not Applicable

Glossary of Hawaii Specific Terms

Segment Identifier - This identifies the transfer as a tax payment. It must always be coded as "TXP".

Separator - The separator or data element separator is used to separate fields (data elements) within the transaction. The character to be used is an asterisk (*).

Tax Type Code - This five (5) digit code identifies the type of tax payment being made.

Tax Period Start Date - This indicates the start date of the period for which the tax is being paid and must be reported in year, month, and day (YYMMDD) format. For example, if you are paying for the tax due for general excise taxes for the month of January 2016, the date would be reported as 160101.

Tax Period End Date - This indicates the end date of the period for which the tax is being paid and must be reported in year, month, and day (YYMMDD) format. For example, if you are paying for the tax due for general excise taxes for the month of January 2016, the date would be reported as 160131.

ITPS - Hawaii's tax system implemented in 2001 and slowly phasing out with tax types being converted to a new tax system.

TSM - Hawaii's new tax system, beginning in August 2016, tax types are being converted from ITPS into TSM.

Hawaii Tax ID Number - There are 2 different formats for the Hawaii Tax ID Numbers (Do NOT send FEIN in this space):

- 1) ITPS Tax Accounts - A nine character alphanumeric Hawaii identification number. The first character is a "W" followed by eight digits and space fill the last three characters. (e.g. W12345678).
- 2) TSM Tax Accounts - A tax account with a two alpha character tax type prefix, followed by a ten digit Hawaii tax identification number (12 total characters). As normally presented to the taxpayer, the tax type prefix is the first two characters representing the tax type, followed by three digits, a dash, another three digits, a dash, followed by four digits (e.g., GE-123-456-7890). This Hawaii Tax ID Number is replacing the former Hawaii ID Number (W12345678) as each tax type is converted to the new tax system.

Hawaii ID Number Suffix - Two digit identifier that follows either the eight or ten digit Hawaii Tax identification number (e.g., 01). This number uniquely identifies a tax type account when a taxpayer has multiple accounts of the same tax type.