

SCHEDULES O AND P (FORM N-20) ALLOCATION AND APPORTIONMENT OF INCOME

ATTACH THESE SCHEDULES TO FORM N-20

If the partnership had ordinary income or (loss) from trade or business activities both within and without Hawaii, complete these schedules to determine the business income or (loss) apportioned to Hawaii. Each partnership must state specifically the income attributable to the State and the income attributable everywhere with respect to each partner.

Schedule O — Apportionment of Income

1 Ordinary income (loss) from trade or business activities for Hawaii tax purposes (From Form N-20, page 1, line 16)....		
2 Apportionment factor (From Schedule P, line 8 below)		%
3 Business income apportioned to Hawaii (line 1 multiplied by line 2) (To Form N-20, Schedule K, line 1, col. b).....		

Schedule P — Computation of Apportionment Factors

Property — (use original cost)	In Hawaii		Total Everywhere	
	Beginning of taxable year	End of taxable year	Beginning of taxable year	End of taxable year
Land				
Buildings				
Inventories				
Leasehold interests*				
Rented Property*				
Other Property				
Total				

* Enter net annual rent X 8.

	A. In Hawaii	B. Everywhere	
1 Property values (average value of property above)			%
2 Property factor (line 1, col. A divided by line 1, col. B)			%
3 Total compensation			%
4 Payroll factor (line 3, col. A divided by line 3, col. B)			%
5 Total sales			%
6 Sales factor (line 5, col. A divided by line 5, col. B)			%
7 Total of factors (add lines 2, 4, and 6)			%
8 Average of factors (divide line 7 by 3) (To Schedule O, line 2 above)			%

9 Are the amounts shown on Form N-20, page 1, lines 4 through 7, and on Schedule P, column "B. Everywhere", lines 1, 3, and 5 above, the same as those reported in returns or reports to other states under the Uniform Division of Income for Tax Purposes Act? YES NO If "NO", please explain.

Ordinary income or (loss) from trade or business activities shall be attributed to the State by the use of the apportionment of business income allocation provisions of the Uniform Division of Income for Tax Purposes Act (UDITPA), section 235-29, HRS. Business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three. The property factor is a fraction, the numerator of which is the average value of the partnership's real and tangible personal property owned or rented and used in this State during the tax period and the denominator of which is the average value of all the partnership's real and tangible personal property owned or rented and used during the tax period. Property owned by the partnership is valued at its original cost. Property rented by the partnership is valued (or capitalized) at eight times the net annual rental rate. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period. The use of monthly values may be required if necessary to properly reflect the average value of the partnership's property. The payroll factor is a fraction, the numerator of which

is the total amount paid in this State during the tax period by the partnership for compensation, and the denominator of which is the total compensation paid everywhere during the tax period. The sales (or gross receipts) factor is a fraction, the numerator of which is the total sales of the partnership in this State during the tax period, and the denominator of which is the total sales of the partnership everywhere during the tax period.

If this apportionment does not fairly represent the extent of the partnership's business activity in this State, the partnership may request the use of separate accounting, the exclusion of one or more of the factors, the inclusion of one or more additional factors, or the use of any other method to accurately reflect the partnership's business activity in the State. Complete Schedules O and P to show this computation. Other items are attributed as follows:

- Net rents and royalties from real property located in Hawaii are attributed to Hawaii. Federal Form 8825 may be attached to Form N-20 as a schedule of expenses.
- Net rents and royalties from tangible personal property are attributed to Hawaii if and to the extent that the property is utilized in Hawaii.

- Capital gains and losses from sale of real property located in Hawaii are attributed to Hawaii.
- Capital gains and losses from sales of tangible personal property are attributable to Hawaii if the property had a situs in Hawaii at the time of the sale.
- Interest and dividends are attributed to Hawaii if the partnership's commercial domicile is in Hawaii.
- Patent and copyright royalties are attributed to Hawaii if and to the extent that the patent or copyright is utilized by the payor in Hawaii.

Amounts received by a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets owned by the qualified high technology business and developed and arising out of a qualified high technology business are excluded from Hawaii income. Expenses related to this income are deductible.