

SHAREHOLDER'S SHARE OF INCOME, CREDITS, DEDUCTIONS, ETC.

2012

FORM N-35  
(REV. 2012)

For calendar year 2012 or tax year  
beginning \_\_\_\_\_, 2012 and ending \_\_\_\_\_, 20 \_\_\_\_\_

(NOTE: Prepare in triplicate. (1) File with N-35. (2) For S corp. (3) For shareholder.)

|  |  |
|--|--|
| Shareholder's identifying number <b>▶</b>        | Corporation's Federal identifying number (FEIN) <b>▶</b> |
| Shareholder's name, address, and Postal/ZIP code | Corporation's name, address, and Postal/ZIP code         |

**A** (1) Shareholder's percentage of stock ownership for tax year **▶** \_\_\_\_\_ % and (2) Number of shares owned by shareholder at tax year end **▶** \_\_\_\_\_  
(See Instructions for Schedule K-1)

**B** Check applicable boxes: (1)  Final K-1 (2)  Amended K-1

**Caution:** Refer to Shareholder's Instructions for Schedule K-1 before entering information from Schedule K-1 on your tax return.

|                            | (a) Pro rata share items   | (b) Attributable to Hawaii | (c) Attributable Elsewhere | (d) Form N-11*/ N-15** filers enter the amounts in col. (b) and col. (c) on:  |
|----------------------------|--|----------------------------|----------------------------|---|
| <b>Income (Losses)</b>     | 1 Ordinary income (loss) from trade or business activities.....            |                            |                            | } See Shareholder's Instructions for Schedule K-1 (N-35).<br><br>Interest Worksheet<br>Line 9<br>See Shareholder's Instructions.<br>Capital Gain/Loss Worksheet<br>Capital Gain/Loss Worksheet<br>Schedule D-1, line 2<br>(Enter on applicable line of your return) |
|                            | 2 Net income (loss) from rental real estate activities.....                |                            |                            |   |
|                            | 3 Net income (loss) from other rental activities. ....                     |                            |                            |   |
|                            | 4 Interest .....   |                            |                            |   |
|                            | 5 Ordinary Dividends .....   |                            |                            |   |
|                            | 6 Royalties .....  |                            |                            |   |
|                            | 7 Net short-term capital gain (loss).....                                  |                            |                            |   |
|                            | 8 Net long-term capital gain (loss) .....                                  |                            |                            |   |
|                            | 9 Net section 1231 gain (loss) (other than due to casualty or theft) ..... |                            |                            |   |
|                            | 10 Other income (loss) (attach schedule).....                              |                            |                            |   |
| <b>Deductions</b>          | 11 Charitable contributions.....   |                            |                            | Worksheet A-4, PY-4, or NR-4  |
|                            | 12 IRC section 179 expense deduction (attach schedule).....                |                            |                            | See Shareholder's Instructions.   |
|                            | 13 Deductions related to portfolio income (loss) (attach schedule).....    |                            |                            | Worksheet A-6, PY-6, or NR-6  |
|                            | 14 Other deductions (attach schedule).....                                 |                            |                            | (Enter on applicable line of your return)   |
| <b>Investment Interest</b> | 15 a Interest expense on investment debts.....                             |                            |                            | Form N-158, line 1  |
|                            | b (1) Investment income included on lines 4, 5, and 6 above.....           |                            |                            | } See Shareholder's Instructions for Schedule K-1 (N-35).   |
|                            | (2) Investment expense included on line 13 above.....                      |                            |                            |   |

\* For Form N-11 filers, if your federal Schedule K-1 (Form 1120S) and Hawaii Schedule K-1 (Form N-35) amounts are different, the necessary adjustments are to be made in the Hawaii Additions Worksheet and/or Hawaii Subtractions Worksheet in the Form N-11 Instructions.

\*\*For Form N-15 filers, the referenced worksheets are located in the Form N-15 Instructions.

**Purpose of Schedule K-1** — The S corporation uses Schedule K-1 (Form N-35) to report to you your share of the corporation's income (reduced by any tax the corporation paid on the income), credits, deductions etc. Please keep it for your records.

Although the corporation is subject to a built-in gains tax, an excess net passive income tax, and a LIFO recapture tax; you, the shareholder, are liable for the income tax on your share of the corporation's income, whether or not distributed, and you must include your share on your tax return.

Use these instructions to help you report the items shown on Schedule K-1 on your Hawaii income tax return. Where "(attach schedule)" appears on lines 10, 12, 13, 14, and 22a, it means the information for these lines (if applicable) will be shown on line 29, or if additional space was needed, the corporation will have attached a statement to your Schedule K-1 to show the information. The notation "(See

Instructions for Schedule K-1)" in item A is directed only to the corporation.

Schedule K-1 does not show the amount of actual dividend distributions the corporation paid to you. The corporation must report to you such amounts on Form 1099-DIV. Resident shareholders' actual dividend distributions are already included in federal adjusted gross income (federal AGI) for Form N-11 filers.

Schedule K-1 now provides you with information relating to the source of your share of the income of the S corporation. This is required under provisions of section 235-128, Hawaii Revised Statutes. How this income is reported by you to the State of Hawaii depends on your residency status. Shareholders who are Hawaii residents are to report the total sum of the income, deductions, and credits attributable to Hawaii and the income, deductions, and credits attributable elsewhere. Shareholders who are

not residents of Hawaii or who are part-year residents of Hawaii are to use amounts attributable to Hawaii and the total sum of amounts attributable to Hawaii and amounts attributable elsewhere in preparing their Hawaii income tax returns. Income attributable to Hawaii is reported by all shareholders net of adjustments allowed to corporations. The total of your share of these adjustments is shown on line 22a and are explained on line 29. Items of income or deductions should be reported on your return net of these adjustments. Resident shareholders may make an adjustment to income reported on their net income tax return for interest penalty on early withdrawal of savings, if a penalty was imposed on the early withdrawal of savings by the S corporation and the interest income is not attributable to Hawaii. The amount of this deduction appears on line 23.

