

HOW TO COMPLETE YOUR PERIODIC TRANSIENT ACCOMMODATIONS TAX RETURN (FORM TA-1)

CHANGES TO NOTE

Effective January 1, 2016, Act 93, Session Laws of Hawaii 2015, increases the transient accommodations tax imposed on resort time share vacation units by 1% each year to gradually achieve a rate of 9.25% of the fair market rental value. A rate of 7.25% is imposed until December 31, 2015;

a rate of 8.25% is imposed for the period beginning on January 1, 2016, to December 31, 2016; and a rate of 9.25% is imposed for the period beginning on January 1, 2017, and thereafter.

INTRODUCTION

These instructions will assist you in filling out your periodic Transient Accommodations Tax Return (Form TA-1) correctly.

The transient accommodations tax (TAT) is levied on the gross rental or gross rental proceeds derived from furnishing transient accommodations. The rate is 9.25%.

A "transient accommodation" is an apartment, house, condominium, beach house, hotel room or suite, or similar living accommodation furnished to a transient person for less than 180 consecutive days.

"Gross rental or gross rental proceeds" includes amounts paid to you in the form of cash, goods, or services as compensation for furnishing a transient accommodation without any deductions for costs incurred in the operation of the transient accommodation. The gross rental or gross proceeds do not include the items shown at the top of the "SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS AND DEDUCTIONS" (under Section 237D-1) on page 4 of these instructions.

The transient accommodations tax on time share occupancy (TSO tax) is levied on the occupant of a time share vacation unit at the rate of 9.25% on the unit's fair market rental value for the period beginning on January 1, 2017, and thereafter. The time share plan manager shall be liable for, and pay to the State, the TSO tax.

"Fair market rental value" is defined as an amount equal to one-half of the gross daily maintenance fees that are paid by the owner and that are attributable to the time share unit located in Hawaii. Gross daily maintenance fees include

maintenance costs, operational costs, insurance, repair costs, administrative costs, taxes, other than transient accommodations taxes, resort fees, and other costs including payments required for reserves or sinking funds. Amounts paid for optional goods and services such as food and beverage services or beach chair or umbrella rentals shall be excluded from fair market rental value.

The TAT returns (Form TA-1) must be filed on a periodic basis depending on the amount of TAT or TSO tax you have to pay during the year. You must file **monthly** if you will pay more than \$4,000 in TAT or TSO tax per year. You may file **quarterly** if you will pay \$4,000 or less in TAT or TSO tax per year. You may file **semiannually** if you will pay \$2,000 or less in TAT or TSO tax per year. When changing your filing period, please complete Form BB-1.

Form TA-1 is due with payment on or before the 20th day of the calendar month following the close of the filing period.

Taxpayers whose liability for the TAT exceeds \$100,000 per year are required to pay the tax by Electronic Funds Transfer (EFT).

To properly enter the necessary information into our computer system, the periodic tax returns must be filled in completely and accurately.

If a payment is being made with Form TA-1, make your check or money order payable to "Hawaii State Tax Collector." Write "TA," the filing period, your Hawaii Tax I.D. No., and your daytime phone number on the check. Attach your check or money order where indicated on the front of Form TA-1.

IMPORTANT!!!

Write "TA", the filing period, your Hawaii Tax I.D. No. and your daytime phone number on your check so that it may be properly credited to your account. **If you do not have any gross rental or gross rental proceeds and do not have any fair market rental value and the result is no TAT and TSO tax liability, enter "0.00" on line 11. Please note that this periodic return must be filed.**

To correct a previously filed Form TA-1, file an amended return on Form TA-1.

Forms, instructions, and publications are available on the Department's website at **tax.hawaii.gov** or you may contact a customer service representative at:

Voice: 808-587-4242
1-800-222-3229 (Toll-Free)

Telephone for the Hearing Impaired:
808-587-1418
1-800-887-8974 (Toll-Free)

Fax: 808-587-1488

E-mail: Taxpayer.Services@hawaii.gov

Mail: Taxpayer Services Branch
P.O. Box 259
Honolulu, HI 96809-0259

FILLING IN YOUR FORM TA-1 (PERIODIC RETURN)

NOTE: A sample Form TA-1 is given on pages 5 and 6 of these instructions. The bold circled numbers on the sample Form correspond to the steps in the instructions.

THE TOP OF THE TAX RETURN

STEP 1 — Write your name (taxpayer's name) in the area provided on the top of page 1 and of page 2.

STEP 2 — Enter your Hawaii Tax I.D. No. in the area provided on the top of page 1 and of page 2.

STEP 3 — Enter the last 4 digits of your FEIN or SSN in the area provided on the top of page 1 and of page 2.

STEP 4 — For "PERIOD ENDING" at the top of page 1 and of page 2, enter the filing period information with the

appropriate numeric (two digit) month and year for the last month of the filing period (e.g., Month of January 2017 = 01/17; Quarterly Period of January through March 2017 = 03/17; Semiannual Period of January through June 2017 = 06/17).

AMENDED RETURNS — If you are filing an amended return, put an "X" in the box at the top of the return on page 1 indicating that the return is an amended return.

COMPUTING THE TAXES

STEP 5 — Column a, lines 1 through 4 of Part I. Enter the total gross rental or gross rental proceeds during the period covered by the return for all transient accommodations furnished.

Please note that if you have transient accommodations in more than one taxation district, you must report the total transient accommodations furnished separately according to the taxation district in which the transient accommodations are located. For example, if you have transient accommodations on the island of Oahu and on the island of Maui, the total gross rental or gross rental proceeds on Oahu must be reported on line 1 and the total gross rental or gross rental proceeds from the transient accommodations on Maui must be separately reported on line 2.

STEP 6 — Turn to Part VI on the reverse side of Form TA-1, "SCHEDULE OF EXEMPTIONS/DEDUCTIONS." Fill in the amount and description of the exemptions or deductions being claimed for each taxation district. Each exemption or deduction must be separately listed. For each exemption or deduction you claim: (i) In the "DISTRICT" column, enter the number that represents the Tax District where the income was earned (1 for Oahu, 2 for Maui, 3 for Hawaii and 4 for Kauai); (ii) in the "ED CODE" column enter the code for the type of exemption or deduction being claimed. The allowable exemptions and deductions, along with the code number for each, are listed in the "SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS, AND DEDUCTIONS" (under Section 237D-3) on page 4 of these instructions.

(NOTE: Deductions allowed on your net income tax returns, such as operating expenses and management fees, are **not** deductible on the transient accommodations tax return.)

STEP 7 — Add the amounts of exemptions/deductions that are separately listed and enter the result on the "**Grand Total of Exemptions and Deductions**" line in Part VI. If you do not have any exemptions or deductions, enter "0.00."

STEP 8 — Enter the total amount of exemptions and deductions in each district in Column b of Part I.

STEP 9 — Subtract the amounts in Column b, if any, from the amounts in Column a and enter the results in Column c. Column c is your "TAXABLE PROCEEDS."

STEP 10 — Part II is to be completed **only** by time share plan managers to report total fair market rental values and TSO tax due for the periodic filing period.

Report the total fair market rental value during the period for all resort time share vacation plans represented by you on lines 5 through 8. To obtain the total fair market rental value, add the amounts from line 31 on each of the Forms TA-42, "Time Share Occupancy Worksheet — Calculation of Total Fair Market Rental Value." Please note that if you have time share vacation plans in more than one taxation district, you must report the total fair market rental value separately according to the taxation district in which the time share properties are located.

STEP 11 — Add lines 1 through 4 of Column c and lines 5 through 8. Enter the total on line 9, the "TOTAL AMOUNT TAXABLE."

STEP 12 — Multiply the amount on line 9 by the amount on line 10 (0.0925) and enter the result on line 11. This is the "TOTAL TAXES DUE." **(NOTE: Line 11 must be filled in.** If you have no taxes due, enter "0.00" on line 11.)

AMENDING THE RETURN

If you file your Form TA-1 and later become aware of any changes you must make to reported gross rental or gross rental proceeds or exemptions/deductions, you may file an amended return on Form TA-1 to change the Form TA-1 you already filed. Do **NOT** file an amended Form TA-1 if the Transient Accommodations Tax Annual Return & Reconciliation, Form TA-2, has already been filed for the tax year. **When filing an amended return, each entry that was correctly reported on the original Form TA-1 also must be entered on the appropriate line. Otherwise, a figure of -0- will be used in place of each unreported number.**

For amended returns, complete steps 13 through 18 below. **(NOTE: If you are not filing an amended return, skip steps 13 through 18 and go to step 19.)**

STEP 13 — As of the date the amended return is filed, enter on line 12 the amounts of penalty and/or interest assessed for the period. Penalty and interest are generally assessed because the original return was filed after the filing deadline, or because the taxes due were not paid in full by the filing deadline.

STEP 14 — Add the amounts on lines 11 and 12 and enter the result on line 13 "TOTAL AMOUNT."

STEP 15 — Enter on line 14 the total amount of taxes, additional assessments, and penalty and/or interest paid, less any refunds received for the period. Include payments made with the original periodic return, as well as any supplemental payments made after the original periodic return was filed. (**REMINDER:** Payments are applied first to recover costs incurred by the Department, then to any interest due, then to penalties, and finally, to taxes.)

STEP 16 — If line 13 is **less than** line 14, subtract line 13 from line 14, enter the result on line 15 “CREDIT TO BE REFUNDED,” and skip to step 22.

STEP 17 — If line 13 is **more than** line 14, subtract line 14 from line 13, enter the result on line 16 “ADDITIONAL TAXES DUE.”

STEP 18 — If the amended Form TA-1 is being filed after the due date of the original Form TA-1, and there is an amount entered on line 16, enter on line 17 the amount of any penalty and/or interest now due. On a timely filed original Form TA-1, a penalty of 20% of the tax due will be assessed if any tax remains unpaid after 60 days from the prescribed due date of the original Form TA-1. This penalty is applicable to amended Forms TA-1 for timely filed original Forms TA-1. Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on unpaid taxes and penalties assessed beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on Saturday, Sunday, or legal holiday.

FINISHING THE TAX RETURN

STEP 19 — Late Filing of Return (**NOTE:** If you are filing an amended return, skip this step and go to step 20.) The penalty for failure to file a return on time is assessed on the tax due at a rate of 5% a month, or part of a month, from the due date to the filing date, up to a maximum of 25%.

Interest—Interest at the rate of 2/3 of 1% a month, or part of a month, shall be assessed on the unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on a Saturday, Sunday, or legal holiday.

After computing the penalty and interest amounts, enter the results in the “PENALTY” and “INTEREST” parts of line 17. If you are unable to compute the penalty and interest, leave the parts of line 17 blank. The Department will compute them for you and send you a bill.

STEP 20 — Add the amounts on lines 11 and 17 and enter the result on line 18, “TOTAL AMOUNT DUE AND PAYABLE.” (**NOTE:** If you are filing an AMENDED RETURN, add the amounts on lines 16 and 17 and enter the result on line 18.)

STEP 21 — (**NOTE:** If you are **not** submitting a check with your return, enter “0.00” on line 19.)

Write the “AMOUNT OF YOUR PAYMENT,” including any penalty and interest, on line 19. Attach your check or money order for this amount payable to “Hawaii State Tax Collector” in U.S. dollars drawn on any U.S. bank where indicated on the front of the return. Write “TA,” the filing period, your Hawaii Tax I.D. No., and your daytime phone number on your check or money order. Send your check or money order and the return to:

Hawaii Department of Taxation
P.O. Box 2430
Honolulu, HI 96804-2430

Do not send cash. Form TA-1, including an amended return, can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

STEP 22 — Sign your tax return. The sole proprietor, a partner or member, corporate officer, or an authorized agent must sign the tax return, state his/her title, write the date the return is signed, and write a daytime contact phone number.

SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS, AND DEDUCTIONS
(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Section 237D-1: Gross rental or gross rental proceeds do not include:

- (1) The amount of transient accommodations taxes passed-on, collected, and received from the consumer.
- (2) The amount of general excise taxes passed-on, collected, and received from the consumer.
- (3) Charges for guest amenities, including meals, beverages, telephone calls, laundry, and service charges. (Section 18-237D-1-03(c), Hawaii Administrative Rules)
- (4) Accounts charged off as worthless for income tax purposes by an accrual basis taxpayer. (Section 18-237D-1-03(e), Hawaii Administrative Rules)

Division of gross rental or gross rental proceeds:

Where transient accommodations are furnished by an operator through an arrangement with a travel agency or tour packager at noncommissionable negotiated contract rates and the gross rental or gross rental proceeds are divided between the operator and the travel agent or tour packager, the gross rental or gross rental proceeds to the operator is the respective portion allocated or distributed to the operator, and no more.

Section 237D-3: The following are exempt from the Transient Accommodations Tax:

ED Code

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|---|------------|
| (1) Health care facilities including all such facilities enumerated in Section 321-11(10)..... | 130 |
| (2) School dormitories of a public or private educational institution providing education in grades kindergarten through twelve, or of any institution of higher education..... | 150 |
| (3) Lodging provided by nonprofit corporations or associations for religious, charitable, or educational purposes; provided that this exemption shall apply only to the activities of the religious, charitable, or educational corporation or association as such and not to any rental or gross rental the primary purpose of which is to produce income even if the income is used for or in furtherance of the exempt activities of such religious, charitable, or educational corporation or association. | 140 |
| (4) Living accommodations for persons in the military on permanent duty assignment to Hawaii, including the furnishing of transient accommodations to those military personnel who receive temporary lodging allowances while seeking accommodations in Hawaii or while awaiting reassignment to new duty stations outside the State..... | 180 |
| (5) Low-income renters receiving rental subsistence from the state or federal governments and whose rental periods are for durations shorter than sixty days. | 120 |
| (6) Operators of transient accommodations who furnish accommodations to full-time students enrolled in an institution offering post-secondary education. The director of taxation shall determine what shall be deemed acceptable proof of full-time enrollment. | 160 |
| This exemption shall also apply to operators who furnish transient accommodations to students during summer employment..... | 170 |
| (7) Accommodations furnished without charge such as, but not limited to, complimentary accommodations | 100 |
| Accommodations furnished to contract personnel such as physicians, golf or tennis professionals, swimming and dancing instructors, and other personnel to whom no salary is paid or to employees who receive room and board as part of their salary or compensation..... | 190 |
| (8) Accommodations furnished to foreign diplomats and consular officials who are holding cards issued or authorized by the United States Department of State granting them an exemption from state taxes..... | 110 |



**TRANSIENT ACCOMMODATIONS
TAX RETURN**

Place an "X" in this box ONLY if this is an AMENDED return

PERIOD ENDING

MM/YY (4)

HAWAII TAX I.D. NO. TA

(2)

NAME: (1)

Last 4 digits of your FEIN or SSN

(3)

PART I — TRANSIENT ACCOMMODATIONS TAX	DISTRICT	Column a GROSS RENTAL OR GROSS RENTAL PROCEEDS	Column b EXEMPTIONS/DEDUCTIONS (Explain on Reverse Side)	Column c TAXABLE PROCEEDS (Column a minus Column b)	
	1. OAHU				
2. MAUI, MOLOKAI, LANAI		(5)	(8)	(9)	2
3. HAWAII					3
4. KAUAI					4

PART II — TIMESHARE OCCUPANCY TAX			TOTAL FAIR MARKET RENTAL VALUE
	5. OAHU DISTRICT	5.	
6. MAUI, MOLOKAI, LANAI DISTRICT	6.		
7. HAWAII DISTRICT	7.		
8. KAUAI DISTRICT	8.		

PART III — TAX COMPUTATION			
	9. TOTAL AMOUNT TAXABLE. Add Column c of lines 1 through 4 and lines 5 through 8. Enter result here (but not less than zero).	9.	
10. Tax Rate	10.		x0.0925
11. TOTAL TAXES DUE. Multiply line 9 by line 10 and enter the result here. If you did not have any activity for the period, enter "0.00" here	11.	(12)	

PART IV — ADJUSTMENTS			
	12. Amounts Assessed During the Period... (For Amended Return ONLY)	PENALTY	
	INTEREST		12.
13. TOTAL AMOUNT. Add lines 11 and 12. (For Amended Return ONLY)			(14)
14. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)		(15)	
15. CREDIT TO BE REFUNDED. Line 14 minus line 13 (For Amended Return ONLY)			(16)
16. ADDITIONAL TAXES DUE. Line 13 minus line 14 (For Amended Return ONLY)		(17)	

DECLARATION - I declare, under the penalties set forth in section 231-36, HRS, that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is a true, correct, and complete return, made in good faith for the tax period stated, pursuant to the Transient Accommodations Tax Laws, and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT.

SIGNATURE (22)	TITLE	DATE	DAYTIME PHONE NUMBER
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Continued on page 2 — Parts V & VI **MUST** be completed

Name: **1**



Hawaii Tax I.D. No. TA **2**

Last 4 digits of your FEIN or SSN **3**

PERIOD EN **4** MM/YY

PART V — TOTAL AMOUNT DUE

17. **FOR LATE FILING ONLY** → PENALTY **18**

INTEREST **17.**

18. **TOTAL AMOUNT DUE AND PAYABLE** (Original Returns, add lines 11 and 17;
Amended Returns, add lines 16 and 17) **18.** **20**

19. **PLEASE ENTER THE AMOUNT OF YOUR PAYMENT.** Attach a check or money order payable to "HAWAII STATE TAX COLLECTOR" in U.S. dollars drawn on any U.S. bank to Form TA-1. Write "TA", the filing period, and your Hawaii Tax I.D. No. on your check or money order. Mail to: HAWAII DEPARTMENT OF TAXATION, P. O. Box 2430, HONOLULU, HI 96804-2430 or file and pay electronically at tax.hawaii.gov/eservices/. **If you are NOT submitting a payment with this return, please enter "0.00" here.** **19.** **21**

PART VI — SCHEDULE OF EXEMPTIONS/DEDUCTIONS

Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g., materials, supplies, etc.) on your transient accommodations tax return. For more information, see the Form TA-1 Instructions.

You must explain your exemptions and deductions, otherwise they will be disallowed and you will owe more taxes.

DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT
6	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
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	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>
	<input type="text"/>		<input type="text"/>		<input type="text"/>

Grand Total of Exemptions and Deductions — Add the amounts above in Part VI and enter here. If more space is needed, attach a schedule. Include the total deductions claimed from any attachments in this total. (See Instructions) **7**

Additional Instructions for Exemptions/Deductions (ED)

- For each exemptions/deductions you have claimed, enter:
- For the "DISTRICT" column, enter the number that represents the Tax District from which the income was earned.
1 = Oahu; 2 = Maui; 3 = Hawaii; and 4 = Kauai
 - For the ED Code please see the list of codes below and enter the corresponding Exemption/Deduction code.
 - Enter your total amount of the exemption/deduction claimed for that District and ED Code.

Example: Taxpayer A received gross rental proceeds of \$2,000.00 from the Consul General of the Philippines for lodging on Maui. Taxpayer A enters the following to justify the deduction entered in Part I, Line 2, Column b of the Transient Accommodations Tax Return:

DISTRICT / ED CODE		AMOUNT		DISTRICT / ED CODE		AMOUNT	
2	110		2,000.00				
Description (HRS)	ED Code	Description (HRS)	ED Code	Description (HRS)	ED Code	Description (HRS)	ED Code
Complimentary Accommodations (§237D-3(7)).....	100	Nonprofit Organization, Lodging provided by a (§237D-3(3)).....	140	Temporary Lodging Allowance for military (§237D-3(4)).....	180	Working Fringe Benefit (§237D-3(7)).....	190
Diplomats and Consular Officials (§237D-3(8)).....	110	School Dormitories (§237D-3(2)).....	150				
Federal or state subsidized lodging (§237D-3(5)).....	120	Students —					
Health care facilities defined in HRS§321-11(10) (§237D-3(1)).....	130	Full-time Post-secondary (§237D-3(6)).....	160				
		Summer Employment (§237D-3(6)).....	170				