

STATE OF HAWAII—DEPARTMENT OF TAXATION
INSTRUCTIONS FOR FORM M-20A
MONTHLY RETURN OF LIQUID FUEL TAX (STATE AND COUNTY)
AND ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX

Changes You Should Note

Effective January 1, 2016, pursuant to Act 103, SLH 2007, Act 198, SLH 2009, and Act 188, SLH 2012, the reduced rate of the fuel tax for naphtha sold for use in a power-generating facility will sunset. Naphtha will now be taxed at the same tax rate as liquid fuel.

Effective January 1, 2016, Act 103, SLH 2007, Act 209, SLH 2007 and Act 188, SLH 2012, the license tax will revert to 1 cent for each gallon of diesel oil, gasoline or other aviation fuel for use in or used for airplanes. The state tax will revert to 16 cents for each gallon of liquid fuel.

Effective July 1, 2015, County of Maui Resolution No. 15-54, increases the County of Maui fuel tax rates.

Effective July 1, 2015, Act 185, Session Laws of Hawaii (SLH) 2015, the environmental response, energy, and food security tax is also imposed on \$0.19 on each one million British thermal units of fossil fuel sold by a distributor of the fossil fuel.

The July 1, 2015 liquefied natural gas (LNG) rates are based on the energy content of 128,714 BTU and the compressed natural gas (CNG) tax rates are based on the energy content of 128,621 BTU. This data is provided by the Alternative Fuels Data Center (AFDC).

General Instructions

Form M-20A is used to report and pay fuel taxes monthly. There is no annual fuel tax return to be filed.

Hawaii's fuel tax is a tax on distributors for each gallon of liquid fuel refined, manufactured, produced, or compounded by the distributor and sold or used by the distributor in the State. The tax is also imposed on liquid fuel imported by the distributor or acquired by the distributor from persons who are not licensed distributors which is sold or used by the distributor in the State.

The fuel tax is comprised of three parts, the State license tax, the county fuel tax, and the environmental response, energy, and food security tax. The amount of the *State license tax* is set by legislation. The *county fuel tax* varies by county and is set by county ordinance. The *environmental response, energy, and food security tax* is \$1.05 on each barrel (42 U.S. gallons) or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end

user (other than a refiner) of the petroleum product. The environmental response, energy, and food security tax is also imposed on \$0.19 on each one million British thermal units of fossil fuel sold by a distributor of the fossil fuel.

Definition of Certain Terms Used in Chapters 243 and 248, HRS

“**Alternative fuel**” means methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; biodiesel; mixtures containing 20 percent or more by volume of biodiesel with diesel or other fuels; fuels (other than alcohol) derived from biological materials; and any other fuel that is substantially not a petroleum product and that the governor determines would yield a substantial energy security benefits or substantial environmental benefits.

“**Distributor**” means: (1) Every person who refines, manufactures, produces, or compounds liquid fuel or fossil fuel in the State and sells or uses the same therein; (2) Every person who imports or causes to be imported into the State any liquid fuel or fossil fuel and sells it therein, whether in the original packages or containers in which it is imported or otherwise than in the original packages or containers, or who imports any liquid fuel or fossil fuel for the person's own use in the State; (3) Every person who acquires liquid fuel or fossil fuel from a person not a licensed distributor and sells or uses it, whether in the original package or container in which it was imported (if imported) or otherwise than in the original package or container; and (4) Every person who acquires liquid fuel or fossil fuel from a licensed distributor as a wholesaler thereof and sells or uses it.

“**Small Boats**” means all vessels and other water craft except those operated in overseas transportation beyond the State, and ocean-going tugs and dredges.

Who Must File

Every distributor as defined above must file Form M-20A.

When to File

Form M-20A must be filed on or before the 20th day of each month, showing the fuel sold or used during the preceding calendar

month. If the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the “timely mailing treated as timely filing/paying rule.” The Department of Taxation (Department) will conform to the Internal Revenue Service listing of designated private delivery services and type of delivery services qualifying for the “timely mailing treated as timely filing/paying rule.” Timely filing of mail which does not bear a U.S. Post Office cancellation mark will be determined by reference to other competent evidence.

Where to File

Mail Form M-20A and your fuel tax payment to:

Hawaii Department of Taxation
P.O. Box 259
Honolulu, Hawaii 96809-0259

Where to Get Forms, Instructions, and Publications

Forms, publications, and other documents, such as copies of Tax Information Releases and Administrative Rules issued by the Department, 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

Penalties and Interest

Late Filing of Return – The penalty for failure to file a return on time is assessed on the tax due at a rate of 5% per month, or part of a month, up to a maximum of 25%.

Failure to Pay Tax After Filing Timely Return — The penalty for failure to pay the tax after filing a timely return is 20% of the tax unpaid within 60 days of the prescribed due date. The 60-day period is calculated beginning with the prescribed due date even if the prescribed due date falls on a Saturday, Sunday, or legal holiday.

Interest — Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on 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.

Signature

The return must be signed and dated by a person who is authorized to sign Form M-20A.

Specific Instructions

These instructions are numbered to correspond to the line items of Form M-20A. Other line items on the form are self-explanatory.

Note: Check the appropriate box at the top of Form M-20A if you are filing Form M-20A for the first or final time, if your name or address changed, or if you are filing an amended return.

Amended Return Checkbox

If you are amending a return previously filed, check the AMENDED Return box at the top of the form to indicate that this is an amended return.

Address

If your address is outside the United States or its possessions or territories, enter the information on the line for "City or Town, State and Postal/ZIP Code" in the following order: city, province or state, postal code, and the name of the country. Do not abbreviate the country name.

Part I — Computation of Fuel Tax and Environmental Response, Energy, and Food Security Tax

Complete Part I to compute the amount of fuel tax and environmental response, energy, and food security tax due with the return. In completing Part I, enter the number of taxable gallons.

Line 24 — Specify the type of alternative fuel sold in gallons. If you sold more than one type of alternative fuel, attach a separate schedule showing the number of gallons sold, tax rate, and taxes due. Include

the total number of gallons sold on line 41 and the total taxes on line 42.

Line 25 — For other alternative fuels, the State license tax rate shall be based on the energy content of the fuels as compared to diesel fuel, using a lower heating value of one hundred thirty thousand British thermal units per gallon as a standard for diesel, so that the tax rate, on an energy content basis, is equal to one-quarter the rate for diesel fuel. The county fuel tax rate may be proportional to the energy contents of the fuels, as determined by their lower heating values, times one-half.

For Alternative Fuel Tax Rates, see Instructions for Form M-2.

Line 32 — Report naphtha sold for use off highway.

Lines 35 and 38 — Report liquid fuel sold or used in small boats. See definition of small boats on page 1. Liquid fuel sold or used in vessels and other water craft operated in overseas transportation beyond the State and ocean-going tugs and dredges should **not** be reported on lines 35 and 38.

Line 43a — Report the number of barrels (42 U.S. gallons) rounded up to the nearest barrel of petroleum product sold by a distributor to any retail dealer or end user (other than a refiner) of the petroleum product. For example, if 197.05 barrels were sold, report 198 barrels on line 43a. The environmental response, energy, and food security tax is imposed on each barrel or fractional part of a barrel. Do not include aviation fuel.

Line 44a — Report the number of million BTUs of fossil fuel product sold by a distributor to any retail dealer or end user (other than a refiner) of the fossil fuel product. For example, if the fossil fuel product sold has an energy content value of 196 million BTUs, report 196 on line 44a. Do NOT include on this line, any petroleum products reported by the barrel on line 43a.

Line 46 — The total taxes due on line 46 must be paid in full with Form M-20A. The tax may be paid by check or money order made payable to the "Hawaii State Tax Collector" in U.S. dollars drawn on any bank in the U.S. Do not send cash. To ensure that your payment is applied correctly, please type or print on your check or money order: (1) "Fuel", (2) your federal employer identification number (FEIN) or social security number (SSN), (3) daytime phone number, and (4) the filing period (MM/YY) and form number being filed (ex. 07/16 M-20A).

Amended Returns

If you are filing an amended return, check the amended return box at the top of Form M-20A. Complete your amended return using corrected amounts through line 46. Attach Schedule AMD, Explanation of Changes on Amended Return.

Line 47 — Enter the amount paid on your original Form M-20A. If the amount is an overpayment, enter a minus sign, "-", before the amount of an overpayment.

Line 48 — Enter the balance due (or refund) with the amended return. If the amount is a refund, enter a minus sign "-" before the amount of an overpayment. The amount will be refunded to you.

Part II — Summary of Gallons Taxable in the County of Maui

Complete Part II to report the taxable number of gallons sold or used for the islands of Maui, Lanai, and Molokai.

Part III — Summary of Exempt Sales in Gallons

Complete Part III to report the exempt number of gallons sold or used, including (1) Fuel exported or sold to the federal government for official government use, (2) Imports in interstate or foreign commerce as long as the fuel is beyond the taxing power of the State (e.g. in the foreign trade zone or sales of bonded aviation fuel to air carriers coming from or going to foreign ports), (3) Sales to another licensed distributor, (4) Fuel sold for use in and actually delivered to, or sold in, the county of Kalawao, and (5) Liquid fuel sold to an intra-county ferry operating solely within the County of Maui (applies to taxable years beginning after December 31, 2007).

Part IV — Summary of Sales in Gallons

Complete Part IV to report total sales, exempt sales, and the deduction for retail sales from Form M-2, Certificate of Retail Sales of Liquid Fuel. The taxable sales reported in Part IV should be the same amount entered on the appropriate lines in Part I.

If you are claiming an evaporation allowance deduction, attach Form M-2 received from each retail dealer reporting their retail sales for the month and showing the calculation of the evaporation allowance. If Form M-2 is not attached to your return, your deduction will be disallowed.