Changes You Should Note

Effective January 1, 2016, pursuant to Act 76, SLH 2016, the fuel tax for naphtha sold for use in a power-generating facility is subject to the fuel tax rate at two cents per gallon retroactive to January 1, 2016.

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

Effective August 1, 2017, Hawaii County Resolution No. 212-17 (Draft 2) changes the County of Hawaii fuel tax rates.

Who Should File

The retail dealer completes page 1 and submits it to the distributor.

The distributor completes page 2 to compute the evaporation allowance deduction, and reports the deduction in Part IV of Form M-20A.

When and Where to File

The distributor must attach Form M-2 received from each retail dealer to its monthly fuel tax return (Form M-20A), and file it with the Hawaii Department of Taxation (Department). If the evaporation allowance deduction claimed on the distributor’s Form M-20A is not accompanied by the applicable Form M-2(s), then the deduction will be disallowed.

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

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.

“Power-generating facility” means any electricity-generating facility that requires a permit issued under the federal Clean Air Act (42 U.S.C. 7401 through 7671q), the Hawaii air pollu-
tion control law (chapter 342B, HRS), or both.

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

Specific Instructions Page 1 — Completed by the Retail Dealer

Lines 1, 2, 4, 5 — Enter in columns (a) through (d) and columns (f) and (g) the number of gallons of each type of liquid fuel sold for use during the month. Add the amounts reported in columns (b) through (d) and report the total in column (e) of each line. See the definitions of alternative fuel and small boats on this page.

Line 3 — Enter in columns (a) through (d) and columns (f) and (g) the number of gallons of naphtha sold for use in a power-generating facility during the month. Add the amounts reported in columns (b) through (d) and report the total in column (e). See the definition of power-generating facility on this page.

Line 6 — Add the amounts reported on lines 1 through 5 and enter the result in columns (a), (e), (f), and (g).

Signature

Form M-2 must be signed and dated by a person who is authorized to sign Form M-2 as the retail dealer or its authorized agent or representative.

Page 2 — Computation of the Evaporation Allowance Deduction (To be completed by the distributor)

Use the line-by-line instructions to calculate the evaporation deduction allowance by fuel type and usage (on highway or off highway) in each county based on the number of gallons reported in columns (a), (e), (f) and (g) on page 1. See the definitions of alternative fuel and small boats on page 1.

Line 7 — Add the number of gallons reported on lines 2b and 5b for each county that was sold for use on public highways and report the total in columns (a) through (d). Do not include diesel oil for use in small boats.

Line 11 — Enter in columns (a) through (d) the number of gallons of alternative fuel reported on line 4 for use on public highways during the month. If the retail dealer reported more than one type of alternative fuel, attach a separate schedule for each type of alternative fuel showing the information for lines 11 through 14.

Line 13 — Enter the tax rate for the alternative fuel sold to the retail dealer. See the alternative fuel tax rates table on page 1.

Line 14 — Multiply line 12 by line 13. If you have multiple types of alternative fuel, add the amounts from all your schedules and report the grand total.

Line 15 — Add the number of gallons reported on lines 1 and 2b for each county that was sold for off highway use and report the total in columns (a) through (d). Do not include diesel oil for use in small boats.

Line 18 — Enter in columns (a) through (d) the number of gallons of naphtha reported on line 3 that was sold for use in a power-generating facility.

Line 22 — Enter in columns (a) through (d) the number of gallons of diesel fuel reported on line 2a for use in small boats.

Line 25 — Enter in columns (a) through (d) the number of gallons of gasoline reported on line 5a for use in small boats.

Line 29 — Add the amounts reported on lines 10, 14, 17, 21, 24, and 28 for each county and enter the result in columns (a) through (d).