

STATE OF HAWAII DEPARTMENT OF TAXATION



GENERAL INSTRUCTIONS FOR FILING THE GENERAL EXCISE/USE TAX RETURNS

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REMINDER: A county surcharge on the State's general excise and use taxes is imposed on Hawaii taxpayers. Taxpayers **MUST** complete Part V of their periodic and annual general excise/use tax returns to assign their taxes to each county, or may be subject to a 10% penalty for noncompliance.

NOTE: Periodic general excise/use tax returns (Form G-45), the annual general excise/use tax return (Form G-49), and the Application for Extension of Time to File (Form GEW-TA-RV-6) can be filed and payments made electronically through the State's Internet portal. For more information, go to tax.hawaii.gov/eservices/.

Mailing Address Information

HAWAII DEPARTMENT OF TAXATION
P.O. BOX 1425
HONOLULU, HI 96806-1425

GENERAL EXCISE/USE TAX RETURNS GENERAL INSTRUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES (HRS) UNLESS OTHERWISE NOTED)

(NOTE: References to “married” and “spouse” are also references to “in a civil union” and “civil union partner,” respectively.)

Changes You Should Note

- **Act 41, Session Laws of Hawaii 2018** – This act clarifies the “in the State” requirement by creating a bright-line rule for businesses that lack a physical presence in Hawaii. Act 41 provides that a person is engaging in business in the State, regardless of whether the person is physically present in the State, if in the current or preceding calendar year:
 - (1) The person has gross income of \$100,000 or more from the sale of tangible personal property delivered in the State, services used or consumed in the State, or intangible property used in the State; or
 - (2) The person has entered into 200 or more separate transactions involving tangible personal property delivered in the State, services used or consumed in the State, or intangible property used in the State (see Tax Announcement No. 2018-10 for more information).
- **TRICARE** – Act 164, SLH 2013, eliminates the general excise tax (GET) exemption for amounts received by a managed care support contractor of the TRICARE program that is established under Title 10 United States Code Chapter 55, as amended, for the actual cost or advancement to third party health care providers pursuant to a contract with the United States. This applies to taxable years beginning after December 31, 2018.
- **County Surcharge** – Effective January 1, 2019, the county of Kauai has adopted a 0.5% county surcharge. Transactions attributable to the county of Kauai and subject to the state GET rate of 4% have a total rate of 4.5%.

Effective January 1, 2019, the county of Hawaii has adopted a 0.25% county surcharge. Transactions attributable to the county of Hawaii and subject to the state GET rate of 4% have a total rate of 4.25%.

- **Schedule GE** – This form which is used to report exemptions has been revised. If you are claiming exemptions, please complete and attach Schedule GE (Form G-45/G-49) (Rev. 2018) to your Forms G-45 and G-49. Failing to use the most current form will result in the disallowance of your exemptions.

General Excise Tax

The GET is a privilege tax imposed on business activity in the State of Hawaii. The tax is imposed on the gross income received by the person engaging in the business activity. The GET applies to nearly every form of business activity. To determine whether the GET applies to a business activity, see the “General Excise/Use Tax Activity Classifications” in these instructions for a complete listing of activities to which the tax applies.

County Surcharge

Transactions attributable to a county that has adopted a county surcharge and subject to the state GET rate of 4% have a total rate of 4.25% or 4.5%. The county surcharge does not apply to activities taxed at the 0.5% rate (e.g., wholesaling) or the 0.15% rate for insurance commissions. If you do business on more than one island, you must complete Form G-75 and attach it to Forms G-45 and G-49. Form G-75 is used to report your taxable income for each type of business activity (e.g., wholesaling, retailing) in each taxation district (i.e., Oahu, Maui, Kauai, Hawaii) and to help you complete Part IV (county surcharge) and Part V (assignment of taxes by district) on Forms G-45 and G-49. See pages 10 and 15-16 for more information on completing Parts IV and V of Forms G-45 and G-49.

For more information on the county surcharge, see Department of Taxation Announcement Nos. 2005-11, 2006-15, 2006-17 and Tax Information Release (TIR) No. 2007-01 or click on the link to the County Surcharge webpage from the Department of Taxation’s homepage at tax.hawaii.gov.

Who Must File

Every person engaging in business in Hawaii is required to have a GET license and file the appropriate tax returns. These requirements apply to individuals, partnerships, corporations, disregarded entities, and all other legal entities regardless of the business’ profits or losses. See the “General Excise/Use Tax Activity Classifications” in these instructions for a list of taxable activities.

Every person who uses in this State property, services, or contracting which are imported into Hawaii, regardless of at the time of importation, the property, services, or contracting is owned by the importer, purchased from a seller that does not have a GET license, or however acquired, must file a return to report use tax. If GET is also owed, they may be reported on the same form.

Under the General Excise and Use Tax Laws, “person” means every separate legal entity, even though it might not pay net income tax or file a net income tax return. For example, although a partnership that is doing business does not pay net income tax on the income it earns, the partnership (rather than its partners) is required to pay general excise and use tax. However, if the grantor of a revocable living trust reports all items of the trust’s income on the grantor’s individual net income tax return, the grantor rather than the trust will report and pay GET on the trust’s income. See TIR No. 94-5 for more information. Furthermore, a taxpayer and spouse or partners in a civil union may file joint general excise and use tax returns.

Taxpayers registered for seller’s collection of use tax must file Form G-45 for each month in which use tax is collected from their Hawaii customers; quarterly and semiannual filings are not permitted. A return does not need to be filed for those months in which no use tax is collected.

If you are required to have a GET license but fail to obtain one or you fail to file Form G-49 within 12 months of the prescribed due date, you may be denied GET benefits such as exemptions, deductions, or lower tax rates (section 237-9.3).

In most circumstances, GET returns do not have to be filed by:

- Individuals not engaged in business. If an individual’s only business is performing personal services as an employee under the direction and control of an employer, returns are not required, but an individual who rents out real property or performs services as an independent contractor, even as a side business, must report and pay tax on that income.
- Financial institutions. A financial institution that is subject to the Franchise Tax Law (Chapter 241, HRS), and that earns only income that is taxable under that law, only needs to file a franchise tax return. See section 237-24.8 for more information.
- Public utilities owned and operated by the State or a political subdivision of it, or public service companies subject to the Public Service Company Tax Law (Chapter 239, HRS). If, however, a public service company receives income from directory advertising, interest income, or income not included in the measure of the tax imposed by Chapter 239, HRS, GET returns must be filed to report and pay tax on those amounts.

- Insurance companies subject to the insurance premiums tax (sections 431:7-201 to 431:7-205). If, however, an insurance company receives rents from investments in Hawaii real property, GET returns must be filed to report and pay tax on that income. See section 237-29.7 for more information.
- Certain nonprofit organizations. If you are a nonprofit organization and meet the requirements listed below, then you do not need to file GET returns to report your income:
 - (1) You file federal Form 990-N and your only sources of income are contributions, donations, gifts, bequests, and membership dues; or
 - (2) You file federal Form 990-N, you have been granted a GET exemption by the Department of Taxation, and your only sources of income are those listed in (1) and exempt function income.

All other nonprofit organizations, such as those that file federal Form 990 or 990-EZ, are generally required to have a GET license and file GET returns. If you are required to have a GET license but fail to obtain one or you fail to file Form G-49 within 12 months of the prescribed due date, you may be denied GET benefits such as exemptions, deductions, or lower tax rates (section 237-9.3). For more information on the GET licensing and reporting requirements for nonprofits, see TIR Nos. 2010-05 and 2011-04. For more information on the GET exemptions for nonprofits, see Form G-6A. Fundraising activities (e.g., selling barbecued chicken, silent auctions) and activities unrelated to the organization’s exempt purpose are taxable activities. See Tax Facts Nos. 98-3 and 99-4 for more information.

Resident or Nonresident?

Under the General Excise and Use Tax Laws, it does not matter if you are a resident, nonresident, or part-year resident.

Filing Frequency

The periodic returns (Form G-45) are used to report gross income, exemptions, and taxes due on business activities periodically. They must be filed throughout the year at specified intervals. The frequency you file depends on the amount of GET your business has to pay during the year.

- You must file monthly if you will pay more than \$4,000 in GET per year.
- You may file quarterly if you will pay \$4,000 or less in GET per year.
- You may file semiannually if you will pay \$2,000 or less in GET per year.

If you are filing quarterly or semiannually and your tax liability is more than the amounts listed above, you must change your filing period.

To change your filing period, notify the Department of Taxation (Department) by filing **Form BB-1**, Basic Business Application.

Taxpayers filing more frequently than is required are filing returns that cannot be properly tracked. To address this, the Department will change the required filing frequency of taxpayers who file more frequently than is required.

What Forms to File

Registration & Licensing

Form BB-1 - Use this form to register for a GET license and any other state taxes that you may be subject to. When you register for GET, you will au-

tomatically be registered for use tax. The registration fee for a GET license is \$20. You may also apply online through the Hawaii Business Express website at hbe.hawaii.gov or tax.hawaii.gov/eservices/. You can also use this form to make changes to your license application (e.g. change your name, add/delete partners or corporate officers, or filing frequency).

Tax Return Forms

All filers must file periodic returns (Form G-45) throughout the year, and an annual return and reconciliation (Form G-49). You must also file Schedule GE (Form G-45/G-49) if you are claiming exemptions, and Form G-75 if you conducted business in more than one tax district. Please see the applicable sections below for more information.

Note: We recommend that you print a new form from our website (tax.hawaii.gov) each time you need it. The form's QR code is necessary to process the return. Excessive photocopying of a photocopy will degrade the QR code, and the QR code will become unreadable.

Form G-45 - All filers must file periodic returns based on their filing frequency. A monthly filer must file a Form G-45 every month, a quarterly filer must file a return for each quarter, and a semiannual filer must file a return for each semi-annual period.

You must file a Form G-45 even if you do not have any gross income to report for the period. Just write a zero (0) in each column of your main business activity and also on the "Total Taxes Due" line. If your business activity has temporarily stopped, you may submit a written request to the Department to temporarily change the status of your license to inactive for up to two years. You must continue to file Form G-49 for each taxable year; however, it is not necessary to file Form G-45 while your license is inactive.

Form G-49 - All filers must file an annual return and reconciliation (Form G-49) after the close of the taxable year. Form G-49 is a summary of your activity for the entire year. This return must be filed in addition to Form G-45.

Schedule GE (Form G-45/G-49) - If you are claiming exemptions on Forms G-45 and G-49, you must complete and attach Schedule GE (Form G-45/G-49) to Forms G-45 and G-49. If you do not attach this form to your Forms G-45 and G-49, your exemptions will be disallowed. Schedule GE (Form G-45/G-49) has been revised. Please use the current revision of Schedule GE (Form G-45/G-49) (Rev. 2018).

The schedules of exemptions and deductions may be found at the end of these instructions.

Form G-75 - If you did business in MORE THAN one District (the MULTI indicator should be darkened in Part V - Schedule of Assignment of Taxes By District on Forms G-45 and G-49), you will need to complete Form G-75, Schedule of Assignment of General Excise/Use Taxes By Districts. Form G-75 must be attached to Forms G-45 and G-49. If you do not attach this form to your Forms G-45 and G-49 you will be assessed the penalty for failure to file a return and a penalty of 10% on the tax and surcharge due. Please use the current revision of Form G-75 (Rev. 2018).

Amended Returns - If you filed your General Excise/Use Tax Return and later become aware of any changes to the reported income or exemptions, file the following forms, as applicable, to correct the return.

- File an amended return on **Form G-45** to change the Form G-45 you already filed. To designate that the form is an amended return, darken the oval at the top of page 1 of the Form G-45. Fill in the return with all of the cor-

rect information. Do **NOT** use this form if the General Excise/Use Tax Annual Return and Reconciliation, Form G-49, has already been filed for the tax year.

- File an amended return on **Form G-49**, to change the Form G-49 you already filed. To designate that the form is an amended return, darken the oval at the top of page 1 of the Form G-49. Fill in the return with all the correct information. If you are amending Form G-49, it is *not* necessary to also amend the associated Form G-45s.

Miscellaneous Forms

Form GEW-TA-RV-1 - If your business activity has stopped and you do not need your license again (e.g., you incorporated a sole proprietorship or you sold your business), you must cancel your GET license. Complete Form GEW-TA-RV-1, Notification of Cancellation, and send it with your license to the Department. You must file all returns up to the date of cancellation, including the annual return.

Form GEW-TA-RV-6 - If you are unable to meet the deadline for filing the annual return and reconciliation (Form G-49), you may submit a request for an extension to file on **Form GEW-TA-RV-6**. **Approval of an extension request is not automatic.** The extension of time to file is not an extension of time for payment. Your payment for any additional tax you estimate must be sent in with your extension request.

Form ITPS-COA - If you need to change your address, complete and submit Form ITPS-COA to the Department.

Form G-50 - Your GET license must be displayed at your place of business. If you have more than one business location or multiple business names (such as trade names or doing business as (DBA)), use this form to apply for a branch license. There is no charge for a branch license.

Electronic Funds Transfer (EFT)

Section 231-9.9 authorizes the Department to require those taxpayers whose tax liability for a particular tax exceeded \$100,000 during the past year to pay that tax by EFT instead of by check. The Department reviews the filing records of taxpayers and will mail notices to taxpayers who meet this criterion. Any taxpayer who does not meet the criterion may still voluntarily pay by EFT. Use **Form EFT-1** to set up payment by EFT. For more information on paying taxes by EFT, please see TIR Nos. 95-6 and 99-1.

IMPORTANT: A penalty of 2% of the tax due will be assessed if a taxpayer who is required to make payments by EFT fails to timely do so. If an EFT payment is dishonored, a \$25 service fee will be assessed.

Due Dates

- Form G-45 is due on or before the 20th day of the calendar month following the end of the filing period. For example, if your filing period ends on January 31st, then your return will be due on February 20th.
- Form G-49 is due on or before the 20th day of the fourth month following the close of the tax year. For taxpayers on a calendar year, this return will be due on April 20th.

NOTE: If the prescribed due date falls on a Saturday, Sunday, or legal holiday, file by the next regular work day.

If you file and/or pay late, you may have to pay penalties and interest. For more information, see **Penalties and Interest** below.

No extensions for filing the periodic Forms G-45 are allowed. If you are not able to determine the exact amount of your gross income for the period,

estimate it as accurately as you can and file on that basis.

If you are unable to meet the deadline for filing the annual return and reconciliation (Form G-49), you may submit a request for an extension to file on **Form GEW-TA-RV-6**. **Approval of an extension request is not automatic.** The extension of time to file is not an extension of time for payment. Your payment for any additional tax you estimate must be sent in with your extension request.

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.

Failure to Timely Pay by EFT — The penalty for failure to timely pay by EFT for taxpayers who are required to pay by EFT is 2% of the tax due.

Failure to Complete Part V - Schedule of Assignment of Taxes By District on Forms G-45 and G-49 — The penalty for failure to complete Part V - Schedule of Assignment of Taxes By District on Forms G-45 and G-49 is 10% of the combined State and county surcharge taxes due on the return being filed.

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 Saturday, Sunday, or legal holiday.

Please check your return carefully. Additional penalties may be assessed if you make an underpayment of tax due to negligence, intentional disregard of the Department's rules, or fraud.

Where to File

Mail your general excise and use tax returns and payments to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

Forms G-45, G-49, and GEW-TA-RV-6 can be filed and payments made electronically through the State's Internet portal. For more information, go to tax.hawaii.gov/eservices/.

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

GENERAL INFORMATION ON THE GENERAL EXCISE TAX LAW

The GET is a tax imposed on the gross income you receive from any business activity you have in Hawaii. Gross income includes any cost passed on to the customer and represented to be the GET.

For example:

Retail sale price	\$ 100.00
+ 4% tax (passed on)	+ 4.00
Charged to customer	<u>\$ 104.00</u>

In this example, if there are no exemptions, the GET due on the gross income is \$4.16, calculated as follows:

Gross income	\$ 104.00
x Tax rate	x .04
General excise tax	<u>\$ 4.16</u>

NOTE: Income earned from business conducted in a district with a surcharge and subject to the 4% GET rate is also subject to the 0.25% or 0.5% county surcharge.

Examples of Income You Must Report

- The gross amount of income you receive from the sale of goods or services. This includes

the amount you receive for the sale of inventory property, even if you receive it because you sold your entire business.

- Bartering income, which is the fair market value of goods or services you received in return for your goods or services.
- Income that you received as a reimbursement for any costs spent on behalf of any customer or client, if you marked up the costs by any amount or if the costs were actually spent on your own business.

Other specific examples are found in each of the classifications below.

GENERAL INFORMATION ON THE USE TAX LAW

The use tax is an excise tax imposed on the landed value of property, services, or contracting imported into the State from an unlicensed out-of-state seller for use in the State, however the property is acquired. It does not matter if, at the time of importation, the property, services, or contracting is owned by the importer, or if the property is purchased from a seller that does not have a GET license. The landed value is the value an item has at the time it arrives in Hawaii. It includes the invoice price plus shipping, insurance, handling, licenses, customs duty, and other related costs. An offset of the use tax may be claimed for sales taxes paid to another state. See instructions for Use Tax and General Excise Tax Offset on page 6.

Property, services or contracting are not subject to use tax if either the GET or use tax has been previously paid on the property, services or contracting.

Examples of Property, Services, or Contracting You Must Report

- Cars, trucks, boats, or office machines that are imported for business or personal use, for retail sale, or for leasing.
- Articles such as clothing, electronics, or cameras that are imported from another state or a foreign country by a retailer for resale here.
- Heavy equipment, such as cranes, tractors, and earth movers that will be kept in the State for more than 365 days.
- Lumber imported by a contractor for use in a construction project.

- All services performed outside this State where the customer in this State uses, consumes or resells the service in this State.
- Contracting performed outside the State imported by a person who uses or consumes the value of the contracting in this State.
- Goods, services, or intangibles purchased from an out-of-state seller via the Internet where the customer in this State uses, consumes, or resells the goods, services, or intangibles in this State.

Examples of Property, Services, or Contracting That You Do Not Report

- Temporary use property that will be kept in the State for less than a year, such as construction equipment that will be removed upon completion of a construction contract. If any property is in Hawaii for a year or less, then it is considered temporarily in Hawaii. Perishable property, or quickly consumable property, does not qualify as temporary use property even if it is not consumed within the State before it spoils.
- Property received solely as a gift. Property purchased at a bargain, even from a friend or relative, does not qualify for this exclusion.
- Articles that are examined and then returned, such as goods that are returned after a trial period.
- Goods that are imported by the owner of vessels engaged in interstate commerce and that are used as ship stores for the vessels.
- Household goods, personal effects, and private automobiles if the person importing them into the State (A) acquired them outside Ha-

waii, (B) acquired them while the person was not a Hawaii resident, (C) acquired them for use outside Hawaii, and (D) made actual and substantial use of them outside Hawaii. An article that was acquired less than three months before importation to Hawaii is presumed to have been purchased for use within Hawaii, and, therefore, is presumed not to qualify for this exclusion.

- Newspapers, magazines, and other periodical publications purchased on a subscription plan that qualify for the second class mail rate.
- Certain intangibles. This includes currency, stocks, bonds, interest in land, or dividends as defined by chapter 235.
- Property, services, or contracting that have been previously subject to the Hawaii use tax.
- Property, services, or contracting purchased from a seller who was subject to the GET upon a sale or transfer of the property, services or contracting to the user.
- Services imported for resale to a foreign customer located outside the State, where the customer will use, consume, or resale the service outside the State.
- Aircraft that is kept solely for renting to lessees using the aircraft for commercial transportation of passengers or goods.
- Oceangoing vessels that are used by a public service company to provide transportation from one point in the State to another.
- The acquisition or importation of aircraft or aircraft engines by a lessee or renter engaged in interstate air transportation.

GENERAL EXCISE/USE TAX ACTIVITY CLASSIFICATIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES UNLESS OTHERWISE NOTED)

PART I — GENERAL EXCISE and USE TAXES @ ½ OF 1% (.005)

Wholesaling

Wholesaling means any of the following activities:

- (1) Selling tangible personal property to a licensed wholesaler, retailer, or other person who resells the property and does not use or consume it. For sales of tangible personal property to a service provider or to a person furnishing transient accommodations, see paragraph (8).
- (2) Selling material or commodities to a licensed manufacturer, if the manufacturer incorporates that property into a finished or saleable product, the incorporated property remains perceptible to the senses in the product, and the manufacturer sells the product.
- (3) Selling material or commodities to a licensed producer or a cooperative association, if the producer or co-op incorporates that property into a finished or saleable product, and the producer or co-op sells the product. This

classification includes selling material or commodities that are essential to the planting, growth, nurturing, and production of agricultural, aquacultural, or natural resource products.

- (4) Selling material or commodities to a licensed contractor, if the contractor incorporates that property into a finished work or project required by the contract, and the incorporated property remains perceptible to the senses in the finished work or project.
- (5) Selling poultry feed, animal feed, hatching eggs, semen, replacement stock, or breeding services to a licensed producer or a cooperative association, if the producer or co-op sells the finished or saleable products raised or nurtured. This classification does not apply to feed for poultry or animals to be used for hauling, transportation, or sports purposes.
- (6) Selling seed or seedstock for producing agricultural and aquacultural products, or bait for catching fish (including catching bait for catching fish), to a licensed producer or a

cooperative association, if the producer or co-op sells the finished or saleable products raised or caught, or incorporates them into a manufactured product.

- (7) Selling polypropylene shade cloth, polyfilm, or polyethylene film; cartons and other containers to package eggs, fruits, vegetables, and other agricultural and aquacultural products; seedlings and cuttings to produce nursery plants; or aquacultural products or chick containers to a licensed producer or a cooperative association, if the producer or co-op sells the finished or saleable products raised or nurtured.
- (8) Selling tangible personal property to a licensed service provider or to a person furnishing transient accommodations, where: (A) the tangible personal property is sold upon the order or request of a licensed seller for the purpose of rendering a service in the course of the person's service business or calling, or upon the order or request of a person subject to tax under section 237D-2, for the purpose of furnishing transient accom-

modations; (B) the tangible personal property becomes or is used as an identifiable element of the service rendered; and (C) the cost of the tangible personal property does not constitute overhead to the licensed seller.

- (9) Selling capital goods which have a depreciable life to a licensed leasing company which then leases them to its customers.
- (10) Selling bulk condiments or single-serving packets of condiments to a licensed retail merchant, jobber, or other licensed seller for use by their customers.
- (11) Selling tangible personal property (including disposable nonreturnable containers, packages, or wrappers, in which a product is contained and that are generally known and most commonly used to contain food or beverage for delivery or transfer) to a licensed retail merchant, jobber, or other licensed seller where it will be incorporated or processed into the finished or saleable product during the course of its preparation to market.
- (12) Selling amusements subject to taxation under section 237-13(4), to a licensed seller engaging in business or calling whenever: (A) either: (i) in the context of an amusement-to-service transaction, an amusement is rendered upon the order or request of a licensed seller for the purpose of rendering another service in the course of the seller's service business or calling; (ii) in the context of an amusement-to-tangible personal property transaction, an amusement is rendered upon the order or request of a licensed seller for the purpose of selling tangible personal property; or (iii) in the context of an amusement-to-amusement transaction, an amusement is rendered upon the order or request of a licensed seller for the purpose of rendering another amusement in the course of the person's amusement business; (B) the benefit of the amusement passes to the customer of the licensed seller as an identifiable element of the other service, tangible personal property to be sold, or amusement; (C) the cost of the amusement does not constitute overhead to the licensed seller; (D) the gross income of the licensed seller is not divided between the licensed seller and another licensed seller, person furnishing transient accommodations, or person rendering an amusement for imposition of tax under chapter 237, HRS; (E) the gross income of the licensed seller is not subject to a deduction under chapter 237, HRS; and (F) the resale of the service, tangible personal property, or amusement is subject to the tax imposed under chapter 237, HRS, at the highest rate.
- (13) Selling magazines or printed materials containing advertisements by a printer to a publisher where the publisher is under contract with the advertisers to distribute a minimum number of magazines or similar printed materials to the public or defined segment of the public, whether or not there is a charge to the persons who actually receive the magazines or similar printed materials.

For specific legal requirements applicable to each of these classifications, see section 237-4, and the Hawaii Administrative Rules (HAR) under that section. A wholesaler may wish to document its status with respect to specific transactions by getting resale certificates from its clients. For specific requirements applicable to resale certificates, see section 18-237-13-02(d), HAR.

Manufacturing

NOTE: Sugar processing and pineapple canning should be reported on this line.

Manufacturing includes compounding, canning, preserving, packing, printing, publishing, milling, processing, refining, or otherwise preparing an

article for sale, profit, or commercial use. Service providers that mill sugar cane, or mill sugar cane along with harvesting cane, hauling cane, or maintaining roads under a contract with a cane planter, should report gross receipts from these services on this line. For more information, see section 237-18(c) and (d).

Producing

Producing means the business of raising and producing agricultural products in their natural state, or producing natural resource products, or fishing or aquaculture, for sale or for shipment out of the State. Agricultural products include floricultural, horticultural, viticultural, forestry, nut, coffee, dairy, livestock, poultry, bee, animal, and any other farm, agronomic, or plantation products.

Income received from selling geothermal power should be reported on this line.

Wholesale Services

Sales of services are sales at wholesale whenever:

- (1) Either:
- In the context of a service-to-service transaction, a service is rendered upon the order or request of a licensed seller for the purpose of rendering another service in the course of the seller's service business or calling; including a dealer's furnishing of goods or services to the purchaser of tangible personal property to fulfill a warranty obligation of the manufacturer of the property;
 - In the context of a service-to-tangible personal property transaction, a service is rendered upon the order or request of a licensed seller for the purpose of manufacturing, producing, or preparing tangible personal property to be sold;
 - In the context of a service-to-contracting transaction, a service is rendered upon the order or request of a licensed contractor as defined in section 237-6, for the purpose of assisting that licensed contractor; or
 - In the context of a service-to-transient accommodations rental transaction, a service is rendered upon the order or request of a person subject to tax under section 237D-2, for the purpose of furnishing transient accommodations;
- (2) The benefit of the service passes to the customer of the licensed seller, licensed contractor, or person furnishing transient accommodations;
- (3) The cost of the service does not constitute overhead to the licensed seller, licensed contractor, or person furnishing transient accommodations;
- (4) The gross income of the licensed seller is not divided between the licensed seller and another licensed seller, contractor, or person furnishing transient accommodations for imposition of the general excise tax;
- (5) The gross income of the licensed seller is not subject to a deduction under the General Excise Tax Law or the Transient Accommodations Tax Law; and
- (6) The resale of the service, tangible personal property, contracting, or transient accommodations is subject to the general excise tax at the highest tax rate.

If you are a service provider that mills or produces products under a contract with a manufacturer, you also should report your gross income from that activity on this line. For more information, see section 237-18(c).

Use Tax on Imports for Resale

Report in Column a the landed value of all tangible personal property or services imported for resale or for lease or rent, and deduct in Column b the value of the tangible personal property or services imported for resale at wholesale. If you import tangible personal property for resale at wholesale only, this line need not be completed.

A licensed manufacturer (see the instructions for Manufacturing), will report in Column a the landed value of all materials, services and commodities which are imported and incorporated into a manufactured product such that they remain perceptible to the senses in the finished or saleable product, and deduct in Column b the value of the materials, services and commodities imported and incorporated into a manufactured product which are subsequently sold at wholesale. If all materials, services and commodities are imported and incorporated into a manufactured product which is subsequently sold at wholesale, this line need not be completed.

If the imported materials, services and commodities do not remain perceptible to the senses in the finished product, their value must be reported on Use Tax on Imports For Consumption rather than on this line.

A licensed contractor (see the instructions for Contracting), will report in Column a the landed value of all materials or services which are imported and incorporated into a finished work or project required by the contract such that they remain perceptible to the senses in the finished work or project. If the imported materials or services do not remain perceptible to the senses in the finished work or project, their value must be reported on Use Tax on Imports For Consumption rather than on this line.

Because you may not know whether the property or services imported will be sold at wholesale or retail at the time it is imported, you can do one of two things. First, you may report the value of all imports and pay use tax at 0.5%, and when you later know how much is sold at wholesale you may file an amended return and claim a refund of the appropriate amount of use tax you paid.

Second, you may choose one of four methods to compute the landed value of property imported for sale at wholesale. These methods are the direct cost method, the percentage of wholesale sales to total sales method, the gross profit percentage method, and any other method that correctly reflects your tax liability if it is first approved by the Department. See section 18-238-2, HAR, for more information and examples of these methods. One method must be used consistently between accounting periods unless the Department permits a change of method.

Use Tax Offset

A use tax offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale. See the instructions under the *Use Tax and General Excise Tax Offset* section on page 6 for more information.

Business Activities of Disabled Persons

Report in Column a the gross income earned by the disabled person. As an exemption, report in Column b the first \$2,000 of gross income earned by the disabled person from all activities combined. The net amount in Column c (Column a minus Column b) is subject to the GET at 0.5%.

PART II — GENERAL EXCISE and USE TAXES @ 4% (.04)

Retailing

Persons who sell property and who do not qualify for wholesale treatment report their gross sales here. Examples include sales to a retailer who uses rather than resells the goods sold, sales to an unlicensed seller, and sales to consumers.

Services Including Professional

Service providers, including those providing professional and transportation services, report their gross income on this line. A director, executor, trustee, or fiduciary is considered to be engaging in a profession if the person serves in four or more such capacities, or receives more than \$1,200, in a taxable year.

The sale of services to the federal government by a service provider, including any tangible personal property furnished with the services rendered, is taxable. The tangible personal property furnished in the performance of services is subject to the tax even if the tangible personal property is separately stated or billed.

Technicians who supply dentists or physicians with dentures, orthodontic devices, braces, and similar items for the dentists' or physicians' patients report their gross sales from this activity on Wholesaling rather than on this line. (Section 237-15.)

Businesses that generate electric power and sell it to a public utility report their gross sales from this activity on Producing rather than on this line.

Contracting

Contractors report on this line. A contractor means:

- (1) A person engaging in the business of contracting to erect, construct, repair, or improve buildings or structures, of any kind or description, or to make, construct, repair, or improve any highway, road, street, sidewalk, ditch, excavation, fill, bridge, shaft, well, culvert, sewer, water system, drainage system, dredging or harbor improvement project, electric or steam rail, lighting or power system, transmission line, tower, dock, wharf, or other improvements;
- (2) An architect, professional engineer, land surveyor, or landscape architect; or
- (3) A pest control operator or fumigator.

Theater Amusement and Broadcasting

Income from operating a theater, opera house, vaudeville, amusement park, dance hall, skating rink, broadcasting station, or any other place where amusements are offered to the public, is reported on this line.

Commissions

A commission is the compensation of an agent, factor, broker, or bailee, usually calculated as a percentage on the amount of the transactions or on the profit to the principal. Note that if an agent receives commissions and then shares it with subagents, the amounts paid to the subagents generally are NOT deductible by the agent.

Transient Accommodations Rentals

This line is used to report gross rentals that are also taxed under the Transient Accommodations Tax Law, Chapter 237D, HRS. Charges to transients that are not rentals, such as cancellation fees, charges for food and beverage, and service charges should be reported on other lines.

Travel Agent/Tour Packager

If a travel agent or tour packager divides income with an operator of transient accommodations pursuant to section 237-18(g), the travel agent or tour packager shall report its share of the gross

income on Line 13, Transient Accommodations Rentals. The operator of transient accommodations shall continue to report its share of the gross income on Line 13, Transient Accommodations Rentals.

Other Rentals

This line is used to report gross rentals that are not also taxed under the Transient Accommodations Tax Law, Chapter 237D, HRS, such as long-term rentals, equipment rentals, and all other types of lease or rental agreements.

Interest and All Others

Interest and gross income from business activities not mentioned in the list above, excluding insurance commissions, are reported here.

Interest is reported on this line if it is earned by a person engaged in the business of lending money, such as a department store that charges interest on revolving charge accounts, or if the interest is earned from the investment of business capital. Unless the recipient can clearly show otherwise, all interest that is earned by for-profit corporations or partnerships (including unincorporated business associations such as a hui), and all interest that is earned in a business account of a sole proprietorship, estate, or trust, must be reported on this line. For more information, see TIR Nos. 42-74 and 94-1.

Examples of gross income from business activities not mentioned in the list above are: sales of advertising space in a publication, royalties, payments received in exchange for a covenant not to compete, or insurance proceeds to replace gross income that would have been subject to the tax if earned.

General Excise Tax Offset

A GET offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale. See the instructions under the *Use Tax and General Excise Tax Offset* section on this page for more information.

Use Tax on Imports For Consumption

All property, services, or contracting that are imported by any person without a GET license is reported here, unless an exemption applies. A use tax offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale. See the instructions under the *Use Tax and General Excise Tax Offset* section on this page for more information.

All other property, services, or contracting that do not qualify for exemption or reporting on the line for Use Tax on Imports For Resale is reported here. For example, the landed value of polishing compounds which a manufacturer imports and consumes in the manufacturing process is reported on this line since the polishing compounds do not remain perceptible to the senses in the finished product.

PART III — Insurance Commissions @ 0.15%

Persons licensed under Chapter 431, HRS, as an insurance producer report their insurance commissions in this Part.

PART IV — County Surcharge

Use this Part to report **taxable** income from Part II, Column c.

USE TAX AND GENERAL EXCISE TAX OFFSET

Use Tax on Imports For Resale and Use Tax on Imports For Consumption

Column b

A use tax and GET offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale.

CAUTION: *Taxes paid for manufacturing, extraction, and the like, as well as license fees or transfer taxes, MAY NOT be taken as a credit against Hawaii use taxes due.*

The following steps should be taken to claim the offset when reporting the use tax on the Forms G-45 and G-49.

Offset the use tax:

- Step 1— Enter the value of the imported property in Column a of Use Tax on Imports For Resale or Use Tax on Imports for Consumption, as applicable, and determine the exact amount of use tax due on that property.
- Step 2— Compare the use tax due (Step 1) with the sales or use tax paid to another state on that property. Divide the LESSER of the two amounts by the applicable tax rate, and enter the result in Column b.
- Step 3— Subtract Column b from Column a, and enter the result in Column c.

Offset the general excise tax:

- Step 4— Enter the gross income from the sale of the imported property in Column a of the applicable line, and determine the exact amount of GET due on that property.
- Step 5— Subtract the use tax due on that property (Step 1) from the sales or use tax paid to another state on that item.
- Step 6— Compare the GET due (Step 4) with the remaining sales or use tax paid (Step 5). Divide the LESSER of the two amounts by 0.005 or 0.04, as applicable, and enter the result in Column b.
- Step 7— Subtract Column b from Column a, and enter the result in Column c.

EXAMPLE

Taxpayer A purchases widgets in State X on which \$125 of sales tax is paid, and imports the widgets into Hawaii for resale at retail. The landed value of the widgets is \$1,500, and they are sold at retail for \$2,700.

- Step 1— $\$1,500 \times 0.005 = \7.50
- Step 2— $\$7.50 \div 0.005 = \$1,500$
- Step 3— $\$1,500 - \$1,500 = \$0$
- Step 4— $\$2,700 \times 0.04 = \108
- Step 5— $\$125 - \$7.50 = \$117.50$
- Step 6— $\$108 \div 0.04 = \$2,700$
- Step 7— $\$2,700 - \$2,700 = \$0.00$

STEP-BY-STEP INSTRUCTIONS FOR FILLING IN YOUR FORM G-45 (PERIODIC RETURN)

(The circled numbers in the figures correspond to the steps in the instructions.)

A periodic general excise/use tax return (Form G-45), including an amended return, can be filed and payment made electronically through the State's Internet portal. For more information, go to tax.hawaii.gov/eservices/.

About this Form

Form G-45 is designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

1. Print amounts only on those lines that are applicable.
2. Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
3. Because this form is read by a machine, please print your numbers inside the boxes like this:



4. Do NOT print outside the boxes.
5. Fill in ovals completely. Do not ✓ or ✗ the ovals.
6. Do NOT enter cents. All numbers that are required to be rounded to the nearest dollar should NOT be printed over the zeros used to designate cents.
7. Do NOT use dollar signs, slashes, dashes or parentheses in the boxes.
8. We recommend that you print a new form from our website (tax.hawaii.gov) each time you need it. The form's QR code

is necessary to process the return. Excessive photocopying of a photocopy will degrade the QR code, and the QR code will become unreadable.

9. Please use a color printer and print in color.

Rounding to Whole Dollars in Columns a, b, and c

The Department is requiring taxpayers to round off cents to the nearest whole dollar for all dollar entries in Columns a, b, and c. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.49 becomes \$1 and \$2.50 becomes \$3. If you have to add two or more amounts to figure the amount to enter in the column, include the cents when adding and round off only the total.

CAUTION: DO NOT enter the cents in Columns a, b, and c. The system will read all numbers entered as whole dollar amounts.

When Form G-45, Column b is Greater Than Column a

In the event that your exemptions (Column b) for the period exceeds your gross income (Column a), enter an amount in Column b that is equal to but not more than Column a. The remainder of the available exemption would then be reported on the subsequent period's Form G-45. You are unable to claim a refund for the amount that results in a negative tax consequence on the periodic return.

FORM G-45 (Rev. 2018)	STATE OF HAWAII — DEPARTMENT OF TAXATION	DO NOT WRITE IN THIS AREA	10
	GENERAL EXCISE/USE TAX RETURN		
○ Fill in this oval ONLY if this is an AMENDED return			
PERIOD 1 NG 03/19 <small>(mm/yy)</small>	HAWAII TAX I.D. NO. GE 123 456 7890 01 3		
Last 4 digits of your FEIN or SSN 4321 4	NAME: 2 Aloha, Mary		ID NO 01
BUSINESS ACTIVITIES	Column a VALUES, GROSS PROCEEDS OR GROSS INCOME	Column b EXEMPTIONS/DEDUCTIONS <small>(Attach Schedule GE)</small>	Column c TAXABLE INCOME <small>(Column a minus Column b)</small>

Figure 1. Top of the Return

THE TOP OF THE TAX RETURN (Figure 1)

Step 1 — Fill in the filing period information with the appropriate numeric (two digit) month and year for the last month of your filing period (e.g., Month of January 2019 = 01/19; Quarterly Period of January through March 2019 = 03/19; Semiannual Period of January through June 2019 = 06/19).

Step 2 — Write your name here. Individuals, write your last name first.

Step 3 — Enter your Hawaii Tax I.D. No. in the area provided.

Step 4 — Enter the last 4 digits of your FEIN or SSN.

Mary enters 03/19 for the numeric month and year for the last month of her filing period.

	Column a BUSINESS ACTIVITIES VALUES, GROSS PROCEEDS OR GROSS INCOME	Column b EXEMPTIONS/DEDUCTIONS (Attach Schedule GE)	Column c TAXABLE INCOME (Column a minus Column b)	
PART I - GENERAL EXCISE and USE TAXES @ ½ OF 1% (.005)				
HERE •	1. Wholesaling			1
	2. Manufacturing	5	6	7

Figure 2. How to Fill in the Columns for General Excise Taxes

PART I — GENERAL EXCISE TAXES @ ½ OF 1% (.005) (Figure 2)

Report your business activities for the filing period that are subject to the GET/Use tax at the rate of 0.5% in Part I.

NOTE: Sugar processing and pineapple canning should be reported under the “Manufacturing” activity.

Step 5 — Enter the gross income from all your business activities for the filing period in Column a on the appropriate business activity lines. If you did not derive any income from your business activities during this period, enter zero (0) on the applicable lines.

If a promoter, a contractor, or other person withheld general excise or use tax and paid it to the Department on your behalf, do not enter the amount paid or the income on which tax was withheld. These amounts will, however, need to be included on your annual reconciliation return.

Step 6 — If you have allowable exemptions, enter the total in Column b on the appropriate business activity line(s). If you do not have any exemptions, enter zero (0) on the applicable line(s). IF

Column b is more than Column a, see “When Form G-45, Column b is Greater Than Column a” on page 7.

If you are claiming exemptions in Column b, complete Schedule GE (Form G-45/G-49), General Excise/Use Tax Schedule of Exemptions and Deductions.

Please see the schedules of exemptions and deductions contained in these instructions for more information.

IMPORTANT: Most deductions allowed on net income tax returns (e.g., operating expenses or cost of goods sold) are NOT deductible on the GET returns.

Step 7 — For each activity you engage in, subtract Column b from Column a and enter the result in Column c, Taxable Income. If the result is zero, enter zero (0).

IR MONEY	4. Wholesale Services			4
	5. Landed Value of Imports for Resale	8	9	10

Figure 3. How to Fill in the Columns for Use Taxes

USE TAXES @ ½ OF 1% (.005) (Figure 3)

Step 8 — Enter the landed value of tangible personal property, services, or contracting imported into Hawaii in Column a.

Step 9 — If you have allowable exemptions, enter the total in Column b. If you do not have any exemptions, enter zero (0). IF Column b is more than Column a, see “When Form G-45, Column b is Greater Than Column a” on page 7.

A use tax and GET offset may be claimed for taxes paid to another state on property, services, or contracting imported into the State for resale.

CAUTION: Taxes paid for manufacturing, extraction, and the like, as well as license fees or transfer taxes, MAY NOT be taken as a credit against Hawaii use taxes due.

The following steps should be taken to claim the offset when reporting the use tax on Forms G-45 and G-49.

Offset the use tax:

Step A— Enter the value of the imported property in Column a of Use Tax on Imports For Resale or Use Tax on Imports for Consumption, as applicable, and determine the exact amount of use tax due on that property.

Step B— Compare the use tax due (Step A) with the sales or use tax paid to another state on that property. Divide the LESSER of the two amounts by the applicable tax rate, and enter the result in Column b.

Step C— Subtract Column b from Column a, and enter the result in Column c.

Offset the general excise tax:

Step D— Enter the gross income from the sale of the imported property in Column a of the applicable line, and determine the exact amount of the GET due on that property.

Step E— Subtract the use tax due on that property (Step A) from the sales or use tax paid to another state on that item.

Step F— Compare the GET due (Step D) with the remaining sales or use tax paid (Step E). Divide the LESSER of the two amounts by 0.005 or 0.04, as applicable, and enter the result in Column b.

Step G— Subtract Column b from Column a, and enter the result in Column c.

EXAMPLE

Taxpayer A purchases widgets in State X on which \$125 of sales tax is paid, and imports the widgets into Hawaii for resale at retail. The landed value of the widgets is \$1,500, and they are sold at retail for \$2,700.

Step A— $\$1,500 \times 0.005 = \7.50

Step B— $\$7.50 \div 0.005 = \$1,500$

Step C— $\$1,500 - \$1,500 = \$0$

Step D— $\$2,700 \times 0.04 = \108

Step E— $\$125 - 7.50 = \117.50

Step F— $\$108 \div 0.04 = \$2,700$

Step G— $\$2,700 - \$2,700 = \$0.00$

Step 10 — Subtract Column b from Column a, and enter the result in Column c. This is the taxable value.

PART VI - TOTAL PERIODIC RETURN		TAXABLE INCOME Column c	TAX RATE Column d	TOTAL TAX Column e = Column c X Column d
24.	Enter the amount from Part I, line 7	14 000.00	x .005	24 000.00
25.	Enter the amount from Part II, line 17	15 15 450.00	x .04	25 618.00
26.	Enter the amount from Part III line 18, Column c	19 000.00	x .0015	26 000.00
27.	COUNTY SURCHARGE TAX. See Instructions for Part IV. Multi district complete Form G-75			27 77.25
28.	TOTAL TAXES DUE. Add column e of lines 24 through 27 and enter result here (but not less than zero). If you did not have any activity for the period, enter "0.00" here			28 695.25
29.	Amounts Assessed During the Period (For Amended Return ONLY) PENALTY \$ _____ INTEREST \$ _____			29
30.	TOTAL AMOUNT. Add lines 28 and 29			30 695.25
31.	TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)			31
32.	CREDIT TO BE REFUNDED. Line 31 minus line 30 (For Amended Return ONLY)			32
33.	ADDITIONAL TAXES DUE. Line 30 minus line 31 (For Amended Return ONLY)			33
34.	FOR LATE FILING ONLY → PENALTY \$ _____ INTEREST \$ _____			34
35.	TOTAL AMOUNT DUE AND PAYABLE (Original Returns, add lines 30 and 34; Amended Returns, add lines 33 and 34)			35 695.25
36.	PLEASE ENTER THE AMOUNT OF YOUR PAYMENT. Attach a check or money order payable to "HAWAII STATE TAX COLLECTOR" in U.S. dollars to Form G-45. Write 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 1425, HONOLULU, HI 96806-1425 or file and pay electronically at hitax.hawaii.gov. If you are NOT submitting a payment with this return, please enter "0.00" here.			36
37.	GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED. (Attach Schedule GE) If Schedule GE is not attached, exemptions/deductions claimed will be disallowed.			37 000.00

Figure 10. Completing the Periodic Return (Form G-45)

surcharge rate and enter the amount on line 27. If you did business in a district that does not have a county surcharge, enter "0.00."

Step 28 — Add the amounts in Column e of lines 24 through 27 and enter the total on line 28. This is the "TOTAL TAXES DUE." You

On line 25, Column c, Mary enters \$15,450, which is the amount from Part II, line 17. Mary multiplies \$15,450 by the tax rate of .04 and enters \$618.00 in Column e.

Mary completes Form G-75 and enters on line 27e the total of line 27 Columns a thru d from Form G-75, which totals \$77.25.

Mary adds lines 25 and 27 and enters the result, \$695.25, on line 28.

CAUTION: LINE 28 MUST BE FILLED IN. If you did not have any activity for the period, enter "0.00" here.

Step 29 — Leave line 29 blank (to be used for Amended Returns ONLY).

Step 30 — Enter the amount from line 28 on line 30, "TOTAL AMOUNT."

Step 31 — Leave line 31 blank (to be used for Amended Returns ONLY).

Step 32 — Leave line 32 blank (to be used for Amended Returns ONLY).

Step 33 — Leave line 33 blank (to be used for Amended Returns ONLY).

Step 34 — If you file a tax return after the due date, and if there is tax due on the return, then you must compute penalty and interest charges. After computing the amounts, enter the results to the right of "PENALTY \$" and "INTEREST \$" and enter the total of the two amounts on line 34.

If you need help computing the penalty and interest, please call the Taxpayer Services Branch for assistance at 808-587-4242 or toll-free 1-800-222-3229; or leave these lines blank, and the Department will compute the charges for you and send you a bill.

are unable to claim a refund on an original periodic return (Form G-45). A refund can be claimed when filing your annual return and reconciliation (Form G-49).

Step 35 — Add the amounts on lines 30 and 34, and enter the "TOTAL AMOUNT DUE AND PAYABLE" on line 35.

Step 36 — **NOTE:** If you are NOT submitting a check with your return, enter "0.00" on line 36.

Enter the "AMOUNT OF YOUR PAYMENT," including any penalty and interest, on line 36. Mail your check or money order for this amount payable to "Hawaii State Tax Collector" in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write 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 Form G-45 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. Form G-45, including an amended return, can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

Step 37 — If you are claiming any exemptions for the period, complete Schedule GE (Form G-45/G-49), General Excise/Use Tax Schedule of Exemptions and Deductions, enter the "GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED" from

Schedule GE (Form G-45/G-49) on line 37, and attach Schedule GE (Form G-45/G-49) to Form G-45.

Step 38 — Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the Form G-45 (see Figure 6).

INSTRUCTIONS FOR FILING AN AMENDED FORM G-45

If you file your Form G-45 and later become aware of any changes you must make to reported income and/or exemptions, you may file an amended return on Form G-45 to change the Form G-45 you already filed.

Do **NOT** file an amended Form G-45 if the General Excise/Use Tax Annual Return & Reconciliation, Form G-49, has already been filed for the tax year.

Complete your amended Form G-45 as follows:

1. Darken the oval at the top of page 1 of Form G-45 to designate that this is an amended return.
2. Enter the correct amounts of values, gross proceeds or gross income, exemptions, taxable income, and taxes due which should have been reported on the original Form G-45. Follow Steps 1 through 28 to complete your amended Form G-45. (**Note:** Entries which were correctly reported on the original Form G-45 also must be entered on the appropriate line(s). **Failure to do so will result in a change from the correct amount to -0-.**)
3. As of the date the amended Form G-45 is filed, enter on line 29 the amounts of any 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.
4. Enter on line 31 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 Form G-45 as well as any supplemental payments made after the original Form G-45 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.
5. If line 30 is **LESS THAN** line 31, subtract line 30 from line 31 and enter the result on line 32, "CREDIT TO BE REFUNDED."
6. If line 30 is **MORE THAN** line 31, subtract line 31 from line 30 and enter the result on line 33, "ADDITIONAL TAXES DUE."
7. If the amended Form G-45 is being filed after the due date of the original Form G-45, and if there is an amount entered on line 33, enter on line 34 the amount of any penalty and/or interest now due. On a timely filed original Form G-45, 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

IMPORTANT: Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., January 2019; January - March 2019; January - June 2019), your Hawaii Tax I.D. No., and your daytime phone number on your check or money order so it will be properly credited if it is accidentally separated from your tax return.

G-45. This penalty is applicable to amended Form G-45s for timely filed original Form G-45s. 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.

8. Add lines 33 and 34 and enter the total on line 35, "TOTAL AMOUNT DUE AND PAYABLE."
9. Enter on line 36 the amount of any payment made with the amended Form G-45. If the amended Form G-45 is filed after the due date of the original Form G-45, include any additional penalty and interest in your payment. Mail your check or money order for this amount payable to "Hawaii State Tax Collector" in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write 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 your amended Form G-45 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. An amended Form G-45 can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

10. If any exemptions are claimed, complete and attach Schedule GE to the amended Form G-45. The amount and type of exemptions claimed must be completed even if reported correctly on the original Form G-45 filed.
11. Enter the total of all exemptions reported on Schedule GE on line 37.
12. Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the amended Form G-45 (see Figure 5).

IMPORTANT: Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., January 2019; January - March 2019; January - June 2019), your Hawaii Tax I.D. No., and your daytime phone number on your check or money order, if applicable, so that it may be properly credited if it is accidentally separated from the tax return.

REMINDER!!!

GENERAL EXCISE/USE TAX ANNUAL RETURN AND RECONCILIATION MUST BE FILED.

Section 237-33, HRS, requires every taxpayer to file a General Excise/Use Annual Return and Reconciliation. This return is used by the taxpayer to reconcile their account for the entire year. It is, for the most part, a simple summary of business conducted in the past calendar or fiscal year, whichever is applicable. If the periodic returns were completed correctly and the taxes due paid in full, the total taxes due (line 25) will, in many cases, be the same as the total payments made less any refunds received for the tax year (line 28) and no additional tax will be due. DO NOT confuse this Annual Return and Reconciliation with the Net Income Tax Return.

STEP-BY-STEP INSTRUCTIONS FOR FILLING IN YOUR FORM G-49 (ANNUAL RETURN AND RECONCILIATION)

(The circled numbers in the sample below correspond to the steps in the instructions on the following pages.)

The annual general excise/use tax return (Form G-49), including an amended return, can be filed and payment made electronically through the State's Internet portal. For more information, go to tax.hawaii.gov/eservices/.

About this Form

Form G-49 is designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

1. Print amounts only on those lines that are applicable.
2. Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
3. Because this form is read by a machine, please print your numbers inside the boxes like this:



4. Do NOT print outside the boxes.
5. Fill in ovals completely. Do not ✓ or X the ovals.
6. Do NOT enter cents. All numbers that are required to be rounded to the nearest dollar should NOT be printed over the zeros used to designate cents.
7. Do NOT use dollar signs, slashes, dashes or parentheses in the boxes.

8. We recommend that you print a new form from our website (tax.hawaii.gov) each time you need it. The form's QR code is necessary to process the return. Excessive photocopying of a photocopy will degrade the QR code, and the QR code will become unreadable.
9. Please use a color printer and print in color.

Rounding to Whole Dollars in Columns a, b, and c

The Department is requiring taxpayers to round off cents to the nearest whole dollar for all dollar entries in Columns a, b, and c. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.49 becomes \$1 and \$2.50 becomes \$3. If you have to add two or more amounts to figure the amount to enter in the column, include the cents when adding and round off only the total.

CAUTION: DO NOT enter the cents in Columns a, b, and c. The system will read all numbers entered as whole dollar amounts.

When Form G-49, Column b is Greater Than Column a

In the event that your exemptions (Column b) for the period exceeds your gross income (Column a), enter the result in Column c. Be sure to darken the "Neg" box to the right of the amount field to indicate that the amount is a negative number.

FORM G-49 (Rev. 2018)	STATE OF HAWAII — DEPARTMENT OF TAXATION	DO NOT WRITE IN THIS AREA	16
	GENERAL EXCISE/USE ANNUAL RETURN & RECONCILIATION		
<input type="checkbox"/> Fill in this oval ONLY if this is an AMENDED return			
1 YEAR ENDING	12/31/19	HAWAII TAX I.D. NO. 3 GE 123456789001	
Last 4 digits of your FEIN or SSN	4 4321		
NAME 2 Aloha, Mary			ID NO 01

Figure 1. Top of the Return

THE TOP OF THE TAX RETURN (Figure 1)

Step 1 — Enter the numeric (two digit) month, day and year your tax year ends.

Step 2 — Write your name here. Individuals, write your last name first.

Step 3 — Enter your Hawaii Tax I.D. No. in the area provided

Step 4 — Enter the last 4 digits of your FEIN or SSN.

Mary enters 12/31/19 for the numeric month, day, and year her tax year ends.

PART VI — TOTAL RETURN AND RECONCILIATION (Figure 9)

Calculate the total amount of taxes due for the tax year in Part IV.

Step 21 — Multiply by the taxable amount on line 24, Column c by the tax rate of .005 (line 24, Column d) and enter the result, *including the cents*, on line 24, Column e. The result is the General Excise and Use Taxes @ ½ of 1% (.005) due. If the result is zero, enter “0.00.” If the result is a negative amount, darken the “Neg” box to the right of the amount field to indicate that the amount is a negative number.

Step 22 — Multiply the taxable income amount on line 25, Column c by the tax rate of .04 (line 25, Column d) and enter the result, *including the cents*, on line 25, Column e. The result is the General Excise and Use Taxes @ 4% (.04) due. If the result is zero, enter “0.00.” If the result is a negative amount, darken the “Neg” box to the right of the amount field to indicate that the amount is a negative number.

Step 23 — Multiply the taxable income amount on line 26, Column c by the tax rate of .0015 (line 26, Column d) and enter the result, *including the cents*, on line 26, Column e. The result is the GET on Insurance Commissions @ .15% (.0015) due. If the result is zero, enter “0.00.” If the result is a negative amount, darken the “Neg” box to the right of the amount field to indicate that the amount is a negative number.

Step 24 — If you selected “Multi,” complete Form G-75, total the amounts on Form G-75, line 27 Columns a thru d and enter the amount on line 27. If you did business only in one district that has a county surcharge, multiply line 17c by your district’s county surcharge tax rate and enter the amount on line 27. If you did business in a district that does not have a county surcharge, enter “0.00.” If the result is a negative amount, darken the “Neg” box to the right of the amount field to indicate that the amount is a negative number.

Step 25 — Add the amounts in Column e of lines 24 through 27. Enter the sum on line 28. This is the “TOTAL TAXES DUE.”

CAUTION: *LINE 28 MUST BE FILLED IN. If you did not have any activity for the year, enter “0.00” here.*

Step 26 — Add all the penalties and interest which have been assessed on taxes owed on the periodic tax returns, enter the results to the right of “PENALTY \$” and “INTEREST \$,” and enter the total of the two amounts on line 29.

Step 27 — Add lines 28 and 29, and enter the total on line 30, “TOTAL AMOUNT.”

Step 28 — Add the total amount of taxes paid with your periodic tax returns, delinquency notices, and assessment notices less any refunds received for the current tax year, and enter the result on line 31 “TOTAL PAYMENTS MADE DURING THE YEAR LESS ANY REFUNDS RECEIVED FOR THE TAX YEAR.”

Step 29 — Leave line 32 blank (to be used for Amended Returns ONLY).

Step 30 — Subtract line 32 from line 31 and enter the “NET PAYMENTS MADE” on line 33.

Step 31 — Compare the amounts on lines 30 and 33. If the amount on line 30 is THE SAME AS line 33, go on to Step 36.

If the amount on line 30 is LESS THAN line 33, subtract line 30 from line 33 and enter the amount on line 34, “CREDIT TO BE REFUNDED.” Go on to Step 36.

Step 32 — If the amount on line 30 is MORE THAN line 33, subtract line 33 from line 30 and enter the “ADDITIONAL TAXES DUE” on line 35.

Step 33 — If you file a tax return after the due date, and if there is tax due on the return, then you must compute penalty and interest charges. After computing the amounts, enter the results to the right of “PENALTY \$” and “INTEREST \$” and enter the total of the two amounts on line 36.

If you need help computing the penalty and interest, please call the Taxpayer Services Branch for assistance at 808-587-4242 or toll-free at 1-800-222-3229; or leave these lines blank, and the Department will compute the charges for you and send you a bill.

Step 34 — Add the amounts on lines 35 and 36, and enter the “TOTAL AMOUNT DUE AND PAYABLE” on line 37.

Step 35 — **NOTE:** If you are NOT submitting a check with your return, enter “0.00” on line 38.

Write the “AMOUNT OF YOUR PAYMENT,” including any penalty and interest, on line 38. Mail your check or money order for this amount payable to “Hawaii State Tax Collector” in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write 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 Form G-49 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. Form G-49, including an amended return, can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

Step 36 — If you are claiming any exemptions for the tax year, complete Schedule GE (Form G-45/G-49), General Excise/Use Tax Schedule of Exemptions and Deductions, enter the “GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED” from Schedule GE (Form G-45/G-49) on line 39, and attach Schedule GE (Form G-45/G-49) to Form G-49.

Step 37 — Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the Form G-49 (see Figure 5).

IMPORTANT: *Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., tax year ending 12/31/19), your Hawaii Tax I.D. No., and your daytime phone number on your check or money order, if applicable, so that it may be properly credited if it is accidentally separated from the tax return.*

INSTRUCTIONS FOR FILING AN AMENDED FORM G-49

If you file your Form G-49 and later become aware of any changes you must make to reported income and/or exemptions, you may file an amended return on Form G-49 to change the Form G-49 you already filed. Complete your amended Form G-49 as follows:

1. Darken the oval at the top of page 1 of Form G-49 to designate that this is an amended return.
2. Enter the correct amounts of values, gross proceeds or gross income, exemptions, taxable income, and taxes due which should have been reported on the original Form G-49. Follow Steps 1 through 29 to complete your amended Form G-49. **(NOTE: Entries which were correctly reported on the original Form G-49 also must be entered on the appropriate line(s). Failure to do so will result in a change from the correct amount to -0-.)**
3. Enter on line 29 the amounts of any penalty and/or interest assessed as of the date the amended return is filed. Penalty and interest are generally assessed because the original returns were filed after the filing deadline or because the taxes due were not paid in full by the filing deadline.
4. Enter on line 31 the total amount of taxes, additional assessments, and penalty and/or interest paid less any refunds received for the tax year. Include payments made with the original periodic and annual returns as well as any supplemental payments made after they were 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.
5. Enter on line 32 the amount of credit claimed on your original Form G-49.
6. Subtract line 32 from line 31 and enter the "NET PAYMENTS MADE" on line 33.
7. If line 30 is LESS THAN line 33, subtract line 30 from line 33 and enter the result on line 34, "CREDIT TO BE REFUNDED."
8. If line 30 is MORE THAN line 33, subtract line 33 from line 30 and enter the result on line 35, "ADDITIONAL TAXES DUE."
9. If the amended Form G-49 is being filed after the due date of the original Form G-49, and if there is an amount entered on line 35, enter on line 36 the amount of any penalty and/or interest now due. On a timely filed original Form G-49, 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 G-49. This penalty is applicable to amended Form G-49s for timely filed original Form G-49s. 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.

10. Add lines 35 and 36 and enter the total on line 37, "TOTAL AMOUNT DUE AND PAYABLE."
11. Enter on line 38 the amount of any payment made with the amended Form G-49. If the amended Form G-49 is filed after the due date of the original Form G-49, include any additional penalty and interest in your payment. Mail your check or money order for this amount payable to "Hawaii State Tax Collector" in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write 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 your amended Form G-49 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. An amended Form G-49 can also be filed and payment made electronically at **tax.hawaii.gov/eservices/**.

12. If any exemptions are claimed, complete and attach Schedule GE to the amended Form G-49. The amount and type of exemptions claimed must be completed even if reported correctly on the original Form G-49 filed.
13. Enter the total of all exemptions reported on Schedule GE on line 39.
14. Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the amended Form G-49 (see Figure 4).

IMPORTANT: *Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., tax year ending 12/31/19, your Hawaii Tax I.D. No., and your daytime phone number on your check or money order, if applicable, so that it may be properly credited if it is accidentally separated from the tax return.*

SCHEDULE OF GENERAL EXCISE TAX EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Unless the following instructions tell you not to report the exempt amounts, you must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Affordable Housing: Gross income received by a qualified person or firm for the planning, design, financing, construction, sale, rental, or lease of a housing project certified under section 46-15.1 or 201H-36 by a qualified state agency or a county is exempt. Report and explain these amounts. For more information, see Form G-37 or contact the Hawaii Housing Finance and Development Corporation at 808-587-0597. (Sections 46-15.1, 201H-36, and 237-29.)

Air Pollution Control Facility: Gross proceeds from and the tangible personal property furnished in conjunction with the construction, reconstruction, erection, operation, use, or maintenance of an air pollution control facility (APCF) are exempt. The APCF must be certified by the Department of Health (DOH) at least once every five years and file this certification with the Department of Taxation (DOTAX). An exemption may not be claimed if the APCF does not have a valid certificate from DOH on file with DOTAX. Report and explain these amounts. (Section 237-27.5.)

Aircraft Leasing: Amounts received as rent for the rental or leasing of aircraft or aircraft engines that is used by the lessee for interstate air transportation of passengers and goods are exempt. Report and explain these amounts. (Section 237-24.3(11).)

Aircraft Service and Maintenance Facility: Amounts received from the servicing and maintenance of certain types of aircraft or from the construction of a qualified aircraft service and maintenance facility in the State are exempt. Report and explain these amounts. (Section 237-24.9.)

Alimony: Alimony and other similar payments and settlements are exempt. Do not report these amounts. (Section 237-24(7).)

Bad Debts: For accrual basis taxpayers, accounts that are actually charged off as worthless for income tax purposes may be deducted in Column b. Report and explain these amounts. No deduction may be taken for a bad debt reserve. If accounts written off are later collected, the collection is included in Column a for the period in which it was received. (Section 237-3(b).)

Casual Sales: Proceeds from a casual sale are not taxed. A casual sale means an occasional, isolated, irregular, infrequent, or incidental sale or transaction involving tangible personal property that is not ordinarily sold in the usual course of a trade or business. Sales of inventory, or sales that are carried out on a systematic basis, such as when a rental car company sells its rental cars in order to make way for new ones to rent, do not qualify as casual sales. For details, see section 18-237-1, HAR. Do not report these amounts. (Section 237-2.)

Certain Convention, Conference, and Trade Show Fees: All of the value or gross income derived by a fraternal benefit, religious, charitable, scientific, educational, or other nonprofit organization under section 501(c) of the Internal Revenue Code from fees for convention, conference, or trade show exhibit or display spaces is exempt. Report and explain these amounts. (Section 237-16.8.)

Common Paymaster Exception: If employees work for more than one related corporation, one of the corporations may pay the employees on behalf of all employers. If so, the intercompany transfers of funds to the common paymaster are exempt. Report and explain these amounts. (Section 237-23.5(b).) See also the exemptions for hotel operators, hotel suboperators, and orchard operators on the following page.

Contracting Activity in an Enterprise Zone: Gross proceeds received by a contractor for construction within an enterprise zone performed for a qualified business within an enterprise zone are exempt. Report and explain these amounts. The designation of enterprise zones and the certification of qualified businesses are administered by the Department of Business, Economic Development, and Tourism (DBEDT). (Section 209E-11.)

Damages for Personal Injuries and Property Damage: Compensatory damages for personal injuries or defamation, or compensatory damages for damage to property, are exempt. Do not report these amounts. (Section 237-24(5).) Punitive damages, and any damages for breach of contract, are taxable if the damages are connected to business in which you are or were engaged in.

Diplomats and Consular Officials, Sales to: Amounts received from foreign diplomats and consular officials who are holding cards issued by the U.S. Department of State granting them an exemption from state taxes are exempt. Report and explain these amounts. (Section 237-24.3(10).) The tax exemption, however, is not applicable to taxes imposed on telecommunication services, other utilities, or gasoline purchases. See Department of Taxation Announcement Nos. 2000-07, 2011-25, and 2013-03, Tax Facts 2016-1 for more information.

Disability Provisions: The first \$2,000 of gross income earned by any blind, deaf, or totally disabled person is exempt. Report and explain these amounts. (Section 237-24(13).) For more information, see TIR No. 89-3 and Department of Taxation Announcement 2002-6.

Discounts and Returned Merchandise: Cash or other discounts on the price of articles sold are considered price adjustments and should be subtracted in figuring the amount to report in Column a. Cash or store credit that is given for returned merchandise is deductible and should be entered in Column b of the same line on which the merchandise sales were reported. Report and explain these amounts. (Section 237-3(b).)

Dividends and Distributions: Dividends and other distributions of income or profit from corporations, partnerships, and trusts are not taxable. Do not report these amounts. (Section 237-3(b).) The exemption does not apply if the distribution is a payment due to transaction of business with the shareholder, partner, member, or beneficiary.

Drugs and Prosthetic Devices: Sales to individuals by a hospital, infirmary, medical clinic, health care facility, pharmacy, or practitioner licensed to administer drugs or prosthetic devices are exempt. Report and explain these amounts. (Section 237-24.3(6).) Prosthetic devices do not include such items as glasses, hearing aids, or dentures. For more information, see TIR No. 86-4.

Employee Benefit Plans: Amounts received by an employee benefit plan such as contributions, dividends, and interest are exempt and do not

need to be reported. Amounts received by a nonprofit organization or office such as payments for costs and expenses incurred for the administration of an employee benefit plan are also exempt; however, these amounts must be reported and explained. (Section 237-24.3(4).)

Enterprise Zones: There are tax incentives for businesses in properly designated enterprise zones (EZ). Designation of zones and certification of businesses in those zones are administered by DBEDT. Report and explain these amounts. (Section 209E-11.) **Caution:** Not all sales which count towards an EZ company's qualification for the tax benefits as set by DBEDT are exempt from the GET since some types of sales can be used in determining whether an EZ company has met the annual requirements for certification, but those same sales may not necessarily be exempt from the GET. For example, retail sales of agricultural goods produced or processed in the EZ will count towards an EZ company's annual certification, but the sales are not exempt from the GET, unless they are sales of genetically modified agricultural products.

Exported Services: The value or gross proceeds received by a contractor, service provider, or seller from the sale of contracting or services to a customer for resale, consumption, or use outside of the State are exempt, provided the customer furnishes Form G-61 certifying as such to the contractor, service provider, or seller. Report and explain these amounts. (Section 237-29.53.) For more information, see Announcement No. 2018-05.

Exported Intangibles: The value or gross proceeds received by a seller from the sale of intangible(s) for consumption or use outside of the State are exempt, provided the customer furnishes Form G-61 certifying as such to the seller. Report and explain these amounts. (Section 237-TBA.)

Federal Cost-Plus Contractors: If you are a federal cost-plus contractor, you may elect to deduct any amounts that you were reimbursed under the contract for materials, plant, or equipment. Report and explain these amounts. In addition, you must certify that you are taxable with respect to the gross proceeds of the sale, and that you elect to have the tax on the gross income computed the same as upon a sale to the state government. Please attach the certification on a separate sheet. (Section 237-13(3)(C).)

Federally Preempted Amounts: Gross income is not taxed if the Constitution and laws of the United States prohibit the State of Hawaii from taxing it. If you are claiming this exemption, you must enter the amount claimed to be exempt in Column b, and on Schedule GE (Form G-45/G-49). If the amount claimed is exempt due to federal preemption, provide an explanation of the exemption and the federal statute (i.e., title and section of the United States Code) under which the exemption is claimed. (Section 237-22.)

If your business earns interest from buying U.S. Treasury obligations or similar instruments, check TIR No. 84-1 for a list of obligations for which interest is exempt. If the kind of bond or obligation that you have is listed as exempt, please identify the type of obligation that it is, and refer to "TIR No. 84-1" in your explanation of the exemption.

Food Stamps: Amounts received for purchases made with USDA food coupons or vouchers under the federal food stamp program, or the

Special Supplemental Food Program for Women, Infants and Children, are exempt. Report and explain these amounts. (*Section 237-24.3(5).*)

Foreign Trade Zone Sales: Sales of privileged foreign merchandise, nonprivileged foreign merchandise, domestic merchandise, or zone-restricted merchandise which are admitted into a foreign-trade zone and made directly to any common carrier in interstate or foreign commerce for consumption out-of-state are exempt, provided that the sale takes place entirely within the zone. Report and explain these amounts. (*Section 212-8.*)

Foster Parents: Foster parents are not taxable on amounts they receive from the State or eleemosynary child-placing organizations for their care of children in foster homes. Do not report these amounts. (*Section 237-24(15).*)

Gifts and Bequests: Any property acquired by gift, bequest, or devise is exempt. Do not report these amounts. (*Section 237-24(4).*)

Green Infrastructure Fee, Green Infrastructure Charge and Green Infrastructure Special Fund: Amounts received by an electric utility for the green infrastructure fee and the green infrastructure charge is exempt. The amounts deposited into the green infrastructure special fund is also exempt. Do not report these amounts. (*Sections 196-65(c), 269-168(a) and 269-172(b).*)

Hawaii Convention Center Operator: Amounts received after June 13, 2007, by the operator of the Hawaii convention center for reimbursement of costs or advances made pursuant to a contract with the Hawaii tourism authority under section 201B-7 are exempt. Report and explain these amounts. (*Section 237-24.75(2).*)

Hotel Operator: Amounts received by the operator of a hotel from the owner of the hotel or from a timeshare association, and disbursed by the hotel operator for employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report and explain these amounts. (*Section 237-24.7(1).*)

Hotel Suboperator: Amounts received by the suboperator of a hotel from the owner of the hotel, from a timeshare association, or from the operator of the hotel, and disbursed by the hotel suboperator for employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report and explain these amounts. (*Section 237-24.7(1).*)

Insurance Proceeds: Amounts received under life insurance contracts because of the death of the insured (*section 237-24(1)*), amounts received under life insurance, endowment, or annuity contracts paid either during the term of the contract or at maturity (*section 237-24(2)*), or amounts received under an accident, health, or worker's compensation policy because of personal injuries, death, or sickness (*section 237-24(3)*) are all exempt. Do not report these amounts.

If a person receives amounts under fire or accident policies to repair or replace damaged property, the amounts could qualify as money received because of casual sales (discussed earlier). Amounts paid under business interruption insurance contracts to replace lost income, or amounts paid under any insurance contracts to repair or replace inventory property, including crop losses, are considered taxable. Report all of these amounts on the "All Others" line in Part II of Forms G-45 and G-49, even if the insurance proceeds replace inventory property that otherwise

would have been sold at wholesale. For more information, see TIR No. 92-7. If the damage or loss of inventory property took place in an area declared a natural disaster area, an exemption may be claimed under "Insurance Proceeds Received Because of a Natural Disaster".

Insurance Proceeds Received Because of a Natural Disaster: If you receive amounts under property and casualty insurance policies for damage or loss of inventory used in a trade or business located within an area declared a natural disaster area by the Governor, this exemption applies. Report and explain these amounts. (*Section 237-24.7(6).*)

Intercompany Charges: Charges for legal, accounting, managerial, and administrative services (including related overhead costs) furnished by one related entity to another, or interest on loans or advances to related entities, are not taxable. The amount received, charged, or attributable to services using computer software and hardware, information technology services, and database management that is furnished by one related entity to another related entity is exempt. Related entities are generally those related through 80% common ownership and at least 80% of the total voting power. Report and explain these amounts. (*Section 237-23.5(a).*)

Labor Organizations: A labor organization that is exempt from federal income tax under section 501(c)(5) of the Internal Revenue Code is not taxable on rents for real property leased to: (A) another labor organization, or (B) a trust providing membership service programs such as a pension plan, a common fund for medical or hospital care, or apprenticeship and training. Report and explain these amounts. (*Section 237-24.3(9).*)

Leases and Subleases of Real Property: A deduction is allowed to a taxpayer (sublessor) who leases real property from a lessor under a written lease, and subsequently subleases that same real property to a sublessee under a written lease. The deduction is computed by multiplying the gross proceeds paid by the taxpayer to the lessor by 0.875. The taxpayer calculates the sublease deduction using Form G-72. In addition, the lessor's name and lessor's Hawaii Tax I.D. No. must be provided in Section VIII on Schedule GE. Report and explain these amounts. (*Section 237-16.5.*)

Maintenance Fees: Amounts received by the manager, submanager, or board of directors of: (1) an association of a condominium property regime established under HRS chapter 514B or any predecessor thereto (*section 237-24.3(2)*); (2) a nonprofit homeowners or community association incorporated in accordance with 414D (*section 237-24.3(2)*); or (3) a qualifying cooperative housing corporation (*section 237-24(16)*); in reimbursement of sums paid for common expenses such as maintenance fees are exempt. Report and explain these amounts. If you are not a manager, submanager, or a board of directors to an entity of (1), (2), or (3) above, you do not qualify for this exemption.

Mass Transit: Income of the operator of a mass transit system (of motorized buses) is exempt, if a political subdivision owns the property and the facilities of the county transportation system (including buses, real estate, parking garages, fuel pumps, etc.). Report and explain these amounts. (*Section 237-24.7(2).*)

Merchants' Association Dues: Amounts received from the membership of an unincorporated merchants' association as dues for advertising or promotion are exempt, as long as the advertising and promotion are for the benefit of the membership as a whole and not for an individual member or subgroup of

members. Report and explain these amounts. (*Section 237-24.3(8).*)

Non-profit Organizations: Amounts received by certain non-profit fraternal, religious, charitable, scientific, educational, community or social welfare groups and hospitals, infirmaries and sanitarium organizations may be exempt. Report and explain these amounts. However, ALL fundraising activities are taxable and must be reported. (*Section 237-23.*) See TIR Nos. 2010-05 and 2011-04 for licensing and reporting requirements, and TIR Nos. 89-6, 89-13, 91-2, and 91-4, and Tax Facts No. 98-3 for more information.

Orchard Operator: Amounts received by the operator of orchard properties from the owner of the orchard property specifically to cover the costs of employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report and explain these amounts. (*Section 237-24.7(4).*)

Out of State Sales: The value or gross proceeds received by a manufacturer, producer, or seller of tangible personal property shipped to a point outside of the State where it is resold or otherwise consumed or used outside the State are exempt, provided the purchaser furnishes Form G-61 certifying as such to the manufacturer, producer, or seller. Report and explain these amounts. (*Section 237-29.5(1).*) For more information, see TIR No. 98-5.

Patient-Centered Community Care: Amounts received by a Patient-Centered Community Care (PCCC) contractor used to pay third party health care providers pursuant to a contract with the United States are exempt. According to the U.S. Department of Veterans Affairs website (<https://va.gov/COMMUNITYCARE/programs/veterans/PCCC/index.asp>), the contractor for Hawaii is Tri-West Healthcare Alliance Corp. This exemption does not apply to third party health care providers receiving payments under this program. The payments received by third party health care providers are subject to tax. Report and explain these amounts. (*Section 237-24(18).*)

Petroleum Refining: Petroleum products refined in Hawaii that will be further refined by another taxpayer are exempt. Report and explain these amounts. (*Section 237-27.*)

Potable Water: Amounts received by non-profit organizations exempt under section 501(c)(12) of the Internal Revenue Code for providing potable water to residential communities that have no access to public utility water services are exempt. Report and explain these amounts. (*Section 237-23(a)(7).*)

Professional Employer Organizations: Amounts received after June 30, 2007, by a professional employer organization (PEO) that is registered with the Department of Labor and Industrial Relations pursuant to Chapter 373L, HRS, from a client company equal to amounts that are disbursed by the PEO for employee wages, salaries, payroll taxes, insurance premiums, and benefits, including retirement, vacation, sick leave, health benefits, and similar employment benefits with respect to assigned employees at a client company are exempt; provided that this exemption shall not apply to a PEO upon failure of the PEO to collect, account for, and pay over any income tax withholding for assigned employees or any federal or state taxes for which the PEO is responsible. The PEO must comply with the registration requirements under Chapter 373L, HRS, in order to claim the exemption. Report and explain these amounts. (*Section 237-24.75(3).*)

Real Estate Sales: Gross proceeds from the sale of land in fee simple are generally exempt

and do not have to be reported. (Section 237-3(b).) If leasehold land is sold, especially by the lessor, part of the proceeds from the sale may be considered rent and would need to be reported on the "Other Rentals" line in Part II of Forms G-45 and G-49. For details, see General Excise Tax Memorandum No. 3 and General Excise Tax Memorandum No. 3A. Land in fee simple does not include furniture, fixtures, and equipment. If these items are being sold, see "Casual Sales" above.

Contractors, developers, and dealers in real estate must report the gross sale proceeds from their projects in Column a, and include in Column b (and explain on Schedule GE (Form G-45/G-49)) the amount attributable to the sale of land in fee simple.

Reimbursements of Payroll Costs: Amounts received by a management company from related entities engaged in the business of selling interstate or foreign telecommunication services as reimbursements of payroll costs incurred in managing or operating the related entities' employees are exempt. Report and explain these amounts. (Section 237-24.7(9).) Related entities are generally those related through 80% common ownership and at least 80% of the total voting power.

Sales to the Federal Government and Credit Unions: Sales of tangible property to the federal government and state and federal credit unions are exempt. Report and explain these amounts. (Section 237-25(a).) This exemption does not apply to federal cost-plus contractors or service providers (even if the service provider separately bills for the item of tangible personal property). For more information, see TIR Nos. 2001-3 and 2005-1. **NOTE:** Services provided to the federal government and credit unions are taxable.

Scientific Contracts: Gross proceeds from certain scientific contracts with the federal government are exempt. Report and explain these amounts. (Section 237-26.) For more information, see TIR No. 35-71.

Senior Citizens' Fair: Proceeds of an annual senior citizens' fair held by a county commission on aging or appropriate county agencies on aging are exempt. Do not report these amounts. (Section 349-10.)

Services Related to Ships and Aircraft: Amounts received from the loading or unloading of ships or aircraft; tugboat services including pilotage fees and towage of ships, barges, or vessels in and out of harbors or from one pier to another; and the transportation of pilots or governmental officials to ships, barges or vessels offshore; rigging gear; checking freight and similar services; standby charges; and use of

moorings and running mooring lines are exempt. Report and explain these amounts. (Section 237-24.3(3).)

Shipbuilding and Ship Repairs: Gross proceeds arising from shipbuilding and ship repairs rendered to surface vessels federally owned or engaged in interstate or international trade are exempt. Report and explain these amounts. (Section 237-28.1.)

Shipping and Handling of Agricultural Commodities: Amounts received for loading, unloading and shipping of agricultural commodities between islands in the State from a producer or produce dealer are exempt. Report and explain these amounts. (Section 237-24.3(1).)

Small Business Innovation Research Grants: Amounts received as grants awarded by the Hawaii Technology Development Corporation under section 206M-15, that supplement federal small business innovation research phase I, II, or III awards or contracts are exempt. Report and explain these amounts. (Section 237-24.7(10).)

Stock Exchange Transactions: Certain amounts received by a domestic or foreign stock exchange, and certain amounts received by exchange members by reason of executing a securities or product transaction on an exchange, are exempt. Report and explain these amounts. (Section 237-24.5.)

Stocks, Bonds, and Commodity Futures: Gross proceeds from the sale of securities, commodity futures, and bonds are exempt and do not have to be reported. (Section 237-3(b).) If you are selling bonds with accrued but unpaid interest, the interest is considered income that is received when the bond is sold. The interest does not qualify for this exclusion and may need to be reported on the "Interest" line in Part II of Forms G-45 and G-49. For example, if you purchased an out-of-state municipal bond at a discounted price and sell it for an appreciated price, the difference is considered accrued, but unpaid, interest and that portion would be taxable and reported on the "Interest" line in Part II of Forms G-45 and G-49. **NOTE:** Federal bonds' accrued interest are exempt. See "Federally Preempted Amounts" discussed earlier.

Subcontract Deduction: A prime contractor (or a developer) may be eligible for a deduction in the amount of payments made to a subcontractor or a specialty contractor. The subcontractor's name, the subcontractor's Hawaii Tax I.D. No., and the amount of deduction must be provided in Section VII on Schedule GE. Report and explain these amounts. For more information, contact

your district tax office for instructions. (Section 237-13(3)(B).)

Sugar Cane Payments to Independent Producers: Certain payments to independent sugar cane producers are exempt. Report and explain these amounts. (Section 237-24(14).)

Taxes Passed On: Amounts received to pay the following taxes are exempt. Each amount should be reported and explained.

Fuel taxes collected by distributors. (Section 237-24(8).)

Hawaii liquor taxes collected by dealers. (Section 237-24(9).)

Hawaii cigarette and tobacco taxes paid by wholesalers. (Section 237-24(10).)

Federal excise taxes imposed on articles sold at retail and collected from purchasers. (Section 237-24(11).)

Federal taxes imposed on sugar manufactured in Hawaii. (Section 237-24(12).)

Transient accommodations taxes visibly passed on. (Section 237-24.3(7).)

Rental motor vehicle, tour vehicle & car-sharing vehicle surcharge taxes visibly passed on. (Section 237-24.7(3).)

Trade-Ins: For trade-ins, a merchant reduces the price of the new article by the amount of the trade-in allowance. The trade-in allowance is considered a price adjustment and is subtracted from the new article's sales price and the net amount is reported in Column a. Any later sale of the traded-in article is reportable at the time of that sale. (Section 237-3(b).)

Wages: Amounts received as salaries or wages for services rendered by an employee to an employer are exempt. If your employer is withholding payroll taxes on these wages, you do not have to report them. If you are being paid as an independent contractor, or if payroll taxes are not being withheld, these amounts are taxable and must be reported and explained. (Section 237-24(6).)

Wholesale Transactions: Amounts received from the sales of tangible personal property imported into the State by a licensed taxpayer to another licensed taxpayer for further resale at wholesale are exempt, provided the customer furnishes Form G-17 certifying as such to the seller. Report and explain these amounts. For more information, see TIR No. 98-8. (Section 237-29.55.)

DIVISION OF GROSS INCOME AMONG TAXPAYERS

In general, as mentioned above, the GET is imposed on gross income and no deductions are allowed for costs of producing that income. In the following special situations, however, the law recognizes the division of gross receipts among the taxpayers responsible for those receipts. Taxpayers in these situations report their respective shares of the gross income received.

Coin Operated Devices: Gross receipts are divided between the owner (or operator) of the device and the owner (or operator) of the premises on which the machine is located. (Section 237-18(a).)

Insurance Agents and Realtors: Gross commissions are divided among licensed non-employee insurance agents, or among licensed

non-employee realtors. (Section 237-18(e).) Generally, commission sellers pay tax on commissions earned, and the principal pays tax on gross sales, not the amount net of commissions.

Motor Carriers: Where the transportation of passengers or property is furnished through arrangements between motor carriers, the gross income received for the transportation services is divided between the motor carriers. (Section 237-18(h).)

Producers and Promoters: When a person furnishing or producing an event or spectacle (such as a film distributor) and a promoter (such as a theater owner) stage an event, the promoter pays the tax and withholds the producer's share of the tax from the portion of the income payable

to the producer. If the producer is a tax exempt entity, such as a properly registered nonprofit organization, then the promoter is not taxed on the producer's share of the income and the promoter does not have to withhold tax. (Section 237-18(b).)

Tour Packagers: Gross revenues can be divided between a tour packager or travel agent and a provider of tourism related services. (Section 237-18(f).) In addition, gross revenues can be divided between a tour packager and a provider of transient accommodations at noncommissioned negotiated contract rates. (Section 237-18(g).) For more information, see TIR No. 91-8 and Attorney General Opinion 65-6.

SCHEDULE OF USE TAX EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Unless the following instructions tell you not to report the exempt amounts, you must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Air Pollution Control Facility: Gross proceeds from, and the tangible personal property furnished in conjunction with the construction, reconstruction, erection, operation, use, or maintenance of an air pollution control facility (APCF) are exempt. The APCF must be certified by the Department of Health (DOH) at least once every five years and file this certification with the Department of Taxation (DOTAX). An exemption may not be claimed if the APCF does not have a valid certificate from the DOH on file with DOTAX. Report and explain these amounts. (Section 238-3(k).)

Aircraft Service and Maintenance Facility: Materials, parts, or tools imported or purchased by a person with a GET license and which are used for certain types of aircraft service and maintenance, or for the construction of a qualified aircraft service and maintenance facility, are exempt. Report and explain these amounts. (Section 238-1.)

Casual Purchases: A sale of tangible personal property by someone not in the business of selling the property is called a casual sale. (See "Casual Sales," discussed under the Schedule of General Excise Tax Exemptions and Deductions.) Because gross income derived from a casual sale is excluded from gross income subject to the GET, the landed value of tangible personal property acquired in a casual sale also is not subject to the use tax. For example, if you purchase a used car from an individual selling his or her personal car and import that car into Hawaii, report the landed value of the car but claim this exemption. (Section 238-1.)

Contracting: A contractor importing contracting that will become identifiable elements of the project is exempt provided that the contractor

is subject to the GET as a contractor and the contractor would have been able to deduct the amounts paid to the subcontractor if the subcontractor was subject to the GET. Report and explain these amounts. See TIR No. 2009-02 for more information. (Section 238-2.3(1)(C).)

Diplomats and Consular Officials: The use of property, services, or contracting imported by foreign diplomats and consular officials holding cards issued by the U.S. Department of State granting them an exemption from state taxes are exempt. Report and explain these amounts. (Section 238-1.) The tax exemption, however, is not applicable to taxes imposed on telecommunication services, other utilities, or gasoline purchases. For more information, see Department of Taxation Announcement Nos. 2000-07, 2011-25 and 2013-03, Tax Facts 2016-1.

Director of Taxation's Authority to Exempt, Exclude or Apportion the Use Tax: Imports of property, services, or contracting to the extent that the GET would have applied to a similarly-situated taxpayer engaged in a local transaction. The Director of Taxation (Director) has the authority to:

- (1) Exempt or exclude from the use tax, property, services, or contracting, or the use of property, services, or contracting exempted from the GET; or
- (2) Apportion the gross value of services or contracting sold to customers within the State by persons engaged in business both within and without the State to determine the value of that portion of the services or contracting that is subject to the GET or the purposes of section 237-21.

The Director will use the authority to exempt, exclude, or apportion the value of imported property, services, or contracting when an exemption, exclusion, or apportionment of gross receipts would be allowed under the General Excise Tax Law in the case of a similar local transaction. (Section 238-3(a).)

Drugs and Prosthetic Devices for Personal Use: If you are an individual who bought drugs or prosthetic devices from a hospital, infirmary, medical clinic, health care facility, pharmacy, or a practitioner licensed to administer the drug to an individual, the landed value of the drugs or prosthetic devices is exempt from use tax. Do not report these amounts. (Section 238-1.)

Producers: Certain property used by licensed producers is either taxed at a ½% rate or is exempt, depending on whether the imported property is going to be resold at retail. For example, if a farmer sells eggs to grocery stores as well as to neighbors and friends, then the chicken feed the farmer imports is taxed. That portion of the feed used to feed chickens whose eggs the farmer consumes is imported for consumption, and is reported on the "Use Tax on Imports For Consumption" line in Part II of Forms G-45 and G-49. The portion attributable to retail sales is imported for resale, and is reported on the "Use Tax on Imports For Resale at 4%" line in Part I of Forms G-45 and G-49. The remainder is imported for wholesale, and is exempt; include those amounts on the "Use Tax on Imports For Resale at 4%" line in Part I of Forms G-45 and G-49, Columns a and b, and report this on Schedule GE (Form G-45/G-49). (Section 238-4.) For more information, see section 18-238-4, HAR.

Scientific Use Property: Property which is to be affixed to, or which is to become a physical, integral part of a scientific facility, or which is to be entirely consumed during the performance of a service required by a scientific contract with the United States Government, is exempt. Report and explain these amounts. (Section 238-3(j).) For more information, see TIR No. 35-71.

Services or Contracting to Foreign Customers: The use of services or contracting imported for resale to a foreign customer who will resell, consume or use the service or contracting outside of the State is exempt. Report and explain these amounts. (Section 238-2.3(1)(C).)

SCHEDULE OF COUNTY SURCHARGE EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES UNLESS NOTED)

Taxpayers with certified disabilities are not subject to the County Surcharge.

The County Surcharge is imposed on taxable income that is subject to the General Excise or Use Tax at the rate of 4% and attributable to a county that has adopted a surcharge. (Section 237-8.6.) You must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Certain contracts: Written contracts entered into before June 30, 2006 that do not allow for the passing on of increased rates of taxes are exempt from the county surcharge. Report and explain these amounts. (Section 237-8.6(c).)

Certain Sales: Amounts of sales assigned to a district that has a county surcharge by a seller who does not have nexus in that district are exempt. Report and explain these amounts. For more information, see section 18-237-8.6, HAR.

Sublease deduction: The amount of rent paid to a landlord that is subleased to a tenant and is not deducted from GET gross receipts under section 237-16.5 is not subject to the county surcharge. Since these amounts are effectively taxed at ½ of 1%, the county surcharge does not apply. The amount of the county surcharge sublease deduction is computed on Form G-72, line 6. Report and explain these amounts.

Wholesale amusements: The amount of wholesale amusements not deducted from GET gross receipts under section 237-4(a)(13) is not subject to the county surcharge. Since these amounts are effectively taxed at the rate of ½ of 1%, the county surcharge does not apply. The amount of the county surcharge deduction is computed on Form G-81, line 6. Report and explain these amounts.

Notes

