

**STATE OF HAWAII — DEPARTMENT OF TAXATION**  
**FUEL TAX CREDIT FOR COMMERCIAL FISHERS**

Or fiscal year beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_

**ATTACH THIS SCHEDULE TO FORM N-11, N-15, N-20, N-30, N-35, N-40, OR N-70NP**

NOTE: References to "married" and "spouse" are also references to "in a civil union" and "civil union partner," respectively.

Name	SSN or FEIN
------	-------------

**PART I — COMPUTATION OF TAX CREDIT FOR COMMERCIAL FISHERS**

**Note:** If only the distributive share(s) of the credit is being claimed on Form N-163, begin on line 4.

1. Enter the number of gallons of diesel oil purchased and used by the principal operator ..... \_\_\_\_\_
2. Multiply the number of gallons from line 1 by \$0.01 and enter the amount here..... \$ \_\_\_\_\_
3. Add the amount of credit from Part II, line 3, Columns A through D, and enter total here..... \$ \_\_\_\_\_
4. Flow through of tax credit received from other entities, if any.  
Check the applicable box below. Enter the name and Federal Employer I.D. No. of entity  
\_\_\_\_\_
  - a S corporation shareholder — enter amount from Schedule K-1 (Form N-35), line 16a
  - b Partner — enter amount from Schedule K-1 (Form N-20), line 17
  - c Beneficiary — enter amount from Schedule K-1 (Form N-40), line 9
  - d Patron — enter amount from federal Form 1099-PATR ..... \$ \_\_\_\_\_
5. Add the credit from lines 2, 3, and 4. Enter the total here and on Schedule CR, line 21 (for Form N-11, N-15, N-30, and N-70NP filers) (rounded to the nearest dollar); or Form N-40, Schedule F, line 1, whichever is applicable.. \_\_\_\_\_ \$ \_\_\_\_\_

**PART II — WORKSHEET FOR GASOLINE PURCHASED AND USED BY PRINCIPAL OPERATOR**

	Column A City & County of Honolulu	Column B County of Maui	Column C County of Hawaii	Column D County of Kauai
1. Enter the number of gallons of gasoline purchased and used by the principal operator.	_____	_____	_____	_____
2. Rate (see Instructions)	x \$0.325	x \$0.390	x _____	x \$0.330
3. Multiply the number of gallons from line 1 by the rate listed on line 2	\$ _____	\$ _____	\$ _____	\$ _____



**CHANGES TO NOTE**

Hawaii County Resolution No. 212-17 increases the County of Hawaii fuel tax from \$0.15 per gallon to \$0.19 per gallon effective July 1, 2018.

**GENERAL INSTRUCTIONS**

**Note:** Hawaii recognizes same-sex marriages. Therefore, all same-sex couples that are legally married in Hawaii or any other jurisdiction where such marriages are valid are married for all tax purposes.

**Note:** Civil unions are recognized in Hawaii. Hawaii’s laws that apply to a husband and wife, spouses, or person in a legal marital relationship shall be deemed to apply to partners in a civil union with the same force and effect as if they were “husband and wife,” “spouses,” or other terms that describe persons in a legal marital relationship.

A principal operator of a commercial fishing vessel who files an income tax return for the taxable year may be eligible for the fuel tax credit for commercial fishers.

The amount of the credit is limited to the fuel taxes imposed under section 243-4(a), Hawaii Revised Statutes (HRS), and paid by the principal operator for use in the operation of the fishing vessel during the indicated taxable year.

A taxpayer and spouse filing separate returns, where a joint return could have been filed, shall claim only the credit to which the taxpayer and spouse would have been entitled had a joint return been filed.

If the properly claimed and allowed credit exceeds the amount of the income tax due and payable from the principal operator, the excess will be refunded to the principal operator.

**Purpose of Form**

Use Form N-163 to figure and claim the fuel tax credit for commercial fishers under sections 235-110.6, HRS, and 18-235-110.6, Hawaii Administrative Rules.

**Who May Claim This Credit**

This credit may be claimed by a principal operator of a commercial fishing vessel who purchases and actually uses the fuel to operate a fishing vessel for commercial purposes.

**When the Credit May Not Be Claimed**

This credit may not be claimed if any of the following apply:

- (1) You use the fuel in the operation of charter fishing boats and the like where the income is derived from fees and sources other than from commercial fishing.
- (2) You use the fuel in the operation of a fishing vessel where the activity is not engaged in for profit as provided in Internal Revenue Code section 183.
- (3) You use alternative fuels. However, you may obtain a refund of the fuel taxes paid by filing Form M-36, Combined Claim for Refund of Fuel Taxes.

**Credit Requirements**

To claim this credit, you must complete and attach to your Hawaii income tax return:

- (1) Form N-163
- (2) Schedule CR (For tax returns for which Schedule CR is required)
- (3) Schedule K-1 (Required only if you are claiming a distributive share of a credit from a partnership, S corporation, estate, or trust)

**Flow-Through Entities**

If you are a partnership, S corporation, estate, or trust that is allocating this credit to your partners, shareholders, or beneficiaries, complete Form N-163 and attach it to your Hawaii income tax return. Then enter the total fuel tax credit for commercial fishers on the applicable line of your Hawaii income tax return (see the instructions for line 5). Prepare and provide Schedule K-1 reporting the distributive share of the fuel tax credit for commercial fishers for each partner, shareholder, or beneficiary.

**Deadline for Claiming the Credit**

The deadline to claim the credit, including amended claims, is 12 months after the close of your taxable year. You cannot claim or amend the credit after the deadline.

**SPECIFIC INSTRUCTIONS**

**PART I — COMPUTATION OF TAX CREDIT FOR COMMERCIAL FISHERS**

**Line 4.** Flow through of tax credit received from other entities, if any. In the case of a taxpayer who is a member of a flow-through entity (i.e., S corporation, partnership, estate, or trust), enter the amount of the tax credit received from the entity on line 4. Attach a copy of the applicable Schedule K-1 to Form N-163 when the tax credit is claimed.

**Line 5.** Form N-11, N-15, N-30, and N-70NP filers, enter the amount on line 5 on Schedule CR, line 21 (rounded to the nearest dollar).

Form N-40 filers, enter the amount on line 5 that is allocated to the estate or trust on Form N-40, Schedule F, line 1. Enter the amount on line 5 that is allocated to the beneficiary on line 9 of Schedule K-1, Form N-40, for each beneficiary.

Form N-35 filers, enter the amount on line 5 on Schedule K, line 16a.

Form N-20 filers, enter the amount on line 5 on Schedule K, line 17.

**PART II — WORKSHEET FOR GASOLINE PURCHASED AND USED BY PRINCIPAL OPERATOR**

**Line 2, Column B.** The County of Hawaii fuel tax per gallon of liquid fuel is as follows:

- \$0.248 per gallon before August 1, 2017
- \$0.310 per gallon from August 1, 2017 through June 30, 2018
- \$0.350 per gallon from July 1, 2018 through June 30, 2019
- \$0.390 per gallon from July 1, 2019.

If your tax credit will be calculated using two different tax rates, attach a separate schedule showing the calculation. Leave lines 1 and 2 of Column B blank, and enter the total amount of the credit on line 3, Column B.