FORM U-6.

TAX YEAR BEGINS ON JANUARY 1, 2019 WOULD FILE A 2019 FORM U-6; A FISCAL YEAR IS THE DAY THE TAX IS IMPOSED. FOR EXAMPLE, A CALENDAR YEAR TAXPAYER WHOSE THE TAX YEAR IS DETERMINED BY THE FIRST DAY OF THE COMPANY’S TAX YEAR, AS THAT

DETERMINING WHAT TAX YEAR FORM U-6 TO FILE. —

PUC. ADMINISTERED BY THE PUBLIC UTILITIES COMMISSION (PUC). ACCORDINGLY, THE PUBLIC SERVICE COMPANY TAX AND THE PUBLIC UTILITY FEE.

THE PUBLIC SERVICE COMPANY TAX AND THE PUBLIC UTILITY FEE. THE PUBLIC SERVICE COMPANY TAX EXCEPT INCOME TAXES, COUNTY VEHICULAR TAXES, PUBLIC UTILITY FEES, PUBLIC


THE NATURE OF THE TAX. —


THE TAX IS A MEANS OF TAXING THE PERSONAL PROPERTY OF A PUBLIC UTILITY, TANGIBLE AND INTANGIBLE, INCLUDING GOING CONCERN VALUE. THE TAX IS IN LIEU OF ALL OTHER TAXES EXCEPT INCOME TAXES, COUNTY VEHICULAR TAXES, PUBLIC UTILITY FEES, PUBLIC UTILITY FRanchise TAXES, USE OR CONSUMPTION TAXES, AND EMPLOYMENT TAXES.


DETERMINING WHAT TAX YEAR FORM U-6 TO FILE. —


DEFINITION OF CERTAIN TERMS USED IN CHAPTER 239, HRS. —

“GROSS INCOME” MEANS THE GROSS INCOME FROM PUBLIC SERVICE COMPANY BUSINESS AS FOLLOWS:

(1) GROSS INCOME FROM THE PRODUCTION, CONVEYANCE, TRANSMISSION, DELIVERY OR FURNISHING OF LIGHT, POWER, HEAT, COLD, WATER, GAS OR OIL;

(2) GROSS INCOME FROM THE TRANSPORTATION OF PASSENGERS OR FREIGHT, OR THE CONVEYANCE OR TRANSMISSION OF TELEPHONE OR TELEGRAPH MESSAGES OTHER THAN MOBILE TELECOMMUNICATIONS SERVICES, OR THE FURNISHING OF FACILITIES FOR THE TRANSMISSION OF INTELLIGENCE BY ELECTRICITY, BY LAND OR WATER OR AIR:

(a) Originating and terminating within this State;

(b) By means of vessels or aircraft having their home port in the State and operating between ports or airports in the State, with respect to the transportation so effected; or

(c) By means of plant or equipment located in the State, between points in the State;

(3) GROSS INCOME FROM THE CONVEYANCE OR TRANSMISSION OF MESSAGES OR INTELLIGENCE THROUGH WIRES OR CABLES LOCATED OR PARTIALLY LOCATED IN THE STATE (OTHER THAN AS STATED IN PARAGRAPH (2) OR (5)); (SEE WHO MUST FILE FORM U-6, FOR OTHER LINES OF BUSINESS NOT SUBJECT TO PUBLIC SERVICE COMPANY TAX.)

(4) GROSS INCOME FROM THE OPERATION OF A PRIVATE SEWER COMPANY OR PRIVATE SEWER FACILITY;

(5) WITH RESPECT TO A HOME SERVICE PROVIDER OF MOBILE TELECOMMUNICATIONS SERVICES, “GROSS INCOME” INCLUDES CHARGES BILLED FOR MOBILE TELECOMMUNICATIONS SERVICES PROVIDED BY A HOME SERVICE PROVIDER TO A CUSTOMER WITH A PLACE OF PRIMARY USE IN THE STATE WHEN THE MOBILE TELECOMMUNICATIONS SERVICES ORIGINATE AND TERMINATE WITHIN THE SAME STATE; PROVIDED THAT ALL SUCH CHARGES FOR MOBILE TELECOMMUNICATIONS SERVICES THAT ARE BILLED BY OR FOR THE HOME SERVICE PROVIDER ARE DEEMED TO BE PROVIDED BY THE HOME SERVICE PROVIDER AT THE CUSTOMER’S PLACE OF PRIMARY USE, REGARDLESS OF WHERE THE MOBILE TELECOMMUNICATIONS SERVICES ORIGINATE, TERMINATE, OR PASS THROUGH.

GROSS INCOME SHALL NOT INCLUDE:

(a) ANY CHARGES FOR OR RECEIPTS FROM MOBILE TELECOMMUNICATIONS SERVICES PROVIDED TO CUSTOMERS OF THE HOME SERVICE PROVIDER WHOSE PLACE OF PRIMARY USE IS OUTSIDE THIS STATE;

(b) ANY RECEIPTS OF A HOME SERVICE PROVIDER ACTING AS A SERVING CARRIER PROVIDING MOBILE TELECOMMUNICATIONS SERVICES TO ANOTHER HOME SERVICE PROVIDER’S CUSTOMER; AND

(c) ANY RECEIPTS SPECIFICALLY FROM INTERSTATE OR FOREIGN MOBILE TELECOMMUNICATIONS SERVICES TAXABLE UNDER SECTION 237-13(6)(E), HRS, AS DETERMINED BY THE HOME SERVICE PROVIDER’S BOOKS AND RECORDS KEPT IN THE ORDINARY COURSE OF BUSINESS.

FOR THE PURPOSES OF THIS PARAGRAPH, “CUSTOMER” MEANS: (1) THE PERSON OR ENTITY THAT CONTRACTS WITH THE HOME SERVICE PROVIDER FOR MOBILE TELECOMMUNICATIONS SERVICES; OR (2) IF THE END USER OF MOBILE TELECOMMUNICATIONS SERVICES IS NOT THE CONTRACTING PARTY, “CUSTOMER” MEANS THE END USER OF THE MOBILE TELECOMMUNICATIONS SERVICE; PROVIDED THAT THIS PARAGRAPH SHALL APPLY ONLY FOR THE PURPOSE OF DETERMINING THE PLACE OF PRIMARY USE. WITHOUT IMPLICATION FOR THE GENERAL DEFINITION OF “CUSTOMER,” THE TERM DOES NOT INCLUDE:

(a) A RESSELLER OF MOBILE TELECOMMUNICATIONS SERVICE; OR

(b) A SERVING CARRIER UNDER AN ARRANGEMENT TO SERVE THE CUSTOMER OUTSIDE THE HOME SERVICE PROVIDER’S LICENSED SERVICE AREA.

“HOME SERVICE PROVIDER” MEANS THE FACILITIES-BASED CARRIER OR RESSELLER WITH WHICH THE CUSTOMER CONTRACTS FOR THE PROVISION OF MOBILE TELECOMMUNICATIONS SERVICES.

“MOBILE TELECOMMUNICATIONS SERVICE” MEANS COMMERCIAL MOBILE RADIO SERVICE, AS DEFINED IN TITLE 47 CODE OF FEDERAL REGULATIONS SECTION 20.3 IN EFFECT ON JUNE 1, 1999.
"Place of primary use" means the street address representative of where the customer's use of the mobile telecommunications service primarily occurs, which must be: (1) the residential street address or the primary business street address of the customer; and (2) within the licensed service area of the home service provider.

The words "gross income" and "gross income from public service company business" shall not be construed to include dividends (as defined by section 235-1, HRS) paid by one member of an affiliated public service company group to another member of the same group; or gross income from the sale or transfer of materials or supplies, interest on loans, or the provision of engineering, construction, maintenance or managerial services by one member of an affiliated public service company group to another member of the same group. "Affiliated public service company group" means an affiliated group of domestic corporations within the meaning of Chapter 239, HRS, all of the members of which are public service companies. "Member of an affiliated public service company group" means a corporation (including the parent corporation) that is included within an affiliated public service company group.

Accounts found to be worthless and actually charged off for income tax purposes, at corresponding periods, may be deducted from gross income as specified under Chapter 239, HRS, so far as the accounts reflect taxable sales, but shall be added to gross income when and if subsequently collected.

"Home port" means the place where vessels or aircraft have their tax situs or principal tax situs.

"Net operating income" of a public utility subject to the tax rate imposed by section 239-5(a), HRS, is the operating revenues less the operating expenses and tax accruals, including in the computation of such revenues, credits and debits arising from federal and state rent and facility rents. In the event that, for this sentence, deductions could not be had for expenses of services because such services were rendered by the same person or persons constituting the public utility or could not be had for income taxes, because such taxes were levied against the person or persons constituting the public utility in the person's or their individual capacity and not as a separate entity, there nevertheless shall be allowed as deductions in computing the net operating income (A) a reasonable allowance for the value of personal services actually rendered, and (B) such proportion of the actual amounts of income taxes, federal and state, as fairly represents the portion of the income so taxed which was derived from the public utility business.

"Partner" means the same as in the Internal Revenue Code.

"Partnership" means the same as in the Internal Revenue Code.

"Ports," "airports," or "points in the State" shall be deemed to be such if they are loading, unloading, transshipment, assembly, transfer, or relay points.

"Public service company" means a public utility.

"Public utility" has the meaning given that term in section 269-1, HRS.

**When Is the Public Service Company Tax Imposed. —**

In the first year of doing business, the tax is imposed on the first day, or commencement date, of the public service company's business. Thereafter, the tax is imposed or assessed on the first day of the public service company's selected year. Therefore, for a public service company on a calendar year basis, the tax is imposed on January 1 of each year; and for a fiscal year basis public service company, it is imposed on the first day of the selected fiscal period. The public service company tax is not accrued or imposed incrementally throughout the calendar or fiscal year.

**Who Must File Form U-6. —**

Each public service company shall file Form U-6, showing its taxable gross income for the preceding taxable year. In case any public service company carries on lines of business other than its public service company business, the receipts heretofrom shall not be subject to public service company tax, but the same tax liabilities shall attach to such public service company on account of such other lines of business as would exist if no public service company business were done.

Section 239-6, HRS, provides that motor carriers, common carriers by water, and contract carriers other than motor carriers are no longer subject to the public service company tax. The gross income allocable to such county. The revenues generated from transportation services by these carriers are now subject to the general excise tax imposed upon the gross income allocable to such county.

"Net operating income from the public utility business shall be equitably allocated to each such county is not so allocated in the public utility's State filings, then the gross income from the public utility business shall be equitably allocated to each county. The relative number of access lines in each county shall be deemed an acceptable basis of equitable allocation for telecommunications companies.

**NOTE:** Do not use Form U-6 to calculate and/or remit the counties' share of the public service company tax. Form U-6 should be used only to calculate and remit the State of Hawaii's portion of the public service company tax.

**Authentication.** Returns shall be authenticated by the original signature of an officer of the public service company authorized to sign the Form U-6. The fact that an individual's name is signed on the return shall be prima facie evidence that such individual is authorized to sign the return on behalf of the public service company.

**Paid Preparer's Information.** The Paid Preparer's Information at the bottom of page 1 of Form U-6 must be signed and completed by the person or in the name of the firm or corporation paid to prepare the return. Individual preparers may furnish their alternative identifying number for income tax return preparers (PTIN) instead of their social security number. (Note: Pursuant to Department of Taxation Announcement No. 2009-33, paid preparers may now sign original returns, amended returns, or request for filing extensions by rubber stamp, mechanical device, or computer software program.)

**When Must Form U-6 Be Filed. —**

In the first year of doing business, Form U-6 is due on the twentieth day of the third month after the month the public service company begins business. Thereafter, the return shall be filed on or before the twentieth day of the fourth month following the close of the preceding taxable year. For a calendar year basis taxpayer, the return is due on or before April 20, of each return year.

**Private Delivery Services.** Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the "timely mailing treated as timely filing" paying rule. The Department of Taxation will conform to the Internal Revenue Service listing of designated private delivery service and type of delivery services qualifying under this provision. Timely filing of mail which does not bear the U.S. Post Office cancellation mark or the date recorded or marked by the designated delivery service will be determined by reference to other competent evidence. The private delivery service can tell you how to get written proof of the mailing date.

**Extension of Time To File.** If you are unable to meet the filing deadline, you should ask for an extension on Form N-755, Application for Automatic Extension of Time to File Public Service Company Tax Return. This is an extension of time to file, not an extension of time for payment of tax.

**Note:** If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

**When Is the Tax Payable. —**

In the first year of doing business, the payment of tax is due on the twentieth day of the third month after the month that the public service company begins business. Thereafter, the tax is payable on or before the twentieth day of the fourth month following the close of the preceding taxable year. Stated differently, the tax is due on or before April 20, of each return year.

**Private Delivery Services.** In the first year of doing business, the payment of tax is due on the twentieth day of the fourth month following the close of the preceding taxable year. For a calendar year basis taxpayer, the return is due on or before April 20, of each return year.

**Federal Delivery Services.** If you are unable to meet the filing deadline, you should ask for an extension on Form N-755, Application for Automatic Extension of Time to File Public Service Company Tax Return. This is an extension of time to file, not an extension of time for payment of tax.

**Note:** If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

**When Is the Tax Payable. —**

In the first year of doing business, the payment of tax is due on the twentieth day of the third month after the month that the public service company begins business. Thereafter, the tax is payable on or before the twentieth day of the fourth month following the close of the preceding taxable year. Stated differently, the tax is due on or before April 20, of each return year.

The public service company may elect to pay the tax due in four equal quarterly installments on or before the twentieth day of the fourth, sixth, ninth, and twelfth months following the close of the preceding taxable year. However, if the total tax liability exceeds $100,000, the tax due is payable in twelve equal monthly installments on or before the tenth day of each month following the close of the preceding taxable year. Installment payments of the public service company tax are reported on Form FP-1. If any of the payments is not paid on or before the date fixed for its payment, the Department of Taxation, at its election may cause the balance of the tax unpaid to become payable upon not being paid on or before the date fixed for its payment.
less than ten days' notice and demand, and this amount shall be paid upon the
date so fixed in the notice and demand from the Department.

Note: If any due date falls on a Saturday, Sunday, or legal holiday, substitute
the next regular workday.

Electronic Funds Transfer (EFT).—Section 231-9.9, HRS, 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 noti-
cees 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. See Tax Information Release (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 does not do so without reasonable
cause. If an EFT payment is dishonored, a $25 service fee will be assessed.

Penalties and Interest.—

Late Filing of Return.—The penalty for failure to file a return on time is as-
sumed 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 a 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.

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

Where to File the Return.—

Submit your return to:

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

Application of the Tax.—

Special Rules.

1. The first year of doing business.
   a. A company in business on January 1 or at the start of the fiscal year,
      but not in business during any part of the preceding calendar or fis-
      cal year, respectively:
      (1) Form U-6 is filed by using an estimate of the gross income from
          the public service company business for the first year that the
          company is engaged in business.
      (2) The tax is at the rate provided by section 239-5, HRS.
      (3) The return and payment of the tax is due on the twentieth day of
          the third month after the month that the company begins busi-
          ness.
      (4) The estimate must be corrected to reflect the actual gross in-
          come for the year via an amended return which must be filed by
          the twentieth day of the fourth month following the close of the
          first taxable year. The amended return is used to pay any addi-
          tional tax due.
   b. A company not in business on January 1 or at the start of the fiscal
      year, but business is commenced during the calendar year or fiscal
      year, respectively:
      (1) Form U-6 is filed by using an estimate of the gross income from
          the public service company business for that portion of the first
          year that the company is engaged in business.
      (2) The tax is at the rate of 4%.
      (3) The return and payment of the tax is due on the twentieth day of
          the third month after the month that the company begins busi-
          ness.
      (4) The estimate must be corrected to reflect the actual gross in-
          come for the year via an amended return which must be filed by
          the twentieth day of the fourth month following the close of the
          first taxable year. The amended return is used to claim the ap-
          propriate overpayment or pay any additional tax due.

2. The second year of doing business.
   a. Form U-6 is filed using an estimate of the company's average
      monthly gross income during the period from and after the com-
      mencement of business to the close of the second year, multiplied
      by twelve.
   b. The tax is at the rates provided by section 239-5, HRS.
   c. The return and payment of tax is due on the twentieth day of the
      fourth month following the close of the company's first taxable year.
   d. An amended return is required to adjust the estimate to the actual
      average monthly gross income during the period from and after the
      commencement of business to the close of the second year, multi-
      plicated by twelve. Any overpayment is claimed or balance due is re-
      ported and paid on the amended return. The amended return is due on
      or before the twentieth day of the fourth month following the close of
      the company's second taxable year.

3. The third year of doing business.
   a. Form U-6 is filed using the company’s gross income from the sec-
      ond taxable year.
   b. The tax is at the rates provided by section 239-5, HRS.
   c. The return and payment of tax is due on the twentieth day of the
      fourth month following the close of the company's second taxable year.

Allocation and Apportionment.—

If a public service company is engaged in interstate or foreign commerce and
an apportionment of gross income is necessary, section 239-8, HRS, provides
for an apportionment on the basis of total direct cost of the transportation, con-
veyance, or transmission within the State. “Direct cost” is interpreted to mean
and include payroll or labor hired for the handling and transportation of prop-
erty or persons from the point of origin to the point of destination, payroll taxes
attributable to such payrolls, materials used or consumed by the taxpayer in
the handling and transportation of property or persons from the point of origin
to the point of destination, that portion of any rent on leased equipment which
is attributable to the use of such leased equipment in the handling and trans-
portation of property or persons from the point of origin to the point of destina-
tion, that portion of depreciation on equipment owned by the taxpayer which
is attributable to the use of such equipment in the handling and transportation of
property or persons from the point of origin to the point of destination, that
portion of the maintenance and upkeep of equipment which is attributable to
the use of such equipment in the handling and transportation of property or
persons from the point of origin to the point of destination, overhead and ocean
freight, and insurance.

Acquiring the Business of Another Company.—

Subsection (f) of section 239-9, HRS, relates to the acquisition by one public
service company of the business of another and provides for treating the gross
income of the company so acquired the same as if it were gross income of the
acquired company, that is, the gross income to be reported by the acquiring
company for the purpose of determining the amount of its tax for the year
following the year in which such business was so acquired shall include, in
addition to the gross income of the acquiring company during the year ending
December 31 preceding, the gross income of the business or part thereof so
acquired for such portion of such preceding year.

Consolidation or Merger.—

Subsection (g) of section 239-9, HRS, relates to the consolidation or merger of
public service companies and provides that the liability to the tax shall attach
to the company thus formed and the company thus formed shall include in its
gross income, the gross income of the companies involved in the consolida-

Changing Accounting Period From Calendar Year to
Fiscal Year.—

The amount of the public service company tax which is assessed for the cal-
endar year and the payment schedule for the tax that is established at the
beginning of the calendar year are not affected or canceled when a company
changes its accounting period to a fiscal year.

A company which changes its accounting period from a calendar to a fiscal
year is subject to the following requirements:

1. Submit a written request for a change in the accounting period
   which is approved by the Department of Taxation.
2. File Form U-6 for the new accounting period. The original Form U-6
   reporting taxable gross income for the calendar year and a second
   Form U-6 reporting taxable gross income for the fiscal year must be
   filed.
3. Offset the taxable gross income for the duplicated months. To avoid
   being taxed twice for the duplicated months, an offset for the tax-
   able gross income for the duplicated months will be allowed on the
   second Form U-6.
4. No carryover of excess amounts. If the taxable gross income for the
duplicated months on the original Form U-6 exceeds the monthly
taxable gross income on the second Form U-6, the excess amounts
shall not be carried over and offset against the income for the undu-
plicated months on the second Form U-6.

For additional information, see TIR No. 98-7, “Change in Accounting From
Calendar Year to Fiscal Year For Public Service Companies.”

Terminating Business Operations.—
Since the public service company tax is imposed and payable in full on the
imposition or assessment date, which is on the first day of the public service
compny’s selected year, the termination of business operations during the
calendar or fiscal year; other than, as previously discussed, an acquisition by
another public service company or by consolidation or merger; does not affect
the company’s liability for the tax. As such, the company is required to remit the
taxes due on the elected payment schedule.

SPECIFIC INSTRUCTIONS

Change of Address Check Box
If your mailing address has changed, you must notify the Department of the
change by checking the “Change of Address” box. Failure to do so may pre-
vent your address from being updated, any refund due to you from being de-
divered (the U.S. Postal Service is not permitted to forward your State refund
check), and delay important notices or correspondence to you regarding your
return. To notify the Department of your new address, you can also complete
Form ITPS-COA, Change of Address Form, or log in to your Hawaii Tax Online
account at hitax.hawaii.gov.

Section I — Computation of Adjusted Gross Income
Gross Income From Preceding Taxable Year

Lines 1a(2), 1b(2), 1c(2), and 1d(2) — Worthless Accounts Charged
Off for Net Income Tax Purposes.—This deduction from gross income can
only be taken for worthless accounts (bad debts) charged off for net income
tax purposes on or after June 22, 1988.

Line 1(c)1 — Section 239-5(c), HRS, provides that the portion of the gross
income of a public utility engaged in the business of selling telecommunication
services to a person defined in section 237-13(6)(D), HRS, who resells such
products or services subject to taxation at the highest rate under section 237-
13(6), HRS, will be taxed at 0.5%.

Section II — Computation of Tax
Part I. — For Public Utilities Taxed Under Section 239-5(a), (b), and
(c), HRS.

Public utilities taxed under section 239-5(a), HRS, shall use Form U-6,
page 2, Part I to compute the tax due. However, it will be necessary to first
complete the items of gross income and deductions on page 1 before using
Part I.

Line F — Credit for Lifeline Telephone Service Subsidy.—Section 239-
6.5, HRS, provides that a telephone public utility subject to Chapter 239, HRS,
that has been authorized to establish a lifeline telephone service rate by the
public utilities commission shall be allowed a tax credit equal to the lifeline
telephone service costs incurred by the utility company, such credit shall be
applied against the telephone utility’s tax imposed by Chapter 239, HRS. The
amount of the credit shall be determined and certified annually by the public
utility commission.

Line H — Payment with Extension.—Enter the amount of public service
compny tax paid with Form N-755, Application for Automatic Extension of
Time to File Public Service Company Tax Return. Attach a copy of Form N-755
to your tax return.

Line I — Tax Installment Payments.—Enter the total amount of public service
compny tax installments paid up to the date of filing the return. Install-
ment payments of the public service company tax are reported and paid on
Form FP-1.

Part II. — For Public Utilities Taxed Only Under Section 239-5(b), HRS.

In the case of a public utility taxed under section 239-5(b), HRS, (relating to
carriers of passengers by land which consists in passenger fares on sched-
uled routes), the rate of tax shall be 5.35%. However, if such carrier has other
public utility gross income, the passenger fares nevertheless shall be included in
determining the rate of tax upon the other public utility gross income.

Public utilities taxed under section 239-5(b), HRS, shall report such public
utility gross income on Form U-6, page 1, lines 1a(1) through 1a(3), and then
use page 2, Part II, to compute the tax due. All other items and schedules may
be disregarded unless other public utility gross income under section 239-5(a),
HRS, is involved.

Line B — Payment with Extension.—Enter the amount of public service
compny tax paid with Form N-755, Application for Automatic Extension of
Time to File Public Service Company Tax Return. Attach a copy of Form N-755
to your tax return.

Line C — Tax Installment Payments.—Enter the total amount of public service
compny tax installments paid up to the date of filing the return. Install-
ment payments of the public service company tax are reported and paid on
Form FP-1.

Part III. — For Public Utilities Taxed Only Under Section 239-5(c), HRS.

In the case of a public utility taxed under section 239-5(c)(1), HRS, (relating to
sales of products or services to another public utility which resells such prod-
ucts or services), will be taxed at 0.5%. In the case of a public utility taxed un-
der section 239-5(c)(2), HRS, (relating to sales of telecommunication services
to a person defined in section 237-13(6)(D), HRS, who resells such products
or services), will be taxed at 0.5%. However, if such public utility has other
public utility gross income, the gross income from the sale of its products or
services to another public utility or to a person subject to section 237-13(6)
(D), HRS, shall be included in determining the rate of tax upon the other public
utility gross income.

Public utilities taxed under section 239-5(c), HRS, shall report such public
utility gross income on Form U-6, page 1, lines 1b(1) through 1b(3) and/or
lines 1c(1) through 1c(3), and then use page 2, Part III, to compute the tax due.
All other items and schedules may be disregarded unless other public utility
gross income under section 239-5(a), HRS, is involved.

Line D — Payment with Extension.—Enter the amount of public service
compny tax paid with Form N-755, Application for Automatic Extension of
Time to File Hawaii Franchise Tax Return (Form F-1) or Public Service Com-
pny Tax Return (Form U-6). Attach a copy of Form N-755 to your tax return.

Line E — Tax Installment Payments.—Enter the total amount of public service
compny tax installments paid up to the date of filing the return. Install-
ment payments of the public service company tax are reported and paid on
Form FP-1.