STATE OF HAWAII
DEPARTMENT OF TAXATION

General Information and Key From Image Specifications for Form N-35 (Rev. 2015)

Contact Information

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tax.hawaii.gov/vendor/

Note: Reproduced forms must meet the requirements as established in this document and our current Forms Reproduction Policy.

FORM N-35 (Rev. 2015)

General Information and Key From Image Specifications

This document provides software vendors with the requirements for reproducing Form N-35. Form N-35 requires manually keying data from the image or KFI. A 1D barcode must be present on each page of the form.

The form must be an exact replica of the official version of the form with respect to layout, data dots, shading and content.

Substitute KFI forms MUST meet the requirements as established in this document and our current Forms Reproduction Policy, and be approved prior to release or distribution.

GENERAL INFORMATION

1. Substitute Form

- Photocopies of the form must not be submitted to the Department for processing. This will distort the 1D barcode.

2. Paper and Ink

- The paper size is 8.5 inches by 11 inches, the same size as the Department's original form. The paper weight must be at least 20 pound white bond and the page orientation is portrait.
- Black ink should be used in printing the text on the form and the variable data.

3. Variable Data

- All variable data fields must utilize 10 pt Courier font, and all variable text data must be in uppercase letters. Text labels must not touch variable data.

4. Testing and Approval of the KFI Form

- A review of the form will be done based on processing specifications. It is assumed that there are no spelling errors, incorrect or missing words, missing lines, etc.
- 1 test sample is required to be submitted for testing of the barcodes and must be an original. Photocopies, fax submissions, etc. will not be accepted.
- It will require 1 to 2 weeks, upon receipt by the Department, to verify the accuracy of the submitted sample.
- Approval of the facsimile must be obtained from the Department **prior** to filing.
- Form N-35 (Rev. 2015) cannot be filed until 2016.

KEY FROM IMAGE (KFI) SPECIFICATIONS

1. Layout

- The form must be an exact replica of the official Form N-35 with respect to layout, data dots, shading, and content.

2. Hawaii Vendor I.D. Number

- Print your 2-digit Hawaii Vendor I.D. Number preceded with "ID NO" label at bottom middle of the form for each page. Exact placement is not required. For suggested alternate positions, see the attached exhibit.
- See our software vendor website for the Hawaii Vendor I.D. Number Listing. If your company is not listed, please contact the Forms Coordinator.

3. Barcode

- A 1D barcode is specific to the form. The property of the 1D symbology barcode uses 3 of 9 (Code 39).
- Placement of the barcode is as follows:
  Page 1:
  1-1/16 inch from top edge of form and 1/2 inch from left edge of form

  Pages 2 through 4:
  11/16 inch from top edge of form and 1/2 inch from left edge of form
- Height of the barcode is .5 inch.
- Length of the barcode is approximately 2 inches.
- Density of narrow bar width is set to 20 mils with resolution set to 300 dpi.
- Narrow to Wide Ratio is set to 2.
- A ¼ inch minimum clearance (blank space) must surround the barcode with the exception of the text required to be printed underneath the barcode.
- DO NOT stretch the barcode image.
- The required barcode is SBT151 for page 1:

SBT151

The required barcode is SBT152 for page 2:

SBT152

The required barcode is SBT153 for page 3:

SBT153

The required barcode is SBT154 for page 4:

SBT154

The barcode includes the form number code (SB), type of form (T), form year (15), and page number (1), (2), (3), or (4). There are no hyphens.

- Use of the Department of Taxation's JPEG file of the barcode is preferable. The JPEG files can be found at our software vendor website.
- DO NOT use Windows Metafile Format (wmf). This format causes a very low read rate by the Department's IBML scanners.

1-1/16 inches from top edge of the form

FORM
N-35
(REV. 2015)

HAWAII—DEPARTMENT OF TAXATION

THIS SPACE FOR DATE RECEIVED STAMP

S CORPORATION INCOME TAX RETURN

For calendar year 2015

or other tax year beginning ● _____ , 2015

and ending ● _____ , 20 ____

1/2 inch from the left edge of the form

SBT151

☐ **AMENDED Return**

• PRINT OR TYPE	
	● Federal Employer I.D. No.
Dba or C/O	● Business Activity Code (Use code shown on federal Form 1120S)
Address (number and street)	● Hawaii Tax I.D. No.
City or town, State, and Postal/ZIP Code. If foreign address, see Instructions.	Enter the number of Schedules NS attached to this return ●

Is the corporation electing to be an S corporation beginning with this tax year? . . . . . ☐ Yes ☐ No

Check if: **(1)** ☐ Initial Return **(2)** ☐ Final Return **(3)** ☐ S Election Termination or Revocation **(4)** ☐ Name Change **(5)** ☐ Address Change

How many months in 2015 was this corporation in operation?_____ Was this corporation in operation at the end of 2015? . . ☐ Yes ☐ No

CAUTION: Include only trade or business income and expenses on lines 1a through 20. See Instructions for more information.

INCOME	1	a Gross receipts or sales (see Instructions)	1a●	00		
		b Returns and allowances	1b●	00		
		c Line 1a minus line 1b ➤			1c●	00
	2	Cost of goods sold (Schedule A, line 8)			2●	00
	3	Gross profit (line 1c minus line 2)			3●	00
	4	Net gain or (loss) from Schedule D-1, Part II, line 19 (attach Schedule D-1)			4●	00
	5	Other income (see Instructions) (attach schedule)			5●	00
	6	TOTAL income (loss) — Add lines 3 through 5 and enter here ➤			6●	00
DEDUCTIONS	7	Compensation of officers			7	00
	8	Salaries and wages (less employment credit)			8	00
	9	Repairs and maintenance			9	00
	10	Bad debts (see Instructions)			10	00
	11	Rents			11	00
	12	Taxes and licenses (attach schedule)			12	00
	13	Interest			13	00
	14	Depreciation from federal Form 4562 not claimed elsewhere on return (see Instructions)			14	00
	15	Depletion (Do not deduct oil and gas depletion. See Instructions.)			15	00
	16	Advertising			16	00
	17	Pension, profit-sharing, etc. plans			17	00
	18	Employee benefit programs			18	00
	19	Other deductions (attach schedule)			19	00
	20	TOTAL deductions — Add lines 7 through 19 and enter here ➤			20●	00
	21	Ordinary income (loss) from trade or business activities — line 6 minus line 20 (To Sch. K, line 1)			21●	00

• Attach Forms N-4 and Payment Here •

Please Sign Here

DECLARATION: I declare, under the penalties set forth in section 231-36, HRS, that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is true, correct, and complete, made in good faith, for the taxable year stated, pursuant to the Hawaii Income Tax Law, Chapter 235, HRS. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

➤● _____ Signature of officer _____ Date _____ Type or print name and title of officer

★ **May the Hawaii Department of Taxation discuss this return with the preparer shown below?** . . . . . ☐ Yes ☐ No

(See page 3 of the Instructions) ***This designation does not replace Form N-848, Power of Attorney.***

Paid Preparer's Information				
	Preparer's Signature ➤ Print Preparer's Name	Date	Check if self-employed ☐	Preparer's identification no. ●
	Firm's name (or yours if self-employed) ➤ Address and Postal/ZIP Code		Federal E.I. No. ➤	
			Phone no. ➤	

FORM N-35

Placement for Hawaii Vendor ID Number ➤ ID NO 12

11/16 inches from top edge of the form

1/2 inch from the left edge of the form

ame as shown on return | Federal Employer Identification Number

SBT152

Alternate Placement for Hawaii Vendor ID Number

ID NO 12

TAX & PAYMENTS

		xcess net passive income tax (attach schedule(s))	22a●	00		
		x from Schedule D (Form N-35), line 23	22b●	00		
	c	Number of N-4's attached ●_____Taxes withheld on attached N-4's	22c●	00		
	d	LIFO recapture tax	22d●	00		
	e	Add lines 22a, 22b, 22c, and 22d			22e●	00
23	a	2014 overpayment allowed as a credit	23a●	00		
	b	2015 estimated tax payments from N-3s_____ and N-288s_____	23b●	00		
	c	Payments with extension	23c●	00		
	d	Amount due on attached Form N-4's	23d●	00		
	e	Add lines 23a, 23b, 23c, and 23d			23e●	00
24		Underpayment of estimated tax penalty. (see Instructions) Check if Form N-220 is attached ➤ ● ☐			24●	00
25		OVERPAYMENT (If line 23e is larger than the total of lines 22e and 24), enter AMOUNT OVERPAID			25●	00
26		Enter amount of line 25 you want **Credited to 2016 estimated tax ➤ 26a** $●_____00 **Refunded ➤**			26b●	00
27		TAX DUE (If the total of lines 22e and 24 is larger than line 23e) enter the amount due			27●	00
28		**PAYMENT DUE** (Add lines 23d and 27.) (see Instructions)			28	00
AMENDED RETURN 29		Amount paid (overpaid) on original return — **AMENDED RETURN ONLY**			29	00
30		**BALANCE DUE (REFUND) with amended return** (See Instructions)			30	00

Schedule A Cost of Goods Sold (See Instructions for Schedule A)

1	Inventory at beginning of year	1	00
2	Purchases	2	00
3	Cost of labor	3	00
4	Additional IRC section 263A costs (see federal Instructions and attach a schedule)	4	00
5	Other costs (attach schedule)	5	00
6	Total—Add lines 1 through 5 ➤	6	00
7	Inventory at end of year	7	00
8	Cost of goods sold—Line 6 minus line 7. (Enter here and on page 1, line 2) ➤	8	00

9 a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Treasury Regulations section 1.471-3.

(ii) ☐ Lower of cost or market as described in Treasury Regulations section 1.471-4 (see Instructions)

(iii) ☐ Other (specify method used and attach explanation) ➤

b Check if there was a writedown of subnormal goods as described in Treasury Regulations section 1.471-2(c) ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach federal Form 970) ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information

1 Check method of accounting: a ☐ Cash b ☐ Accrual c ☐ Other (specify) ➤_____

2 a Date of incorporation _____ b Date business began in Hawaii _____

c Under laws of _____ d Date of federal election as an S corporation _____

3 Refer to the listing of Business Activity Codes at the end of the federal Instructions for Form 1120S and state your principal:

Business Activity ➤_____; Product or service ➤ _____

4 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see IRC section 267(c).) If "Yes" attach a schedule showing: (a) name, address and employer identification number (b) percentage owned, and (c) if 100% owned, was QSSS election made? ☐ Yes ☐ No

5 Enter the number of shareholders in the corporation at the end of the tax year who are:

residents of Hawaii _____ nonresidents of Hawaii _____.

6 Did the corporation derive income from sources outside Hawaii which is not includable in the Hawaii return? ☐ Yes ☐ No

7 If the corporation: (1) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (2) has net unrealized built-in gain (defined by IRC section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years. $_____.

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Name as shown on return | Federal Employer Identification Number

SBT153

Alternate Placement for Hawaii Vendor ID Number

ID NO 12

K Shareholders' Pro Rata Share Items

			b. Attributable to Hawaii		c. Attributable Elsewhere
Income (Losses)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)		1	
	2	Net income (loss) from rental real estate activities (attach federal Form 8825)		2	
	3 a	Gross income from other rental activities		3a	
	b	Expenses from other rental activities (attach schedule)		3b	
	c	Net income (loss) from other rental activities. Line 3a minus line 3b		3c	
	4	Interest income		4	
	5	Ordinary dividends		5	
	6	Royalty income		6	
	7	Net short-term capital gain (loss) (Schedule D (Form N-35))		7	
	8	Net long-term capital gain (loss) (Schedule D (Form N-35))		8	
	9	Net gain (loss) under IRC section 1231 (attach Schedule D-1)		9	
	10	Other income (loss) (attach schedule)		10	
Deductions	11	Charitable contributions (attach schedule)		11	
	12	IRC section 179 expense deduction (attach federal Form 4562)		12	
	13	Deductions related to portfolio income (loss) (attach schedule)		13	
	14	Other deductions (attach schedule)		14	
Investment Interest	15 a	Interest expense on investment debts paid or accrued in 2015		15a	
	b	(1) Investment income included on lines 4, 5, and 6, above		15b(1)	
		(2) Investment expenses included on line 13, above		15b(2)	
Credits	16 a	Fuel Tax Credit for Commercial Fishers (attach Form N-163)		16a	
	b	Total cost of property qualifying for the Capital Goods Excise Tax Credit (See Instructions)		16b	
	c	Amounts needed to claim the Enterprise Zone Tax Credit (attach Form N-756)	See Instructions	16c	
	d	Hawaii Low-Income Housing Tax Credit (attach Form N-586)		16d	
	e	Credit for Employment of Vocational Rehabilitation Referrals (attach Form N-884)		16e	
	f	Motion Picture, Digital Media, and Film Production Income Tax Credit (attach Form N-340)		16f	
	g	High Technology Business Investment Tax Credit (attach Form N-318)		16g	
	h	Credit for School Repair and Maintenance (attach Form N-330)		16h	
	i	Ethanol Facility Tax Credit (attach Form N-324)		16i	
	j	Renewable Energy Technologies Income Tax Credit (attach Form N-342)		16j	
	k	Important Agricultural Land Qualified Agricultural Cost Tax Credit (attach Form N-344)		16k	
	l	Tax Credit for Research Activities (attach Form N-346)		16l	
	m	Capital Infrastructure Tax Credit (attach Form N-348)		16m●	
	n	Hawaii income tax withheld on Forms N-288 (See Instructions)		16n	
	o	Total Hawaii income tax withheld on Forms N-4		16o	
	p	Net income tax paid by the S corporation to states which do not recognize the corporation's "S" status. Identify state(s)		16p	
Other Items		**(Attach a separate schedule if more space is needed for any item.)**			
	17	Total property distributions (including cash) other than dividend distributions reported on line 22, below. Date of Distribution _____		17	
	18	Tax exempt interest income		18	
	19	Other tax exempt income		19	
	20	Non-deductible expenses		20	
	21	Other items and amounts not included on lines 1 through 20, above, that are required to be reported separately to shareholders (attach schedule)		21	
	22	Total dividend distributions paid from accumulated earnings and profits		22	
	23	Income (loss) — Combine lines 1 through 10. From the result, subtract the sum of lines 11 through 15a		23	
	24	Corporate adjustments to income attributable to Hawaii (attach schedule)		24	
	25	Interest penalty on early withdrawal of savings		25	

11/16 inches from top edge of the form

1/2 inch from the left edge of the form

SBT154

Name as shown on return	Federal Employer Identification Number

L, M-1, and M-2 **Attach a copy of page 4 of federal Form 1120S to this return.** Attach Sch. M-3, if applicable.

N **List of Shareholders** (Attach a separate sheet if more space is needed)

Name and Address	SSN or FEIN	No. of shares owned at all times during the year	State of Residence	Year Sch. NS filed, if any (Indicate if revoked)	Amount of Payment on Form N-4 attached
1					
2					
3					

Schedule O Apportionment of Income (See Attributable to Hawaii in the Instructions.)

1 Ordinary income (loss) from trade or business activities (From page 1, line 21) . . . . . .

2 Apportionment factor (from Schedule P, line 8) . . . . . %

3 Business income apportioned to Hawaii (line 1 multiplied by line 2) (To Schedule K, line 1, col. b) . . . . . .

4 Business income apportioned elsewhere (line 1 minus line 3). (To Schedule K, line 1, col. c) . . . . . .

5 Are the totals of columns b and c, Schedule K, lines 2 through 6, and the amounts shown on Schedule P, column B, the same as those reported in returns or reports to other states under the Uniform Division of Income for Tax Purposes Act? . . . . . ☐ Yes ☐ No

If "No", please explain_____

Schedule P Computation of Apportionment Factors (See Attributable to Hawaii in the Instructions.)

Property — (use original cost)	In Hawaii		Total Everywhere	
	Beginning of taxable year	End of taxable year	Beginning of taxable year	End of taxable year
Land				
Buildings				
Inventories				
Leasehold interests*				
Rented Property*				
Other Property				
Total				

* Enter net annual rent X 8.

		A. In Hawaii	B. Everywhere	
1	Property values (average value of property above)			
2	Property factor (line 1, col. A divided by line 1, col. B)			%
3	Total compensation.			
4	Payroll factor (line 3, col. A divided by line 3, col. B)			%
5	Total sales			
6	Sales factor (line 5, col. A divided by line 5, col. B).			%
7	Total of factors (add lines 2, 4, and 6)			%
8	Average of factors (divide line 7 by 3) (To Schedule O, line 2)			%

Designation of Tax Matters Person (See Instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return, if one has been designated:

Name of designated TMP ➡ Identifying number of TMP ➡

Address of designated TMP ➡

Placement for Hawaii Vendor ID Number → ID NO 12