GENERAL INSTRUCTIONS
(Note: Failing to properly file and/or comply with the terms and conditions for composite filing may result in the disallowance of all or part the tax credits and the revocation of the election to composite file.)

Each individual or corporate taxpayer may claim a renewable energy technologies income tax credit (RETITC) for each renewable energy technology system (system) that is installed and placed in service in a single taxable year as provided for under section 235-12.5, Hawaii Revised Statutes (HRS).

In the case of a partnership, S corporation, estate, trust, or condominium apartment association (entity), the cost upon which the tax credit is computed shall be determined at the entity level. For taxable years that begin on or after January 1, 2011, an entity that has installed and placed in service 10 or more systems in a single taxable year may elect to composite file Forms N-342 and N-342A pertaining to the RETITC. The requirements for composite filing are discussed in these instructions and in Department of Taxation Announcement No. 2012-01.

FORMS REQUIRED TO BE FILED BY THE ENTITY
Every entity that has installed and placed in service 10 or more systems in a single taxable year and elects to composite file shall prepare and attach to its Hawaii income tax return the following forms:

1. Composite Form N-342;
2. Form N-342C;
3. Composite Form(s) N-342A;
4. Form(s) N-342B

Attach the forms listed above along with all other required forms, schedules, and attachments and submit the complete Hawaii income tax return in the manner prescribed in the applicable Hawaii income tax return instructions.

In addition, the entity must provide a composite Form N-342A and Form N-342B to each partner, shareholder, member, and beneficiary (member), to report the member’s distributive share of the entity’s tax credits attributable to the installation and placing in service 10 or more systems in a single taxable year.

FORMS REQUIRED TO BE FILED BY THE TAXPAYER CLAIMING THE RETITC
Every individual or corporate taxpayer who is eligible to claim the RETITC for 10 or more systems/distributive shares of systems in a single taxable year and elects to composite file shall prepare and attach to its Hawaii income tax return the following forms:

1. Composite Form N-342; and
2. Form N-342C;
and attach the following forms provided by the entity:
3. Composite or separate Form(s) N-342A;
4. Form(s) N-342B; and
5. Any other forms/schedules required to claim the credit.

Attach the forms listed above along with all other required forms, schedules, and attachments and submit the complete Hawaii income tax return in the manner prescribed in the applicable Hawaii income tax return instructions.

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.

In addition, the taxpayer must also submit a “soft” or electronic copy of the composite Form(s) N-342 and Form(s) N-342 to the Department of Taxation (Department) in one of the following ways:

1. E-mail to: Tax.Directors.Office@hawaii.gov
2. Mail or hand-deliver to: Department of Taxation
   Attention: Director’s Office
   830 Punchbowl Street
   Honolulu, HI 96813

Forms that are mailed or hand-delivered must be submitted on a digital media storage source such as a CD-R or DVD-R. (Note: Digital media storage sources will not be returned by the Department.)

PURPOSE OF A COMPOSITE FORM N-342
A composite Form N-342 is used to claim the total tax credits attributable to the installation and placing in service 10 or more systems. Use composite Form N-342 to summarize and report the amounts from Form N-342C.

Print the word “COMPOSITE” in capital letters at the top of Form N-342 to designate it as a composite form. Add the amounts reported in the columns for each line in Part I of Form N-342C, and report the total on the applicable line of the composite Form N-342. For example, if the amount in each column on line 1 of Form N-342C is $10,000 and there are 10 systems (i.e., 10 columns), then enter $100,000 ($10,000 x 10) on line 1 of the composite Form N-342.

PURPOSE OF FORM N-342C
Form N-342C is used to calculate the tax credit for each system. Form N-342C is a detailed schedule of the information reported on a composite Form N-342.

PURPOSE OF A COMPOSITE FORM N-342A
A composite Form N-342A is prepared by the entity and used to report a member’s distributive share of the tax credits. Use composite Form N-342A to summarize and report the amounts from Form N-342B.

Print the word “COMPOSITE” in capital letters at the top of Form N-342A to designate it as a composite form. Add the amounts reported in the columns for each line in Part I of Form N-342B, and report the total on the applicable line of the composite Form N-342A. For example, if the amount in each column on line 1 of Form N-342B is $20,000 and there are 10 systems (i.e., 10 columns), then enter $200,000 ($20,000 x 10) on line 1 of the composite Form N-342A.

PURPOSE OF FORM N-342B
Form N-342B is prepared by the entity to report a member’s distributive share of the tax credit per system. Form N-342B is a detailed schedule of the information reported on a composite Form N-342A.

INFORMATION FOR MEMBERS
A composite Form N-342A and Form N-342B received from an entity is used by the member to complete a composite Form N-342 and Form N-342C so that the member may claim its share of the entity’s RETITC. See the “Forms Required to Be Filed by the Taxpayer Claiming the RETITC” section in these instructions for more information.

SPECIFIC INSTRUCTIONS
Each column on Form N-342B represents a separate system. Additional Forms N-342B may be used if there are more than 10 systems to report.

Step 1 — Enter the name, social security number (SSN) or federal identification number (FEIN), and Hawaii tax identification number of the issuing entity in the designated spaces on the form.

Step 2 — Enter the name and FEIN or SSN of the recipient for whom this statement is being prepared in the designated spaces on the form.

Property number — Enter the property number that corresponds to physical property address listed in Part II where each system was installed and placed in service.

Type of system — Enter the type (i.e., solar water, other solar, or wind) of system that was installed and placed in service.

Date installed & placed in service — Enter the date the system was installed and placed in service.

Total Output Capacity (if credit is for an “other solar energy system”) — Enter the Total Output Capacity of the “other solar energy system” that the credit is being claimed for.

Part I, lines 1 through 44 — Fill in the applicable lines. Each line in Part I represents a corresponding line on a composite Form N-342A. Use Form N-342A and its instructions to complete the applicable lines in Part I.

Part II — Enter the physical address, city or town, and postal/ZIP code of the real property where each system was installed and placed in service. In the Property Number column, number each physical property address so that the number corresponds to property number listed for the systems in each column in Part I. If additional space is needed, attach a continuation sheet.