

# Parent's Election to Report Child's Interest and Dividends

# 2019



- See Instructions below and on back.
- Attach to Parent's Form N-11 or Form N-15

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

Name(s) as shown on parent's return	Your social security number
<b>A</b> Child's name (first, initial, and last)	<b>B</b> Child's social security number
<b>C</b> If more than one Form N-814 is attached, check here <input type="checkbox"/>	

## Part I Child's Interest and Dividends To Report on Your Return

<b>1 a</b> Enter your child's <b>taxable</b> interest. If this amount is different from the amounts shown on the child's federal Forms 1099-INT and 1099-OID, see the Instructions .....	<b>1a</b>		
<b>b</b> Enter your child's <b>tax-exempt</b> interest. <b>Do not</b> include this amount on line 1a.....	<b>1b</b>		
<b>2</b> Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the Instructions .....	<b>2</b>		
<b>3</b> Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the Instructions.....	<b>3</b>		
<b>4</b> Add lines 1a, 2, and 3. If the total is \$1,000 or less, skip lines 5 through 9 and go to line 10. If the total is \$5,000 or more, <b>do not</b> file this form. Your child <b>must</b> file his or her own return to report the income .....	<b>4</b>		
<b>5</b> Base amount .....	<b>5</b>	1,000	00
<b>6</b> Line 4 minus line 5.....	<b>6</b>		
<b>If line 3 is zero or blank, skip line 7, enter -0- on line 8, and go to line 9. Otherwise, go to line 7.</b>			
<b>7</b> Divide line 3 by line 4. Enter the result as a decimal (rounded to at least three places).....	<b>7</b>		
<b>8</b> Multiply line 6 by line 7. Enter the result here. See the Instructions for where to report this amount on your return .....	<b>8</b>		
<b>9</b> Line 6 minus line 8. Include this amount in the total on Form N-11, line 10 (if not already included on Form N-11, line 7), or on Form N-15, line 19. In the space next to Form N-15, line 19, write "Form N-814" and show the amount. If you checked the box on line C above, see the Instructions. Go to line 10 below. ....	<b>9</b>		

## Part II Tax on the First \$1,000 of Child's Interest and Dividends

<b>10</b> Amount not taxed.....	<b>10</b>	500	00
<b>11</b> Line 4 minus line 10. If the result is zero or less, enter zero .....	<b>11</b>		
<b>12 Tax.</b> Is the amount on line 11 less than \$500? <b>No.</b> Enter \$10.00 here and see the <b>Note</b> below. <b>Yes.</b> Multiply line 11 by 2% (.02). Enter the result here and see the <b>Note</b> below. } .....	<b>12</b>		

**Note:** If you checked the box on line C above, see the Instructions. Otherwise, include the amount from line 12 in the tax you enter on Form N-11, line 27, or Form N-15, line 44. Be sure to indicate that a tax from Form N-814 is included on Form N-11, line 27, or Form N-15, line 44.

## General Instructions

**Note:** The federal provisions in the: (1) Tax Increase Prevention and Reconciliation Act of 2005, (2) Small Business and Work Opportunity Tax Act of 2007, and (3) Tax Cuts and Jobs Act of 2017 relating to minor children whose unearned income is taxed as if it were their parent's income have not been adopted for Hawaii income tax purposes at the present time.

**Purpose of Form.**—Use this form if you are a parent and elect to report your child's income on

your return. If you do, your child will not have to file a return. You can make this election if your child meets **all** of the following conditions:

- The child was under age 14 at the end of 2019. A child born on January 1, 2006 is considered to be age 14 at the end of 2019.
- The child's only income was from interest and dividends, including capital gain distributions and Alaska Permanent Fund dividends.
- The child's gross income for 2019 was more than \$500 but less than \$5,000.

- The child is required to file a 2019 return.
- There were no estimated tax payments for the child for 2019 (including any overpayment of tax from his or her 2018 return applied to 2019 estimated tax).
- There was no federal income tax withheld from the child's income (backup withholding).  
You must also qualify as explained in these instructions.

**Part I** is used to figure the amount of your child's income to report on your return. **Part II** is used to figure any additional tax that must be added to your tax.

**How To Make the Election.**—To make the election, complete and attach Form(s) N-814 to your tax return and file your return by the due date (including extensions). A separate Form N-814 must be filed for **each** child whose income you choose to report.

**Caution:** *The income tax on your child's income may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain deductions that your child could take on his or her own return. For details, see Deductions You Cannot Take below.*

**Parents Who Qualify To Make the Election.**—You qualify to make this election if you file Form N-11 or N-15 and any of the following apply:

- You are filing a joint return for 2019 with the child's other parent.
- You and the child's other parent were married to each other but file separate returns for 2019 and you had the **higher** taxable income.
- You were unmarried, treated as unmarried for income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. The child must have lived with you for most of the year (you were the custodial parent). If you were the custodial parent and you remarried, you can make the election on a joint return with your new spouse (your child's step-parent). But if you and your new spouse do not file a joint return, you qualify to make the election only if you had **higher** taxable income than your new spouse.

**Note:** *If you and the child's other parent were not married but you lived together during the year with the child, you qualify to make the election only if you are the parent with the **higher** taxable income.*

**Deductions You Cannot Take.**—If you elect to report your child's income on your return, you cannot take certain deductions that your child could take on his or her own return such as:

- Standard deduction of \$500.
- Penalty on early withdrawal of child's savings.
- Itemized deductions such as the child's investment expenses or charitable contributions.

If any of the above applies to your child, first figure the tax on your child's income as if he or she is filing a return. Next, figure the tax as if you are electing to report your child's income on **your** return. Then, compare the two methods to determine which results in the lower tax.

**Investment Interest Expense.** —Your child's income (excluding Alaska Permanent Fund dividends and capital gain distributions) that you

report on your return is considered to be **your** investment income for purposes of figuring your investment interest expense deduction. If your child received Alaska Permanent Fund dividends or capital gain distributions, see federal Publication 550, Investment Income and Expenses, to figure the amount you can treat as your investment income.

**Additional Information.**—For more information, see federal Publication 929, Tax Rules for Children and Dependents.

**How To Obtain Tax Forms.** —Hawaii tax forms, instructions, and schedules may be obtained at any taxation district office or from the Department of Taxation's website at [tax.hawaii.gov](http://tax.hawaii.gov), or you may contact a customer service representative at: 808-587-4242 or 1-800-222-3229 (Toll-Free).

## Line-by-Line Instructions

**Note:** *Section 235-9.5, HRS, provides that all income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes. Also, section 235-7.3, HRS, provides that amounts received by an individual or a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets (1) owned by the individual or qualified high technology business, and (2) developed and arising out of a qualified high technology business are excluded from gross income, adjusted gross income, and taxable income.*

**Parent's Name and Social Security Number.**—If you are filing a joint return, enter both names but enter the social security number of the person whose name is shown first on the return. If you are an alien and were issued an individual taxpayer identification number (ITIN) by the IRS, enter your ITIN. If you applied for an ITIN but the IRS has not yet issued the ITIN, write "Applied For."

**Line 1a.** Enter **all** taxable interest income your child received in 2019. **Do not** include tax-exempt interest in the total for line 1a, but be sure to include it on line 1b.

If your child received, as a **nominee**, interest that actually belongs to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 1a. **Do not** include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond, amortizable bond premium (ABP) allowed as a reduction to interest income, or if any original issue discount (OID) is less than the amount shown on your child's federal Form 1099-OID, enter the nontaxable amount on the dotted

line next to line 1a, and write "Accrued interest," "ABP adjustment," or "OID adjustment," whichever applies. **Do not** include any nontaxable amounts in the total for line 1a.

**Line 1b.** If your child received any tax-exempt interest income, such as interest on certain state and municipal bonds, enter the total tax-exempt interest on line 1b. Tax-exempt interest, including any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company, should be shown in box 8 of federal Form 1099-INT.

**Line 2.** Enter the ordinary dividends your child received in 2019. Ordinary dividends should be shown in box 1a of federal Form 1099-DIV. Also, include ordinary dividends your child received through a partnership, an S corporation, or an estate or trust.

**Note:** *Do not include on line 2 any ordinary dividends that are exempt from Hawaii income taxes pursuant to section 235-9.5, HRS.*

If your child received, as a **nominee**, ordinary dividends that actually belong to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 2. **Do not** include amounts received as a nominee in the total for line 2.

**Line 3.** Enter the capital gain distributions your child received in 2019. Capital gain distributions should be shown in box 2a of federal Form 1099-DIV.

**Note:** *Do not include on line 3 any capital gain distributions that are exempt from Hawaii income taxes pursuant to section 235-9.5, HRS.*

If your child received, as a **nominee**, capital gain distributions that actually belong to another person, enter the amount and "ND" (for nominee distribution) on the dotted line next to line 3. **Do not** include amounts received as a nominee in the total for line 3.

**Line 8.** Include this amount on Form N-11, line 10 (if not already included on Form N-11, line 7), or on line 9 of the Capital Gain/Loss Worksheet in the Instructions for Form N-15.

**Line 9.** If you checked the box on line C, add the amounts from line 9 of **all** Forms N-814 and include the total on Form N-11, line 10 (if not already included on Form N-11, line 7), or on Form N-15, line 19. Be sure to write "Form N-814" and the total of the line 9 amounts in the space next to Form N-15, line 19.

**Line 12.** If you checked the box on line C, add the amounts from line 12 of **all** Forms N-814 and include the total on Form N-11, line 27, or on Form N-15, line 44.

Make sure to indicate that a tax from Form N-814 is included on Form N-11, line 27, or Form N-15, line 44.