

**2021**  
(REV. 2021)

STATE OF HAWAII—DEPARTMENT OF TAXATION  
**INSTRUCTIONS FOR FORM N-30**  
**CORPORATION INCOME TAX RETURN**

(Section references are to the Internal Revenue Code (IRC), unless otherwise indicated)

**ATTENTION:**

Hawaii has not adopted the increased expensing deduction under section 179 (Hawaii limit is \$25,000) or the bonus depreciation provisions.

Hawaii has not adopted the domestic production deduction under section 199.

**Where To Get 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).

**Changes You Should Note**

**Act 89, Session Laws of Hawaii (SLH) 2021** – This act amends Hawaii Income Tax Law under chapter 235, Hawaii Revised Statutes (HRS), to conform to certain provisions of the IRC, as amended as of December 31, 2020.

**Act 78, SLH 2021** – This act requires real estate investment trusts to notify the Department of its presence in the State and to report their assets and revenues annually. Applies to taxable years beginning after December 31, 2021.

**Act 226, SLH 2021** – This act clarifies when and how members or partners may claim the **low-income housing tax credit**, requires taxpayers to file federal Form 8609 to claim the credit, provides additional tax provisions with respect to buildings and projects placed in service after December 31, 2020, and extends the sunset date to December 31, 2027.

**General Instructions**

**FILING REQUIREMENTS**

**Note** — A copy of the federal corporation return is not required to be attached. For lines 1 through 5 and 7 through 10, enter the appropriate amounts from the Corporation's federal return. Writing "See attached federal return" on Form N-30 and attaching a copy of the corporation's federal Form 1120 is not acceptable. If this return is for a real estate investment trust (REIT), check the appropriate box and attach federal Form 1120-REIT to this return.

**WHO MUST FILE**

A Corporation Income Tax Return, Form N-30, shall be filed by every corporation, including regulated investment companies and real estate investment trusts, domestic or foreign, other than one qualifying as an S Corporation, having gross income from property owned, trade or business carried on, or any other source in Hawaii, unless expressly exempted as stated below. In addition, every domestic corporation (except one exempted) shall file this return if it has gross income from property owned, trade or business carried on, or any other source outside Hawaii, unless subjected to income tax thereon in any other jurisdiction. (Subjection to federal tax does not constitute subjection to income tax in another jurisdiction.)

An affiliated group of domestic (Hawaii) corporations may make and file a consolidated return for the taxable year in lieu of separate returns in the manner and to the extent, so far as applicable, set forth in section 1501 through 1505 and 1552, as amended. If the affiliated group includes non-Hawaii corporations and the group operates a unitary business, the taxable income of the group must be determined on a combined basis. See section 18-235-22-01 thru 05, Hawaii Administrative Rules (HAR), and Tax Information Release No. 97-2 for information on the filing of a combined tax return by a unitary business as part of a unitary group. Attach Form N-303 to the first year a consolidated return is filed and Form N-304 to each consolidated return filed.

Any corporation having a valid S Corporation election for federal income tax purposes must use Hawaii Form N-35, S Corporation Tax Return.

**EXEMPTIONS**

Section 235-9, HRS, provides that the following shall not be taxable under the Hawaii Income Tax Law:

- (1) Banks, building and loan associations, financial services loan companies, financial corporations, small business investment companies, trust companies, mortgage loan companies, financial holding companies, subsidiaries of financial holding companies as defined in Chapter 241, HRS, and development companies taxable under the provisions of Chapter 241, HRS.
- (2) Insurance companies, agricultural cooperative associations and fish marketing associations exclusively taxable under the provisions of other laws.

Form N-70NP must be filed reporting "unrelated business taxable income" if federal Form 990T is required under the IRC.

**GROSS INCOME, TAXABLE INCOME, DEFINED**

"Gross income" and "taxable income" are defined to have the same meaning as in the IRC of 1986, as amended, except as otherwise provided in the Hawaii Income Tax Law.

For adjustments of income as reported for federal purposes, see Instructions for Schedule J.

**PERIOD TO BE COVERED BY RETURN**

Returns shall be filed for the calendar year 2021 or fiscal year beginning in 2021 and ending in 2022. This return should not be used for any other tax year. A fiscal year is an accounting period of 12 months ending on the last day of a calendar month other than December. If a taxpayer has no annual accounting period or keeps no books, or has an annual accounting period which does not qualify as a fiscal year, the return must be filed for the calendar year, except as provided in section 443.

**CHANGES IN ACCOUNTING PERIODS**

Hawaii has adopted section 442, effective for taxable years beginning after December 31, 1977. Taxpayers are required to use federal

Form 1128 in order to secure the consent of the Director of Taxation for a change in accounting period.

**ACCOUNTING METHODS**

Hawaii has adopted sections 446 and 447 effective for taxable years beginning after December 31, 1977.

**CHANGES IN METHODS OF ACCOUNTING**

Hawaii has adopted section 481, effective for taxable years beginning after December 31, 1977. In order to secure the consent of the Director of Taxation for a change in the method of accounting, a taxpayer is required to submit a copy of federal Form 3115. If the change qualifies for an automatic change request on federal Form 3115, attach a copy of the Form 3115 filed with the Internal Revenue Service (IRS) to the first Hawaii return affected by the change.

**WHEN AND WHERE TO FILE**

Returns must be filed on or before the 20th day of the fourth month following the close of the taxable year (if the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday).

If you are enclosing a check or money order with your tax return, mail your **return with payment** to:

Hawaii Department of Taxation  
P.O. Box 1530  
Honolulu, HI 96806-1530

If you are **not enclosing a payment** with your tax return, mail your return to:

Hawaii Department of Taxation  
P.O. Box 3559  
Honolulu, Hawaii 96811-3559

**Note:** Under Hawaii Income Tax Law, certain tax credits must be claimed within 12 months from the close of the tax year.

If you are filing your return after the prescribed due date, the refund shown may be limited or disallowed due to the statute of limitations. In general, a claim for refund or credit for overpaid income taxes must be filed within three years after the return is filed for the taxable year, within three years of the due date for filing the return, or within two years from when the tax is paid, whichever is later. For purposes of determining whether a refund or credit is allowed, taxes paid on or before the due date of the return (e.g., estimated tax payments) are considered paid on the due date of the return, without considering an extension of time to file the return.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. Hawaii has adopted the IRC 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 (Department) will conform to the IRS listing of designated private delivery services and type of delivery services qualifying under this provision. Timely filing of

mail which does not bear a U.S. Post Office cancellation mark 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.

**Six month automatic extension of time to file.** Section 18-235-98, Hawaii Administrative Rules, allows an automatic extension of time to file a return without filing an application for extension. This extension does not include an extension of time to pay. File Form N-201V, Business Income Tax Payment Voucher, to make a payment (if applicable). File Form N-201V by the regular due date of the return. Federal Form 7004 is not allowed as a substitute for Hawaii Form N-201V. Form N-201V may be filed and payment made electronically through the State's Internet portal. For more information, go to [tax.hawaii.gov/eservices/](http://tax.hawaii.gov/eservices/).

### PAYMENT OF TAX

The tax may be paid by money order or by check made payable to the Hawaii State Tax Collector in U.S. dollars drawn on any bank in the U.S. Do not send cash. If the corporation cannot pay the full amount that is owed, you can ask to enter a payment agreement **after** you receive a billing notice for the balance due. Please be aware that penalty and interest continue to accrue on the unpaid tax amount even though you have not yet received a billing notice. Payments will be accepted and applied to the corporation's tax liability; however, to ensure that the corporation's payments are applied correctly, your check or money order must have: (1) the corporation's name as shown on the return clearly printed on the check, (2) the corporation's federal employer identification number (FEIN), and (3) the tax year and form number being filed (e.g., 2021 N-30).

If a payment is being made with this return, attach your check or money order where indicated on the front of Form N-30. Form N-201V is no longer required when making a payment with your return.

### ESTIMATED TAX

If the corporation expects to have a tax liability on its tax return for the year, submit Form N-201V with your payment to the Department. Estimated payments are paid in four installments. Form N-201V can be filed and payment made electronically through the State's Internet portal. Go to [tax.hawaii.gov/eservices/](http://tax.hawaii.gov/eservices/) for more information.

A corporation on a calendar year basis must pay the first installment, ¼ of the estimated tax due, on or before April 20, the second installment on or before June 20, the third installment on or before September 20 of the tax year, and the fourth installment on or before January 20 of the year following the close of the calendar year. A corporation on a fiscal year basis must pay the first installment on or before the 20th day of the fourth month of the fiscal year, the second installment on or before the 20th day of the sixth month of the fiscal year, the third installment on or before the 20th day of the ninth month of the fiscal year, and the fourth installment on or before the 20th day of the first month following the close of the fiscal year.

In the case of any underpayment of estimated tax, there shall be added to the tax, an amount determined at the rate of 2/3 of 1% a month or part of a month on the amount of tax underpaid as provided under section 235-97(f), HRS. Willful

failure to make a required declaration of estimated tax is an offense punishable as provided under section 235-105, HRS.

### PENALTY AND INTEREST

**Late Filing of Return** – The penalty for failure to file a return on time is assessed 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 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.

**Failure to File Electronically** – Form N-30 MUST be filed electronically unless you obtain a waiver. (Use Form L-110 to apply for a waiver.) The penalty for failure to file electronically is 2% of the tax due.

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.

### SIGNATURE

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If a corporate officer prepared Form N-30, the Paid Preparer's space should remain blank. If a person preparing Form N-30 does not charge the corporation a preparation fee, that person should not sign the return. Certain others who prepare Form N-30 should not sign. For example, a regular, full-time employee of the corporation such as a clerk, secretary, etc., does not have to sign. (This list is not all-inclusive.)

Generally, anyone who is paid to prepare Form N-30 must sign the return and fill in the other blanks in the "Paid Preparer's Information" area of the return. The preparer may furnish his or her alternative identifying number for income tax return preparers (PTIN) instead of his or her social security number.

If you have questions about whether a preparer is required to sign Form N-30, please contact the Department.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it in the space provided for the preparer's signature.
- Give a copy of Form N-30 to the taxpayer, in addition to the copy to be filed with the Department.

The corporation may authorize the Department to discuss its tax return with its paid preparer by checking the "Yes" box above the paid preparer's signature. Checking "Yes" will allow the Department to contact the paid preparer to answer any questions that may arise during the processing of the corporation's return. This designation does not allow your third party designee to call the Department for information about the processing of your return or for other issues relating to the return. This designation does not replace Form N-848, Power of Attorney.

### AMENDED RETURN

If the corporation's return is filed and then it becomes necessary to make changes to income, deductions, or credits, file an amended return on Form N-30. Use the Form N-30 for the year being amended.

Check the AMENDED Return box at the top of page 1 of Form N-30 to indicate that this is an amended return. Fill in the return with all of the correct information and attach a completed Schedule AMD, Explanation of Changes on Amended Return, to the amended return. Also attach all schedules, forms, and attachments required to file a complete return. See the instructions for lines 22 and 23.

If the return is being amended to take a farming net operating loss (NOL) carryback deduction, also check the NOL Carryback box at the top of page 1 of Form N-30.

For NOLs arising in tax years ending after December 31, 2017, Act 27, SLH 2018, eliminates NOL carrybacks (except for farming NOLs which are permitted a two-year carryback), and allows unused NOLs to be carried forward indefinitely. Also, the NOL deduction is limited to 80% of taxable income for NOLs arising in tax years beginning after December 31, 2017.

You may elect to carry the farming NOL forward instead of first carrying it back to prior years. If you make this election, then you can use your farming NOL only in the carryforward period. To make this election, attach a statement to your original return filed by the due date (including extensions) for the farming NOL year. This statement must state that you are electing to waive the carryback period under section 235-7(d), HRS, and section 172(b)(1)(B)(iv).

If you filed your original return on time but did not file the statement with it, you can make this election on an amended return filed within 6 months of the original due date of the return, but not including any extension. Attach a statement to your amended return, and write "Filed pursuant to 26 C.F.R. 301.9100-2" at the top of the statement. Also include the statement noted above that you are waiving the carryback period. Once you elect to waive the carryback period, it cannot be changed later. If you do not file this statement on time, the carryback period cannot be waived and you must first carry the farming NOL back before carrying it forward.

If you are filing an amended return due to an IRS adjustment, also check the IRS Adjustment box at the top of page 1 of Form N-30. See *Change in Federal Taxable Income, Required Reports*, below.

If you are filing your return after the prescribed due date, the refund shown may be limited or disallowed due to the statute of limitations. In general, a claim for refund or credit for overpaid income taxes must be filed within three years after the return is filed for the taxable year, within three years of the due date for filing the return, or within two years from when the tax is paid, whichever is later. For purposes of determining whether a refund or credit is allowed, taxes paid on or before the due date of the return (e.g. taxes withheld from an employee's pay, or estimated tax payments) are considered paid on the due date of the return, without considering an extension of time to file the return.

Prior years' forms may be obtained from any district tax office or downloaded from the Internet.

See page 1 and this page for telephone numbers for forms requests and for the Department's web-site address.

## CHANGE IN FEDERAL TAXABLE INCOME, REQUIRED REPORTS

In general, a change to your federal return, whether it is made by you or by the IRS, must be reported to the State of Hawaii.

- (a) Section 235-101(b), HRS, requires a report to the Director of Taxation if the amount of federal taxable income is changed, corrected, adjusted, or recomputed as stated in (c).
- (b) This report must be made:
  - (1) Within 90 days after a change, correction, adjustment, or recomputation is finally determined.
  - (2) Within 90 days after an amended federal return is filed.
  - (3) At the time of filing the next income tax return, if earlier than set forth in (1) or (2).
- (c) A report within the time set out in (b) is required if:
  - (1) The amount of taxable income as returned to the United States is changed, corrected or adjusted by an officer of the United States or other competent authority.
  - (2) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.
  - (3) A recomputation of the income tax imposed by the United States under the IRC results from any cause.
  - (4) An amended income tax return is made to the United States.
- (d) The report shall be made in the form of an amendment of the corporation's State tax return filed. The amended tax return shall be accompanied by a copy of the document issued by the United States changing the federal taxable income of the corporation.
- (e) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report shall not expire before the expiration of one year from the date the Department is notified by the taxpayer or the IRS, whichever is earlier, of such a report in writing. Before the expiration of this one year period, the Department and the taxpayer may agree in writing to the extension of this period. The period so agreed upon may be further extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

## PROTECTIVE CLAIM

A protective refund claim is a claim filed to protect a taxpayer's right to a potential refund based on a contingent event for a taxable period for which the statute of limitations is about to expire. A protective claim is usually based on contingencies such as pending litigation or an ongoing federal income tax audit or an audit in another state. For more information see Tax Facts 2021-2.

## UNITARY BUSINESS

Every corporation carrying on a unitary business within and without Hawaii must file "Allocation and Apportionment of Income, Schedules O and P" as attachments to Form N-30. If a group of corporations operate a unitary

business, the taxable income of the group must be determined on a combined basis. See section 18-235-22-01 thru 05, HAR, and Tax Information Release No. 97-2 for information on the filing of a combined tax return by a unitary business as part of a unitary group.

## ROUNDING OFF TO WHOLE DOLLARS

The Department is requiring taxpayers to round off cents to the nearest whole dollar for all dollar entries on the tax return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, schedule, or worksheet, you may choose to use one of two methods. Once a method of rounding is established, you must use the same method throughout the return. The first method is to include the cents when adding and round off only the total. The other method is to round off each entry. For example: You received two 1099-INT forms, one showing interest of \$50.55 and one showing interest of \$185.73. For rounding method 1, show your total interest as \$236 (\$50.55 + \$185.73 = \$236.28 rounded to \$236). For rounding method 2, show your total interest as \$237 (\$50.55 rounded to \$51 + \$185.73 rounded to \$186 = \$51 + \$186 = \$237).

## FINAL RETURN

If this is your final corporate return for Hawaii, the word "FINAL" may be written on the top middle of the first page of the return.

## Specific Instructions (Line by Line)

These instructions are numbered to correspond to the line items of Form N-30 and its schedules. Other line items on the form are self-explanatory.

## Amended Return Checkbox

If you are amending a return previously filed, check the AMENDED Return box to indicate that this is an amended return.

## NOL Carryback Checkbox

If you are amending a return to take a deduction for a farming NOL carryback, check the NOL Carryback box in addition to the AMENDED Return box.

## IRS Adjustment Checkbox

If you are amending a return due to an IRS adjustment, check the IRS Adjustment box in addition to the AMENDED Return box.

## Corporation's Address

If the corporation's mailing address is outside the United States or its possessions or territories, enter the information on the line for "City or town, State and Postal/ZIP Code" in the following order: city, province or state, postal code, and the name of the country. Do not abbreviate the country name.

If your mailing address has changed, you must notify the Department of the change by completing Form ITPS-COA, Change of Address Form, or log in to your Hawaii Tax Online account at [hitax.hawaii.gov](http://hitax.hawaii.gov). Failure to do so may prevent

your address from being updated, any refund due to you from being delivered (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.

## Check Boxes

Check the box that applies. No box should be checked if this return is for a single corporation which is not a part of a unitary or consolidated group and is doing business only in Hawaii.

If this is a return for a combined group of corporations or a single member of a combined group, attach a list of the names, addresses and the Federal Employer Identification Numbers for all entities included in the combined group. Also attach a worksheet to the return showing the information requested on Schedule P, Apportionment Formula, for each member of the combined group. Apportionment formula factors for the return of a combined group of corporations should reflect the totals for all members of the group. Factors for the return of a single member of a combined group should include the group's factor information in the denominator and the member's information in the numerator.

See section 18-235-22-01 thru 05, HAR, and Tax Information Release No. 97-2 for information on the filing of a combined tax return by a unitary business as part of a unitary group.

If this return is for a real estate investment trust (REIT), check the appropriate box and attach federal Form 1120-REIT to this return.

## Taxable Income

### Lines 1 - 5 and 7 - 10

Enter on lines 1 through 5 and 7 through 10, the requested amounts as they appear on the Corporation's federal return.

Do not try to mathematically compute Hawaii taxable income using only the amounts appearing on lines 1 through 10 as this will not result in a correct calculation.

If this is a return of a corporation with business operations in several states including Hawaii and the income reported on this return is determined using separate accounting, attach a schedule of the Corporation's Hawaii income and expenses. Enter on lines 1 through 5 and 7 through 10 applicable amounts from this schedule instead of from the Corporation's federal return.

### Line 6(a)

#### Capital Gain Net Income

Every sale or exchange of a capital asset located in Hawaii or allocable to Hawaii must be reported in detail on Hawaii Schedule D, even if no gain or loss is indicated. Enter the capital gain net income from Hawaii Schedule D, line 16. See the instructions for Schedule J, lines 2(d) and 10 for possible adjustment.

CAUTION — IN 1997, CONGRESS ENACTED LEGISLATION WHICH MADE NUMEROUS CHANGES TO THE FEDERAL INCOME TAX LAW RELATING TO THE CLASSIFICATION AND TAXATION OF CAPITAL GAINS. HAWAII HAS NOT ADOPTED ANY OF THESE CHANGES.



**COMMODITY FUTURES AND STRADDLE POSITIONS**

To report gains and losses from regulated futures contracts and straddles, use federal Form 6781, Gains and Losses From Section 1256 Contracts and Straddles.

**Line 6(b)**

**Net Gain (Loss)**

Enter the net gain or loss from Hawaii Schedule D-1, Sales of Business Property, Part II, line 19. See the instructions for Schedule J, lines 2(d) and 10 for possible adjustment.

**Credits**

**Line 12**

**Total Refundable Credits from Schedule CR**

If you are claiming any refundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total refundable tax credits claimed. Complete Part I of Schedule CR, and enter the amount from Schedule CR, line 8, on line 12. Attach Schedule CR to your Form N-30. See Instructions for Schedule CR for more information.

**Line 13**

**Adjusted Tax Liability**

Line 11 minus line 12. If line 13 is less than zero, place a minus sign, "-", before this amount.

If line 13 is zero or less, the nonrefundable credits may not be used. Even if you are not able to use the nonrefundable credits, complete the forms for any tax credits you qualify for (including Schedule CR), and attach the forms to your Form N-30. If the forms are not attached, no claim for the tax credit has been made, and you will lose the carryover of your unused tax credits.

**Line 14**

**Total Nonrefundable Credits from Schedule CR**

If line 13 is zero or less, no nonrefundable tax credit may be used. Enter zero on line 14. If you are claiming any nonrefundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total nonrefundable tax credits claimed. Complete Part II of Schedule CR, and enter the amount from Schedule CR, line 28, on line 14. Attach Schedule CR to your Form N-30. See Instructions for Schedule CR for more information.

**Line 15**

**Difference**

On this line, enter the difference between line 13 and line 14. If line 13 is zero or less, however, enter on this line the amount from line 13.

**Line 16(b)**

**Estimated Taxes**

Include on this line payments made by the corporation on the disposition of Hawaii real property under the provisions of section 235-68, HRS, on Forms N-288 and N-288A, net of refunds from Form N-288C. Do not include on this line the corporation's share of income taxes withheld, net of refunds, by pass-through entities on the dis-

position of Hawaii real property. These amounts will be reported on Schedule CR. Attach a copy of the corporation's Hawaii Schedule K-1 for the amount claimed, if applicable.

**Line 17**

**Estimated Tax Penalty**

A corporation that does not make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, a corporation is subject to the penalty if the tax liability is \$500 or more, and the corporation did not pay the smaller of (a) 100% of the tax liability for the current taxable year, or (b) 100% of the corporation's prior year's tax liability. Refer to section 6655 for more information.

Form N-220, Underpayment of Estimated Tax by Corporations, is used to see if the corporation owes an underpayment of tax penalty and to figure the amount of the penalty. You must also complete and attach Form N-220 to the corporate tax return (Form N-30) if the corporation does not owe an underpayment of estimated tax penalty and: (1) the annualized income or adjusted seasonal installment method is used to compute the estimated tax, or (2) the corporation is a "large corporation" computing its first required estimated tax installment based on the prior year's tax liability. A "large corporation" is defined as a corporation (other than a S corporation) that had, or its predecessor has, taxable income of \$1 million or more for any of the 3 tax years preceding the current tax year.

Form N-220 includes the standard and optional annualized income installment method periods that may be used to determine the estimated tax of certain corporations, S corporations, and tax exempt organizations subject to the unrelated business income tax. If the taxpayer is electing to use one of the optional annualization periods on federal Form 8842 for State estimated income tax purposes, a copy of this form must be submitted to the District Tax Assessor by the 20th day of the fourth month of the tax year for which the election applies. Refer to the Instructions for Form N-220.

**Line 18**

**TAX DUE**

If the total of lines 15 and 17 are larger than line 16(d), the difference is the balance due.

**Line 19**

**AMOUNT OVERPAID**

If line 16(d) is larger than the sum of lines 15 and 17, and this sum is zero or more, subtract this sum from line 16(d) and show the difference on line 19. This is the amount overpaid.

However, if the sum of lines 15 and 17 is less than zero, complete the following worksheet:

1. Sum of line 15 and 17 (enter as a positive number). ..... \_\_\_\_\_
2. Amount from line 16(d). ..... \_\_\_\_\_
3. Add line 1 and line 2. ......... \_\_\_\_\_

Enter the amount from line 3 of the worksheet on line 19. This is the amount overpaid.

**Line 21**

**AMOUNT PAID With This Return**

Enter the amount of payment. Attach your check or money order where indicated on the front of

Form N-30. Make your check or money order payable to "Hawaii State Tax Collector."

If the corporation cannot pay the full amount that is owed, you can ask to enter a payment agreement **after** you receive a billing notice for the balance due. Please be aware that penalty and interest continue to accrue on the unpaid tax amount even though you have not yet received a billing notice. Payments will be accepted and applied to the corporation's tax liability; however, to ensure that the corporation's payments are applied correctly, your check or money order must have: (1) the corporation's name as shown on the return clearly printed on the check, (2) the corporation's FEIN, and (3) the tax year and form number being filed (e.g., 2021 N-30).

**Amended Returns**

Check the AMENDED Return box at the top of page 1 of Form N-30 to indicate that this is an amended return. If the return is being amended to take a farming NOL carryback deduction, also check the NOL Carryback box. If you are filing an amended return due to an IRS adjustment, also check the IRS Adjustment box. Complete the corporation's amended return using corrected amounts through line 19, then go to line 22. Attach a completed Schedule AMD, Explanation of Changes on Amended Return, to the amended return. Also attach all schedules, forms, and attachments required to file a complete return. See also page 2 of these instructions.

**Note:** For NOLs arising in taxable years ending after December 31, 2017, Act 27, SLH 2018, eliminates NOL carrybacks (except for farming NOLs which are permitted a two-year carryback), and allows unused NOLs to be carried forward indefinitely. Also, the NOL deduction is limited to 80% of taxable income for taxable years beginning after December 31, 2017.

You may elect to carry the farming NOL forward instead of first carrying it back to prior years. If you make this election, then you can use your farming NOL only in the carryforward period. To make this election, attach a statement to your original return filed by the due date (including extensions) for the farming NOL year. This statement must state that you are electing to waive the carryback period under section 235-7(d), HRS, and IRC section 172(b)(1)(B)(iv).

**Line 22**

**Amount paid (overpaid) on original return**

Enter on line 22 the tax due amount on the corporation's original return (from line 18 of the **original** return) or the amount overpaid (from line 19 of the **original** return). Place a minus sign, "-", before the amount of an overpayment.

**Line 23**

**BALANCE DUE (REFUND) with amended return**

If no amount was entered on line 22, enter on line 23 the amount, if any, from line 18 or line 19 of the **amended** return. If there is an amount on line 22, and that amount is:

- a. A payment and there is an amount on line 18 of the **amended** return, subtract the amount on line 22 from the amount on line 18 and enter the difference on line 23. If the difference is a negative amount, show the negative amount on line 23 with a minus sign, "-".

b. A payment and there is an amount on line 19, add these amounts and enter the total on line 23 with a minus sign, "-", before the amount.

c. An overpayment and there is an amount on line 18, subtract the amount on line 22 from the amount on line 18, and enter the result on line 23. This is the amount the corporation owes on its amended return.

d. An overpayment and there is an amount on line 19, consider the amount on line 19 a negative amount and subtract the amount on line 22 from the amount on line 19, and enter the difference on line 23. If the difference is a negative amount, show the negative amount on line 23 with a minus sign, "-". If there is an overpayment on the amended return, do NOT enter this amount on line 20(b).

If the corporation has an amount due on its amended return, make check or money order payable to "Hawaii State Tax Collector" and attach the check or money order to the front of Form N-30.

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## Schedule C Income from Dividends

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### Column 1

Enter name of corporations paying dividends. Attach a schedule if more room is needed.

### Column 2

Enter dividends received from national banking associations in column 2 and in column 5. Also enter dividends received from qualified high technology businesses on shares of stock obtained through stock options or warrants in these columns.

### Column 3

Enter qualifying dividends as defined in section 243(b) received by members of an affiliated group including foreign affiliates in column 3 and in column 5. Dividends received from foreign corporations should be reported net of the section 78 "gross-up."

### Column 4

Enter the amount of dividends received by a small business investment company operating under the Small Business Investment Act of 1958 in column 4 and in column 5.

### Column 5

Enter dividends received from all other corporations. Dividends received from foreign corporations should be reported net of the section 78 "gross-up." If your mutual fund has provided you with a statement that some of the dividends received from the mutual fund qualify for the dividends received deduction, the amount of qualifying dividends may be included in column 5. Other taxable dividends received from the mutual fund (other than capital gains dividends) should be reported on line 10.

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## Schedule J Adjustments to Income and Tax Computation

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## ADJUSTMENTS TO INCOME AS REPORTED FOR FEDERAL PURPOSES

The following instructions set forth, in general, the adjustments to be made to the taxable income before net operating loss deduction and special deductions as shown on U.S. Corporation Income Tax Return, Form 1120. They do not purport to set forth each and every adjustment to be made. Specific questions should be submitted in writing for rulings.

**Note:** The amount of the Capital Goods Excise Tax Credit allowed and claimed is to be treated as a taxable income item for the taxable year in which it is properly recognized under the method of accounting used to compute taxable income. Alternatively, the basis of eligible property for depreciation or ACRS purposes for State income taxes shall be reduced by the amount of the credit allowable and claimed.

The instructions numbered 1 through 24 correspond with the line numbers on Schedule J, page 2 of the return:

**Line 1.** For unitary business taxpayers computing taxable income by an allocation and apportionment of income, also enter this amount on Form N-30, Schedule O, line 1. Skip lines 2 through 11 of Form N-30, Schedule J, however, adjustments related to the Credit for the Employment of Vocational Rehabilitation Referrals, line 2(c), or the election to amortize natural disaster losses under section 235-7(f), HRS, (line 8) should be entered on Form N-30, Schedule O, State Adjustments section or the Income Wholly Attributable to Hawaii Subject to Tax section (Schedule O, page 2), as applicable.

**Line 2(a).** Enter taxable dividends from Schedule C, line 11.

**Line 2(b).** List deductions taken for federal tax purposes but not allowable, or allowable only in part, for Hawaii tax purposes. For example, deductions connected with income not taxable for Hawaii purposes, or the deduction for U.S. production activities.

**Contributions** — The total amount of contributions claimed may not be more than 10% of taxable income as shown on Schedule J, line 12 (for taxpayers apportioning income, see Instructions for Schedules O and P (Form N-30)) computed without regard to the following:

1. any deduction for contributions;
2. deductions allowed under section 249; and
3. any NOL carryback to the tax year under section 172, with modifications as provided under section 235-7(d), HRS.

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 years.

A contribution carryover is not allowed to the extent that it increases a NOL carryover. See section 170(d)(2)(B).

If a contribution carryover is included, show the amount and how it was determined.

**Line 2(c).** Enter the amount of the Credit for the Employment of Vocational Rehabilitation Referrals claimed, attributable to qualifying wages for the current year, from Schedule CR, line 19.

**Line 2(d).** Other adjustments. List all other additions here. Included here would be income from non-Hawaii state or municipal bonds. Any interest received from other states and their political subdivisions ("municipal" bond interest) is subject to tax. If the amount of Hawaii net capital gains from Hawaii Schedule D is larger than the capital gain net income shown on the corporation's federal return, include the difference in the amount shown on this line. If the net gain from Hawaii Schedule D-1 is larger (or the loss is smaller) than the amount shown on Part II, line 17 of the taxpayer's federal Form 4797, include the difference on this line.

If the Hawaii Tax Credit for Research Activities is larger than the federal Research Credit, include the difference on this line.

As noted on page 1 of these instructions, Hawaii has not adopted the federal "bonus" depreciation deduction. If a depreciation deduction is claimed for Hawaii tax purposes, the corporation must: (a) complete a federal Form 4562 for Hawaii tax purposes using the federal depreciation guidelines in effect before the adoption of the "bonus" depreciation provisions, (b) attach the completed federal Form 4562 to the Hawaii tax return, (c) make the necessary adjustments to the Hawaii tax return for the depreciation difference between federal and Hawaii, and (d) attach to the Hawaii tax return any worksheet showing the computation of the adjustments. The corporation must also keep records of the differences in the asset's depreciable basis for federal and Hawaii tax purposes.

**Line 5.** Enter here the entire amount of dividends received as reported on the corporation's federal return and included on page 1, line 8 of the Hawaii return.

**Line 6.** Enter any interest received on obligations of the United States included in the federal return. Interest received from obligations of the U.S. is exempt.

**Line 7.** If line 1 includes income of a foreign corporation from sources outside Hawaii, the excess of income over deductions attributed to this income must be entered on line 7. If line 1 includes income of a domestic corporation from sources outside Hawaii which has been subjected to income tax in any other jurisdiction, the excess of this income over related deductions must be entered on line 7. Losses from sources outside of Hawaii must be added back.

For unitary business taxpayers allocating and apportioning income to Hawaii using Form N-30, Schedules O and P, do not deduct net income from sources outside Hawaii on this line.

**Line 8.** At the election of the taxpayer, losses of property as the result of tidal wave, hurricane, earthquake, or volcanic eruption, or as the result of flood waters overflowing the banks or walls of a river or stream, or from other natural disasters, to the extent of the amount deductible under section 235-7(f), HRS, not compensated for by insurance or otherwise, may be prorated in equal installments over a period of five years, the first such year being the calendar or fiscal year of the taxpayer in which such loss occurred. Enter such amortization here if the election is made for Hawaii purposes.

**Line 9. NOL deduction.** Enter here the NOL sustained in the preceding year determined in accordance with section 235-7(d), HRS. For NOLs generated in tax years beginning before January

1, 2018, do not enter more than the amount of taxable income after the special deductions and adjustments (lines 5-8 plus line 10). For NOLs generated in tax years beginning after December 31, 2017, do not enter more than 80% of the amount of taxable income after the special deductions and adjustments (lines 5-8 plus line 10). Taxable income after application of the NOL cannot be less than zero. Attach a schedule showing the calculation of the NOL deduction as well as the amount of expected carryforwards, if any.

Effective with tax returns filed for taxable years beginning after December 31, 1981, a NOL carryback or carryover shall be allowed provided such loss is allowed under section 172. Hawaii, however, has not adopted section 172(b)(1)(H) regarding the election for the carryback for 2008 or 2009 net operating losses of small businesses.

**Line 10.** Other deductions or adjustments. For example, Subpart F income (sections 951-964) which is not adopted by Hawaii. Contributions to a qualified group legal services plan are deductible.

If the amount of Hawaii net capital gains from Hawaii Schedule D is less than the capital gain net income shown on the corporation's federal return, include the difference in the amount shown on this line. If the net gain from Hawaii Schedule D-1 is less (or the loss is larger) than the amount shown on Part II, line 17 of the taxpayer's federal Form 4797, include the difference on this line.

If the corporation claimed employment credits on its federal return for which wage expense was reduced pursuant to section 280C, include on line 10 the amount of the required reduction of wages.

If the Hawaii Tax Credit for Research Activities is smaller than the federal Research Credit, include the difference on this line.

For Hawaii income tax purposes, taxable income does not include amounts received by a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets owned by the qualified high technology business which were developed and arose out of a qualified high technology business. Expenses related to this income are deductible. "Qualified high technology business" means a business conducting more than 50% of its activities in qualified research. "Qualified research" means (1) the same as in section 41(d) of the Internal Revenue Code; (2) the development and design of computer software for ultimate commercial sale, lease, license or to be otherwise marketed, for economic consideration. With respect to the software's development and design, the business shall have substantial control and retain substantial rights to the resulting intellectual property; (3) biotechnology; (4) performing arts products; (5) sensor and optic technologies; (6) ocean sciences; (7) astronomy; or (8) nonfossil fuel energy-related technology. 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 qualified for the high technology business investment tax credit is excluded from income. If the corporation is a qualified high technology business and has included royalties and other income derived from patents, copyrights,

and trade secrets the corporation owns in the income reported on line 1, these amounts should be included in the deductions shown on line 10. If the amount reported on line 10 includes these royalties and other income from patents, copyrights, and trade secrets, these amounts should be identified by attaching a separate schedule or listing.

**Line 12. Hawaii taxable income (loss).** Enter the result of line 4 minus line 11.

**Note:** If the corporation has a farming NOL for the tax year, to elect to forego the carryback period, attach a statement to that effect to the Form N-30.

**Line 13.** For unitary business taxpayers using Form N-30, Schedules O and P, enter the amount of net capital gains from Schedule O, lines 26 and 31(b), if any.

**Line 15. Tax computations.** If the corporation has no net capital gains and if Schedule J, line 12 is not over \$25,000, the tax is 4.4% of line 12; if line 12 is over \$25,000 but not over \$100,000 the tax is 5.4% of line 12 less \$250; if line 12 is over \$100,000 the tax is 6.4% of line 12 less \$1,250.

If the corporation has a net capital gain (N-30, Schedule D, line 18), then the lesser of the following is used to compute the tax: (1) The net capital gains, line 15(a), are taxed at 4.0%, or if the taxable income exceeds the net capital gains, line 14, the excess is taxed at 4.4% if not over \$25,000, 5.4% if over \$25,000 but not over \$100,000 less \$250, and 6.4% on all over \$100,000 less \$1,250; or (2) Compute the tax on all taxable income, line 12, using the rates listed on line 15(b).

**Line 16. Total tax.** For combined unitary group filers, skip Schedule J, line 15 because the tax computation on line 15 does not work for combined returns. Since the tax liability of each member of the unitary group is computed separately and then combined, enter on line 16 the combined tax liability and attach a schedule showing each member's tax computation.

**Line 17. Recapture of Capital Goods Excise Tax Credit.** If property for which a credit has been taken ceases to be eligible property or is disposed of, recapture of all, or part, of the credit received may be necessary. See the Instructions for Form N-312, Part II for more information. Enter the amount of any recapture on line 17.

**Line 18. Recapture of Low-Income Housing Tax Credit.** Recapture may be necessary if you dispose of a building or an ownership interest in it; there is a decrease in the qualified basis of the building from one year to the next; the building no longer meets the minimum set-aside requirements of section 42(g)(1), the gross rent requirements of section 42(g)(2), or the other requirements for the units comprising the set-aside. See the Instructions for Form N-586 for more information. Enter the amount of any recapture on line 18.

**Line 19. Recapture of the Tax Credit for Flood Victims.** Enter on this line the recapture amount from Form N-338.

**Line 20. Recapture of the Important Agricultural Land Qualified Agricultural Cost Tax Credit.** Enter on this line the recapture amount from Form N-344.

**Line 21. Recapture of Capital Infrastructure Tax Credit.** Enter on this line any recapture of the Capital Infrastructure Tax Credit from Form N-348, Part II.

**Line 23. Interest due under the look-back method - completed long-term contracts.** If the corporation used the look-back method under section 460(b)(2) for certain long-term contracts, use federal Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, and the form's Instructions to figure the interest the corporation may have to pay. For Hawaii purposes, use the Hawaii corporate income tax rates in effect for the prior years and use the interest rate of 2/3 of 1% per month, or part of a month, beginning 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. Write "Hawaii" at the top of federal Form 8697 and attach federal Form 8697 to your Form N-30. The signature section of federal Form 8697 does not have to be completed.

**Note: If Interest Is To Be Refunded to You** — For Hawaii purposes, use the interest rate of 1/3 of 1% per month, or part of a month, beginning the ninety-first calendar day after the due date of the original return or the date the overpayment is discovered, whichever occurred later and whether or not the ninety-first calendar day falls on a Saturday, Sunday, or legal holiday. Do not attach federal Form 8697 to your Form N-30. Instead, file federal Form 8697 separately with the Department. Write "Hawaii" at the top of federal Form 8697 and complete the signature section of federal Form 8697 following the instructions for the signature section of Form N-30. File federal Form 8697 by the date you are required to file your Form N-30 (including extensions).

**Line 24.** Include the corporation's **Deferred LIFO Recapture Tax** on line 24. The corporation may have to include a LIFO recapture amount in income if it:

- Used the LIFO inventory method for its last tax year before the first tax year for which it elected to become an S corporation or
- Transferred LIFO inventory assets to an S corporation in a nonrecognition transaction in which those assets were transferred basis property.

The LIFO recapture amount is the amount by which the C corporation's inventory under the FIFO method exceeds the inventory method under the LIFO method at the close of the corporation's last tax year as a C corporation (or for the year of the transfer, if 2 above applies). This amount is included in other income reported on line 7 of the corporation's income tax return. For more information, see Regulations section 1.1363-2 and Rev. Proc. 94061, 1994-2 C.B. 775.

The deferred LIFO recapture tax is the part of the tax on the LIFO recapture adjustment that will be deferred and paid with Form N-35 in the future. To figure the deferred tax, first figure the total LIFO recapture tax. Follow the steps below to figure the total LIFO recapture tax and the deferred amount.

**Step 1.** Figure the tax on the corporation's income including the LIFO recapture amount. (Complete Schedule J through line 16, but do not enter a total on line 24 yet.)

**Step 2.** Using a separate worksheet, complete Schedule J again, but **do not** include the LIFO

recapture amount in the corporation's taxable income.

**Step 3.** Compare the tax in Step 2 to the tax in Step 1. The difference between the two is the LIFO recapture tax.

**Step 4.** Multiply the amount figured in Step 3 by 75%. The result is the deferred LIFO recapture tax.

Attach a schedule to the return showing this computation. The amount computed in Step 4 will be subtracted from the sum of lines 16, 22, and 23.

Enter the difference on line 24 and write "Section 1363 deferred tax - \$XXX" on the dotted line next to line 24.



# STATE OF HAWAII — DEPARTMENT OF TAXATION

## RELATED FEDERAL/HAWAII CORPORATION TAX FORMS

<u>Federal Form Number</u>	<u>Title or Description of Federal Form</u>	<u>Use Hawaii Form</u>	<u>Copy of Fed. Form May Be Used</u>
851	Affiliations Schedule	N-304	No
966	Corporate Dissolution or Liquidation	None	Yes*
970	Application to Use LIFO Inventory Method	None	Yes*
990	Return of Organization Exempt from Income Tax	None	No
990T	Exempt Organization Business Income Tax Return	N-70NP	No
1120	U.S. Corporation Income Tax Return	N-30	No
Schedule D	Capital Gains and Losses	Sch. D (N-30)	No
1120-F	U.S. Income Tax Return of a Foreign Corporation	N-30	No
1120-H	U.S. Income Tax Return for Homeowners Associations	N-30	No
1120-IC-DISC	Interest Charge Domestic International Sales Corporation Return	N-30	No
1120-POL	U.S. Income Tax Return for Certain Political Organizations	N-30	No
1120-REIT	U.S. Income Tax Return for Real Estate Investment Trusts	N-30	No
1120-RIC	U.S. Income Tax Return for Regulated Investment Companies	N-30	No
1120-S	U.S. Income Tax Return for an S Corporation	N-35	No
1120-SF	U.S. Income Tax Return For Settlement Funds (Under Section 468B)	N-30	No
1120-W	Estimated Tax for Corporations	N-3	No
1120-X	Amended U.S. Corporation Income Tax Return	N-30	No
1122	Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return	N-303	No
1128	Application to Adopt, Change, or Retain a Tax Year	None	Yes*
1139	Corporation Application for Tentative Refund	N-309	No
2220	Underpayment of Estimated Tax by Corporations	N-220	No
3115	Application for Change in Accounting Method	None	Yes*
4466	Corporation Application for Quick Refund of Overpayment of Estimated Tax	None	No
4562	Depreciation and Amortization	None	Yes*
4684	Casualties and Thefts	None	Yes*
4797	Sales of Business Property	Sch. D-1 (N-30)	No
6198	At-Risk Limitations	None	Yes*
6252	Installment Sale Income	None	Yes*
6781	Gains and Losses From Section 1256 Contracts and Straddles	None	Yes*
8023	Elections Under Section 338 for Corporations Making Qualified Stock Purchases	None	Yes*
8283	Noncash Charitable Contributions	None	Yes*
8586	Low-Income Housing Credit	N-586	No
8697	Interest Computation Under the Look-Back Method for Completed Long-Term Contracts	None	Yes*
8810	Corporate Passive Activity Loss and Credit Limitations	None	Yes*
8824	Like-Kind Exchanges	None	Yes*
8842	Election To Use Different Annualization Periods for Corporation Estimated Tax	None	Yes*
8949	Sales and Other Dispositions of Capital Assets	None	Yes*
T(Timber)	Forest Activities Schedule	None	Yes*

\*If there is no Hawaii equivalent form, the federal form must be used.