Clear Form

STATE OF HAWAII—DEPARTMENT OF TAXATION

2022

(REV. 2022)

INSTRUCTIONS FOR FORM N-70NP

EXEMPT ORGANIZATION BUSINESS 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**, or you may contact a customer service representative at 808-587-4242 or 1-800-222-3229 (Toll-Free).

Changes You Should Note

Act 7, Session Laws of Hawaii (SLH) 2022 – 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, 2021.

Act 139, SLH 2022 – This act extends the sunset date of the **important agricultural land qualified agricultural cost tax credit** to December 31, 2030.

Act 216, SLH 2022 – This act establishes a new **renewable fuels production tax credit** for taxable years beginning after December 31, 2021. (1) The credit is available for 10 consecutive years beginning with the first taxable year the taxpayer claiming the credit begins producing at least 2,500,000,000 British thermal units (BTU) of renewable fuel per year; (2) the dollar amount of the credit is 20 cents per 76,000 BTU of renewable fuels; (3) the Hawaii State Energy Office must certify all claims for the credit, which cannot exceed $3,500,000 in any given year; and (4) allows the taxpayer to elect to have the credit be refunded to them.

Act 217, SLH 2022 – This act amends the **motion picture, digital media, and film production income tax credit** for taxable years beginning after December 31, 2022 by (1) changing the repeal date from January 1, 2026 to January 1, 2033; (2) increasing the credit amount from 20% of qualified production costs to 22% in a county with a population of over 700,000, and from 25% of qualified production costs to 27% in a county with a population of 700,000 or less; (3) increasing the credit ceiling from $15,000,000 per qualified production to $17,000,000 per qualified production; (4) reducing the amount of qualified productions costs from $200,000 to $100,000; (5) removing the requirement for productions to submit a verification review by a qualified certified public accountant; (6) requiring the report by the Department of Business Economic Development and Tourism (DBEDT) to include the dollar amount claimed, name of the company, and name of the qualified production of the taxpayer; (7) changing the time frame for DBEDT to issue a letter to the taxpayer claiming the tax credit; and (8) requiring taxpayers to submit a fee to DBEDT.

General Instructions

Filing Requirements

Required Attachment.—A copy of the organization's federal Form 990-T as filed with the Internal Revenue Service MUST be attached to the Form N-70NP filed with Hawaii.

Caution: *The mere attachment of a copy of the federal Exempt Organization Business Income Tax Return, Form 990-T, will not be acceptable as a substitute for fully completing the Hawaii Exempt Organization Business Income Tax Return, Form N-70NP.*

Who Must File

Any organization exempt under section 501(a) must file Form N-70NP if it has Hawaii gross income from an unrelated trade or business of $1,000 or more. Gross income is gross receipts minus the cost of goods sold. An organization must file this return if it must file federal Form 990-T to report unrelated trade or business income.

Fiduciaries for IRAs and MSAs described in sections 408(a) and 220(d) that have $1,000 or more of Hawaii unrelated trade or business gross income must file Form N-70NP.

Section 235-2.4(ff), HRS, adopted sections 512 to 514 (with respect to taxation of business income of certain exempt organizations). Further, for a person described in section 401 or 501, as modified by section 235-2.3, HRS, the tax imposed by section 235-51 or 235-71, HRS, shall be imposed upon the person's unrelated business taxable income.

However, a section 501(c)(1) corporation that is an instrumentality of the United States and both organized and exempted from tax by an Act of Congress, does not have to file. (See also section 235-7(a)(1), HRS.)

If the organization is a shareholder in a Regulated Investment Company, and is filing Form N-70NP only to obtain a refund of income tax paid on undistributed long-term capital gains, complete the heading and signature areas, and enter the amount of credit on line 17 and attach Schedule CR. Also, indicate at the top of the return, "Claim for Refund."

What Is an Unrelated Trade or Business

An unrelated trade or business is any trade or business that is regularly carried on, and that is not substantially related to the organization's exempt purpose or function (aside from the need of the organization for income or funds or the use it makes of the profits); or generally, for section 501(c)(7), (9), or (17) organizations, income derived from non-members with certain modifications (see section 512(a)(3)(A)); or for a section 511(a)(2)(B) state college or university, income derived from activities not substantially related to exercising or performing any purpose or function described in section 501(c)(3).

An unrelated trade or business is not a trade or business:

(1) In which substantially all the work is performed for the organization without compensation; or

(2) That is carried on by a section 501(c)(3) or 511(a)(2)(B) organization mainly for the convenience of its members, students, patients, officers, or employees; or

(3) That sells items of work-related equipment and clothes, and items normally sold through vending machines, food dispensing facilities or by snack bars, by a local association of employees described in section 501(c)(4), organized before May 27, 1969, if the sales are for the convenience of its members at their usual place of employment; or

(4) That sells merchandise substantially all of which was received by the organization as gifts or contributions; or

(5) That consists of qualified public entertainment activities regularly carried on by a section 501(c)(3), (4), or (5) organization as one of its substantial exempt purposes (see section 513(d)(2) for the meaning of qualified public entertainment activities); or

(6) That consists of qualified convention or trade show activities regularly conducted by a section 501(c)(3), (4), (5), or (6) organization as one of its substantial exempt purposes (see section 513(d)(3) for the meaning of qualified convention and trade show activities); or

(7) That furnishes one or more services described in section 501(e)(1)(A) by a hospital to one or more hospitals subject to conditions in section 513(e); or

(8) That consists of qualified pole rentals (as defined in section 501(c)(12)(D)), by a mutual or cooperative telephone or electric company; or

(9) That includes activities relating to the distribution of low-cost articles, each costing $11.70 or less by an organization described in section 501 and contributions to which are deductible under section 170(c)(2) or (3) if the distribution is incidental to the solicitation of charitable contributions; or

(10) That includes the exchange or rental of donor or membership lists between organizations described in section 501 and contributions to which are deductible under section 170(c)(2) or (3); or

(11) That consists of bingo games as defined in section 513(f). Generally, a bingo game is not included in any unrelated trade or business if:

   (a) Wagers are placed, winners determined, and prizes distributed in the presence of all persons wagering in that game;

   (b) The games do not compete with bingo games conducted by for-profit businesses in the same jurisdiction; and

   (c) The games do not violate State or local law; or

(12) That consists of soliciting and receiving qualified sponsorship payments that are solicited or received after December 31, 1997. Generally, qualified sponsorship payment means any payment to a tax-exempt organization by a person engaged in a trade or business in

which there is no arrangement or expectation of any substantial return benefit by that person — other than the use or acknowledgment of that person's name, logo, or product lines in connection with the activities of the tax-exempt organization. See section 513(i) for more information.

A trade or business is any activity carried on for the production of income from selling goods or performing services. An activity does not lose its identity as a trade or business merely because it is carried on within a larger group of similar activities which may or may not be related to the exempt purpose of the organization. If, however, an activity carried on for profit is an unrelated trade or business, no part of it can be excluded from this classification merely because it does not result in profit.

Not substantially related to means that the activity that produces the income does not contribute importantly to accomplishing the exempt purposes of the organization, other than the need for funds, etc. Whether an activity contributes importantly depends in each case on the facts involved.

When to File

Generally, you must file Form N-70NP by the 20th day of the fourth month after the end of the organization's tax year.

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

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 Internal Revenue Service (IRS) listing of designated private delivery service and type of delivery services qualifying under this provision. Timely filing of mail which does not bear the U.S. Post Office cancellation mark or the date recorded or marked by the designated delivery service will be determined by reference to other competent evidence. The private delivery service can tell you how to get written proof of the mailing date.

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.

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 electronically filed (e-filed) at **hitax.hawaii.gov**.

Where to File

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 return, mail your return to:

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

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 U.S. bank. Do not send cash. If the organization 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 organization's tax liability; however, to ensure that the organization's payments are applied correctly, your check or money order must have: (1) the organization's name as shown on the return clearly printed on the check, (2) the organization's federal employer identification number (FEIN), and (3) the tax year and form number being filed (e.g., 2022 N-70NP). If a payment is being made with this return, attach your check or money order where indicated on the front of Form N-70NP. Form N-201V is no longer required when making a payment with your return.

Estimated Tax

If the organization expects to have a tax liability on its tax return for the year, submit your payment with Form N-201V, Business Income Tax Payment Voucher. Estimated payments are paid in four installments. Form N-201V can be filed electronically at **hitax.hawaii.gov**.

Trusts required to file Form N-70NP should use the Estimated Tax Computation For Trusts Worksheet on page 6 of these instructions to determine the amount of the organization's estimated tax due.

An organization 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. An organization 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.

Penalties 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 after filing timely returns. — 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.

These penalties are in addition to any interest charged on underpayment or nonpayment of tax.

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

Interest will be computed on the sum of tax due and penalties imposed.

Underpayment of estimated taxes.—The Department imposes the penalty for the underpayment of estimated tax as provided in section 235-97(f), HRS. If applicable, this penalty shall be added to the tax for the taxable year in an amount determined at the rate of 2/3 of 1% per month, or part of a month, upon the amount of the underpayment for the period of the underpayment. Generally, if at least: (1) 60% of the tax shown on the 2022 tax return; or (2) 100% of the tax shown on the 2021 return is not prepaid, a penalty for not paying enough estimated tax may be charged. For more information regarding the underpayment penalty and special rules for farmers and fishermen, see Form N-210.

Consolidated Returns

The consolidated return provisions of section 1501 do not apply to exempt organizations, except for organizations having title holding companies. If a title holding corporation described in section 501(c)(2) pays any amount of its net income for a tax year to an organization exempt from tax under section 501(a) (or would except that the expenses of collecting its income exceeded that income), and the corporation and organization file a consolidated return as described below, then treat the title holding corporation as being organized and operated for the same purposes as the other exempt organization (in addition to the purposes described in section 501(c)(2)).

Two organizations exempt from tax under section 501(a), one a title holding company, and the other earning income from the first, will be includible corporations for section 1504(a). If the organizations meet the definition of an affiliated group, and the other relevant provisions of Chapter 6 of the IRC, and these organizations are all Hawaii corporations, then these organizations may file a consolidated return. The parent organization must attach Form N-304, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, the title holding company must attach Form N-303, Authorization and Consent of a Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

See federal Regulations section 1.1502-100 for more information on consolidated returns.

Accounting Methods

You must figure taxable income using the method of accounting regularly used in keeping the organization's books and records. The method used must clearly reflect income. See section 446.

Unless the law specifically permits, you may not change the method of accounting used to report income in earlier years (in whole or in part) without first getting consent on federal Form 3115, Application for Change in Accounting Method. If a change in accounting method is made, attach an approved copy of federal Form 3115 to the first return affected by such a change. If the change qualifies for an automatic change request on federal Form 3115, attach a copy of the Form 3115 filed with the IRS to the first Hawaii return affected by the change.

Rounding Off to Whole-Dollar Amounts

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).

At-Risk Provisions

For the rules limiting a loss to the amount at-risk for certain trade or business and production of income activities, see section 465.

Amended Return

If the organization's return is filed and then it becomes necessary to make changes to income, deductions, or credits, file an amended return on Form N-70NP, using the form for the year you are amending. Check the AMENDED Return box at the top of page 1 of Form N-70NP to indicate that this is an amended return. Complete the amended return using corrected amounts through line 24, then go to line 27. 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, including, but not limited to Schedule CR, even if such claim was made on the original return.

For returns amending an original return on which a payment was made or a refund was claimed, see the instructions for lines 27 and 28.

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-70NP.

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 IRC 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-70NP. See *Change in Federal Taxable Income*, below.

Change in Federal Taxable Income

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.

(1) Section 235-101(b), HRS, requires a report (an amended return) to the Director of Taxation if the amount of IRC taxable Income is changed, corrected, adjusted, or recomputed as stated in (3).

(2) This report must be made:

   (a) Within 90 days after a change, correction, adjustment, or recomputation is finally determined.

   (b) Within 90 days after an amended federal return is filed.

   (c) At the time of filing the next income tax return, if earlier than set forth in (a) or (b).

(3) A report within the time set out in (2) is required if:

   (a) 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.

   (b) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.

   (c) A recomputation of the income tax imposed by the United States under the IRC results from any cause.

   (d) An amended income tax return is made to the United States.

(4) The report referred to above shall be in the form of an amended Hawaii income tax return.

(5) 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 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.

Specific Instructions

Period to be covered by 2022 Return.—File your 2022 return for calendar year 2022 and fiscal years beginning in 2022. If the return is for a fiscal year, fill in the tax year space in the form heading. To change an accounting period, use federal Form 1128, Application for Change in Accounting Period.

Page 1, Form N-70NP

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.

Name, Mailing Address, and Federal Employer Identification Number.—The name and mailing address on Form N-70NP should be completely shown.

If the organization'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**. 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.

Block A.—Enter the organization's Federal Employer Identification Number (FEIN) in this block.

Block B.—Enter the applicable unrelated business activity code(s) that specifically describes the organization's unrelated business activity. If a specific activity code does not accurately describe the organization's activities, then choose a general code that best describes its activity. This is the same code that appears on the organization's federal Form 990-T. A list of these codes appears in the instructions for federal Form 990-T.

Block C.—Enter the organization's Hawaii Tax I.D. Number in this block.

Block D.—Check the appropriate box to indicate the organization's legal structure—i.e., corporation or charitable trust.

Lines 1 - 3 and 5 - 7.—Enter the appropriate figures from the organization's federal Form 990-T which must be attached to this return.

Note: The amount on line 6 may not equal the sum of lines 1 through 5.

Line 4.—If the organization has taxable net capital gain income, attach a copy of Hawaii Schedule D (Form N-30/N-70NP) if a corporation, or Hawaii Schedule D (Form N-40), if a trust. Enter the amount of capital gain net income from federal Form 990-T on line 4. If this amount is not the same as on Hawaii Schedule D (Form N-30/N-70NP) or Hawaii Schedule D (Form N-40), include the federal amount in Part I, line 2 or Part II, line 2 and include the Hawaii amount in Part I, line 4 or Part II, line 4, respectively.

Line 8.—Enter on line 8 the difference of line 6 and line 7 (Line 6 minus line 7).

Tax Computations

Line 9.—Corporations.—If you are a trust, skip to line 10 to figure your tax. If you are filing for an organization other than a trust, the corporate tax rates apply.

If the corporation has no taxable net capital gains, the tax is computed using the following rates applied to the Hawaii unrelated business taxable income (Part I, line 5):

Over—	But not Over—	Enter on Line 9	Of the amount Over—	Reduced by—
$ 0	$ 25,000	4.4%	$ 0	$ 0
25,000	100,000	5.4%	25,000	250
100,000	—	6.4%	100,000	1,250

If the corporation has taxable net capital gains, the tax is the lesser of:

1. The tax computed using the above rates applied to the Hawaii total unrelated business taxable income (Part I, line 5); or
2. The sum of:
   a. 4% of the taxable net capital gains; and
   b. The tax computed on the Hawaii total unrelated business taxable income less taxable net capital gain using the above rates.

Complete Part I of the TAX COMPUTATION SCHEDULE on page 2 of the return.

Part I, line 2.—Other deductions.—Include on this line amounts deductible for Hawaii income tax purposes, but not deductible on the organization's federal return such as contributions to a group legal services plan.

If the organization claimed employment credits on its federal return for which wage expense was reduced pursuant to section 289C, include on this line the amount of the required reduction of wages.

Include in this line the amount from line 4 on page 1 if the federal amount of capital gain net income is not the same as the Hawaii amount from Schedule D (Form N-30/N-70NP or Form N-40).

For Hawaii 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. "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); (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 taxes. If the organization is a qualified high technology business and has included royalties and other income derived from patents and copyrights the organization owns in the income reported on line 1, these amounts should be included in the deductions shown on line 2 of Part I or Part II. These amounts should be identified by attaching a separate schedule or listing.

Attach a schedule noting type and amount of deductions to your Form N-70NP.

Part I, line 4.— Hawaii additions to income.—Include on this line the amount of any section 199 domestic activities production deduction and bonus depreciation included on the organization's federal return. Also include the section 179 deduction which exceeds $25,000. Hawaii has not adopted these provisions.

Also include in this line the amount of capital gain net income from Schedule D (Form N-30/N-70NP or Form N-40) if the Hawaii amount is not the same as the federal amount from line 4 on page 1.

Attach a schedule noting type and amount to your Form N-70NP.

Line 10.—Trusts.—Trusts exempt under section 501(a) which otherwise would be subject to section 235-4, HRS, are taxed at trust rates as determined under section 235-51(d), HRS. This applies to employees' trusts that qualify under section 401(a).

If the trust has a calendar tax year and has no taxable net capital gains, the tax is computed using the Trusts' Tax Rate Schedule on page 6. If the trust has taxable net capital gains, see Part II of the TAX COMPUTATION SCHEDULE on page 2 of the return.

Complete Part II of the TAX COMPUTATION SCHEDULE on page 2 of the return.

Part II, line 2.—Other deductions.—See instructions for Part I, line 2.

Part II, line 4.—Hawaii additions to income.—See instructions for Part I, line 4.

Line 11.—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 credit recapture on line 11.

Line 12.—Recapture of Low-Income Housing Tax Credit.—Enter on this line any recapture of the Low-Income Housing Tax Credit from Form N-586, Part III.

Line 13.—Recapture of Tax Credit for Flood Victims.—Enter on this line any recapture of the Tax Credit for Flood Victims from Form N-338.

Line 14.—Recapture of Important Agricultural Land Qualified Agricultural Cost Tax Credit.—Enter on this line any recapture of the Important Agricultural Land Qualified Agricultural Cost Tax Credit from Form N-344.

Line 15.—Recapture of Capital Infrastructure Tax Credit.—Enter on this line any recapture of the Capital Infrastructure Tax Credit from Form N-348, Part III.

Line 17.—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 credits claimed. Complete Part I of Schedule CR, and enter the amount from Schedule CR, line 9, on line 17. Attach Schedule CR to your Form N-70NP. See Instructions for Schedule CR for more information.

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on Schedule CR, line 8b, and attach an explanation.

Line 18. Adjusted Tax Liability.—Line 16 minus line 17. If line 18 is less than zero, place a minus sign, "-", before this amount.

If line 18 is zero or less, the nonrefundable credits may not be used. Even if you are not able to use the nonrefundable credits, complete forms for any tax credits you qualify for (including Schedule CR) and attach the forms to your Form N-70NP. 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 19.—Total nonrefundable credits from Schedule CR.—*If line 18 is zero or less, no nonrefundable tax credit may be used. Enter zero on line 19.* 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 30, on line 19. Attach Schedule CR to your Form N-70NP. See Instructions for Schedule CR for more information.

Credit allowed for taxes paid to a state or foreign country by a resident trust

If a resident trust derived income from sources without Hawaii and paid a net income tax to a state or foreign country, a credit may be claimed against the Hawaii income tax. A credit is allowable against the Hawaii income tax only if the tax paid to a state or foreign country was based on net income of the same taxable year and only if the income taxed by the state or foreign country was derived from sources without Hawaii. Intangible personal property of a resident trust has a situs within Hawaii, therefore, income from such property is derived from within and not from without Hawaii and no credit may be allowed for taxes paid to a state or foreign country based on such income. (However, in the rare case of a separate business situs there may be an exception to this rule.) If any taxes paid are at any time refunded, the Hawaii State Tax Collector must be notified promptly of such refund. The Hawaii Income Tax Law allows no credit to a nonresident trust for the taxes paid to a state or foreign country. Limitations of credit—see HAR §18-235-55.

To claim this credit. Complete Schedule CR and attach it to your return. A copy of the return filed with the state or foreign country and a receipt or other evidence to substantiate payment of the tax also must be attached to your return.

Line 20.—Line 18 minus line 19. If line 18 is zero or less, enter on this line the amount from line 18.

Line 21(b).—Estimated Tax Payment.—Enter the total estimated tax payments made for the tax year with Form N-201V, Business Income Tax Payment Voucher. Trusts must also use Form N-201V, but should use the Estimated Tax Computation For Trusts Worksheet on page 6 of these instructions.

Line 21(c).—Tax Paid With Automatic Extension of Time.—Enter the tax paid with Form N-201V, Business Income Tax Payment Voucher.

Line 22.—Estimated Tax Penalty.—An organization or a trust that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Form N-220, Underpayment of Estimated Tax by Corporations, is used to figure the amount of the penalty. Attach Form N-220 to the organization's return.

Line 23.—Tax Due.—If the amount on line 21(d) is smaller than the total of line 20 and 22, subtract line 21(d) from the total of lines 20 and 22 and enter the difference on line 23. This is the balance due.

Line 24.—Overpayment.—If the amount on line 21(d) is larger than the total of lines 20 and 22, subtract this total from line 21(d) and enter the difference on line 24. This is the amount overpaid.

Line 26.—Amount Paid With This Return.—Enter the amount of payment. Make your check or money order payable to the "HAWAII STATE TAX COLLECTOR" in U.S. dollars drawn on any U.S. bank. Write your FEIN and the words "2022 Form N-70NP" on it. **Do not send cash.**

Attach your check or money order where indicated on the front of Form N-70NP.

If the organization 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 organization's tax liability; however, to ensure that the organization's payments are applied correctly, your check or money order must have: (1) the organization's name as shown on the return clearly printed on the check, (2) the organization's FEIN, and (3) the tax year and form number being filed (ex. 2022 N-70NP).

Amended Return

Complete the organization's amended return through line 24, using corrected amounts, then go to line 27. 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, including, but not limited to Schedule CR, even if such claim was made on the original return.

Line 27.—Amount paid (overpaid) on original return.—Enter on line 27 the amount paid on the organization's original return (from line 23 of the **original** return) or the amount overpaid (from line 24 of the **original** return). If you have an overpayment, place a minus sign, "-", before the overpayment amount.

Line 28.—BALANCE DUE (REFUND) with amended return.—If no amount was entered on line 27, enter on line 28 the amount, if any, from line 23 or line 24 of the **amended** return. If there is an amount on line 27, and that amount is:

a. A payment and there is an amount on line 23 of the **amended** return, subtract the amount on line 27 from the amount on line 23 and enter the difference on line 28. If the difference is a negative amount, show the negative amount on line 28 with a minus sign, "-".
b. A payment and there is an amount on line 24, add these amounts and enter the total on line 28. Place a minus sign, "-", before this amount.
c. An overpayment and there is an amount on line 23, subtract the amount on line 27 from the amount on line 23, and enter the result on line 28. This is the amount the organization owes on its amended return.
d. An overpayment and there is an amount on line 24, consider the amount on line 24 a negative amount and subtract the amount on line 27 from the amount on line 24, and enter the difference on line 28. If the difference is a negative amount, show the negative amount on line 28 with a minus sign, "-". If there is an overpayment on the amended return, do NOT enter this amount on line 25(b).

If the organization 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-70NP.

Signature

Corporation.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, trustee, or by any other corporate officer authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of the organization.

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 the paid preparer to call the Department for information about the processing of the return or for other issues relating to the return. This designation does not replace Form N-848, Power of Attorney.

Trust.—The return must be signed and dated by the individual fiduciary, or by the authorized officer of the trust receiving or having custody, or control and management of the income of the trust. If two or more individuals act jointly as fiduciaries any one of them may sign.

The trust 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 trust's return. This designation does not allow the paid preparer to call the Department for information about the processing of the return or for other issues relating to the return. This designation does not replace Form N-848, Power of Attorney.

Paid Preparer.—If someone prepares the organization's return and does not charge the organization, that person should not sign the organization's return. Certain others who prepare the organization's return should not sign. For example, the organization's regular, full-time employee does not have to sign.

Generally, anyone who is paid to prepare the organization's tax return must sign the organization's return and fill in the other blanks in the Paid Preparer's Information area of the organization's return.

The person required to sign the organization's return MUST:

- Complete the required preparer information.
- Sign the return in the space provided for the preparer's signature.
- Give the organization a copy of its return in addition to the copy to be filed with the Department.

ESTIMATED TAX COMPUTATION FOR TRUSTS WORKSHEET

1.	Enter the total expected 2023 unrelated business taxable income of the trust (Form N-70NP)	1	
2.	Net capital gain taxable to the trust. If this line is zero, go to line 9	2	
3.	Difference — line 1 minus line 2	3	
4.	Enter the greater of line 3 or $20,000	4	
5.	Tax on amount on line 4. If line 4 is $20,000, enter $1,128.00. See Tax Rate Schedule below	5	
6.	Difference — line 1 minus line 4	6	
7.	Multiply the amount on line 6 by 7.25%	7	
8.	Tax — add lines 5 and 7	8	
9.	Tax on the amount on line 1	9	
10.	Enter the smaller of line 8 or line 9	10	
11.	Estimated available tax credits	11	
12.	Estimated tax due — line 10 minus line 11	12	

Trusts' Tax Rate Schedule

For Periods After December 31, 2001

(Section 235-51(d), Hawaii Revised Statutes)

If the amount on line 8, page 1 is:	*The tax shall be:*
Not over $2,000	1.40% of the amount
Over $2,000 but not over $4,000	$28.00 plus 3.2% of excess over $2,000
Over $4,000 but not over $8,000	$92.00 plus 5.5% of excess over $4,000
Over $8,000 but not over $12,000	$312.00 plus 6.4% of excess over $8,000
Over $12,000 but not over $16,000	$568.00 plus 6.8% of excess over $12,000
Over $16,000 but not over $20,000	$840.00 plus 7.2% of excess over $16,000
Over $20,000 but not over $30,000	$1,128.00 plus 7.6% of excess over $20,000
Over $30,000 but not over $40,000	$1888.00 plus 7.9% of excess over $30,000
Over $40,000	$2,678.00 plus 8.25% of excess over $40,000