

STATE OF HAWAII — DEPARTMENT OF TAXATION  
**PASS-THROUGH ENTITY  
TAX CREDIT**

20\_\_



➤ See Instructions on back  
➤ Attach to Schedule CR

N362\_I 2024A 01 VID01

Additional Form(s) N-362 attached

Name(s) as shown on tax return	SSN(s) or FEIN
--------------------------------	----------------

**Part I PTE TAX CREDIT AMOUNT**

		Column (a) Electing qualified pass-through entity (PTE) name	Column (b) Entity identification number (FEIN)	Column (c) PTE elective tax credit(s)
1.				
a.	<input type="checkbox"/> T <input type="checkbox"/> S			
b.	<input type="checkbox"/> T <input type="checkbox"/> S			
c.	<input type="checkbox"/> T <input type="checkbox"/> S			
d.	<input type="checkbox"/> T <input type="checkbox"/> S			
e.	<input type="checkbox"/> T <input type="checkbox"/> S			
f.	<input type="checkbox"/> T <input type="checkbox"/> S			
g.	<input type="checkbox"/> T <input type="checkbox"/> S			
h.	<input type="checkbox"/> T <input type="checkbox"/> S			
i.	<input type="checkbox"/> T <input type="checkbox"/> S			
j.	<input type="checkbox"/> T <input type="checkbox"/> S			

2.	<b>Total New Credit Claimed</b> – Add all amounts in column (c) and enter total here. Also, enter the amount on line 2 on Schedule CR in <b>Column (b)</b> of the appropriate line for this tax credit.....	2
----	---	---

**Part II COMPUTATION OF TAX CREDIT**

<b>3 Adjusted Tax Liability</b> (Not to be completed by Form N-20 and Form N-35 filers) Enter your adjusted tax liability from the applicable Form N-11, N-15, or N-40 .....	3
<b>4</b> If you are claiming other nonrefundable credits, complete the credit worksheet in the instructions and enter the total here. If you are not claiming other nonrefundable credits, enter zero .....	4
<b>5</b> Line 3 minus line 4. This represents your remaining tax liability. If the result is zero or less than zero, enter zero .....	5
<b>6 Total Credit Applied</b> – Enter the smaller of line 2 or line 5. This is your pass-through entity tax credit applied for the year. Also, enter this amount on Schedule CR in <b>Column (c)</b> of the appropriate line for this credit. ....	6
<b>7 Unused Credit to Carryover</b> – Line 2 minus line 6. This represents your current year’s carryover of unused credit. The amount of any unused tax credit may be over and used as a credit against your income tax liability in subsequent years until exhausted. If this amount is more than zero, also enter it on Schedule CR in <b>Column (d)</b> of the appropriate line for this tax credit .....	7

**CHANGES YOU SHOULD NOTE**

**Act 50, Session Laws of Hawaii 2024** - This act amends the pass-through entity (PTE) tax credit for taxable years beginning after December 31, 2023 by (1) adding a definition for "qualified member;" (2) repealing the definition for "direct member" and "indirect member;" (3) amending the PTE level tax rate to 9%; and (4) amending the credit by allowing certain qualified members to use the credit against their net income tax liability in subsequent years until exhausted.

**GENERAL INSTRUCTIONS**

The PTE tax credit is a nonrefundable income tax credit claimed on the taxpayer's income tax return against the net tax liability for the taxable year.

A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

**Purpose of Form**

Use Form N-362 to figure and claim the PTE tax credit under section 235-51.5, Hawaii Revised Statutes.

**Who May Claim This Credit**

Each qualified member of an electing PTE who elected to pay Hawaii income taxes at the entity level may claim a nonrefundable PTE tax credit equal to the qualified member's share of the tax paid.

**Credit Requirements**

To claim this credit, you must complete and attach to your Hawaii income tax return:

- (1) Form N-362
- (2) A completed Schedule CR (For tax returns for which Schedule CR is required.)
- (3) A completed Schedule K-1

**DEFINITIONS FOR PURPOSES OF THE CREDIT**

"Electing pass-through entity" means any eligible partnership or S corporation that elects to be subject to tax.

"Member" means:

- (1) A shareholder of an S corporation;
- (2) A partner in a general partnership, a limited partnership, or a limited liability partnership; or
- (3) A member of a limited liability company that is treated as a partnership or S corporation for federal income tax purposes.

"Partnership" means the same as in the Internal Revenue Code. "Partnership" includes a limited liability company that is treated as a partnership for federal income tax purposes but

does not include any publicly traded partnership within the meaning of section 7704 of the Internal Revenue Code.

"Qualified member" means a member of an electing pass-through entity that is an individual, trust, or estate.

"S corporation" means a corporation for which a valid election under section 1362(a) of the Internal Revenue Code is in effect.

**SPECIFIC INSTRUCTIONS**

**Part I, Elective Tax Credit Amount**

**Line 1** — Enter the PTE's name, federal employer identification number (FEIN), and amount of PTE tax credit for the taxable year in the designated spaces on the form.

If you are married filing jointly, you **MUST** check the appropriate checkbox "T" (Taxpayer) or "S" (Spouse) for whom the tax credit is attributed to.

If additional space is needed, use additional Form(s) N-362 to provide the required information and check the box at the top of the form.

**Line 2** — **Total PTE Tax Credit Amount.** Add the amounts in Part I, column (c).

**Part II, Computation of Tax Credit**

**Line 3** — **Adjusted Tax Liability.** Enter your adjusted tax liability.

- Form N-11 filers, enter the amount from Form N-11, line 34.
- Form N-15 filers, enter the amount from Form N-15, line 51.
- Form N-40 filers, enter the amount from Form N-40, Schedule G, line 3.

**Line 4** — Certain other tax credits must be used to offset a taxpayer's tax liability before the PTE tax credit may be used. If you are claiming other nonrefundable tax credits, complete the **Credit Worksheet** below and enter the result on line 4. If you are not claiming any of the nonrefundable tax credits listed on the worksheet, enter zero on line 4.

**Line 6** — **Total Credit Applied.** Compare the amounts on lines 2 and 5. Enter the smaller of line 2 or 5 here, rounded to the nearest dollar. This is your credit applied for this taxable year. Enter this amount on Schedule CR, in **Column (c)** of the appropriate line for this tax credit.

- Form N-20 filers, enter the amount on Schedule K, line 28.
- Form N-35 filers, enter the amount on Schedule K, line 16m.
- Form N-40 filers, enter the distributive share amount on Form N-40, Schedule K-1, line 9c for each beneficiary.

<b>PASS-THROUGH ENTITY TAX CREDIT WORKSHEET</b>	
<b>Tax Credit</b>	<b>Amount</b>
a. Income Taxes Paid to Another State or Foreign Country .....	_____
b. Enterprise Zone Tax Credit .....	_____
c. Carryover of the Energy Conservation Tax Credit ..	_____
d. Credit for Employment of Vocational Rehabilitation Referrals .....	_____
e. Credit for School Repair and Maintenance .....	_____
f. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009).....	_____
g. Renewable Energy Technologies Income Tax Credit (Nonrefundable) .....	_____
h. Carryover of the Cesspool Upgrade, Conversion, or Connection Income Tax Credit.....	_____
i. Carryover of the Earned Income Tax Credit (Nonrefundable).....	_____
j. Healthcare Preceptor Tax Credit .....	_____
k. Historic Preservation Income Tax Credit.....	_____
l. Add lines a through k. Enter the amount here and on Part II, line 4.....	=====