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## **TAX INFORMATION RELEASE NO. 2005-01**

RE: General Excise Tax Exemption For Sales Of Tangible Personal Property To Credit Unions

This Tax Information Release is issued to rescind Tax Information Release No. 80-1 (Re: Federal Credit Unions' Exemption from General Excise Taxes) and provides information about the general excise tax exemption for sales of tangible personal property to federal and state-chartered credit unions.

Section 237-25(a)(3), Hawaii Revised Statutes (HRS), exempts from the imposition of the general excise tax all sales and the gross proceeds of all sales of tangible personal property sold by any person licensed under Chapter 237, HRS, to the United States (including any agency, instrumentality, or federal credit union thereof but not including national banks), and to any state-chartered credit union.

The Department of Taxation does not issue tax exemption certificates or general excise tax exemption numbers to the federal and state-chartered credit unions. In order for a vendor to properly claim the exemption, the following steps shall be completed on the general excise tax returns (i.e., Form G-45, Form G-49):

1. Column a, "Retailing" activity of the tax return: Include the gross proceeds received from selling tangible personal property to federal and state-chartered credit unions;
2. Schedule of Exemptions and Deductions: List the amount of the exemption and explain why the sale is an exempt item from the general excise tax under section 237-25(a)(3), HRS. In other words, "Sale of tangible personal property to federal and state-chartered credit unions under section 237-25(a)(3)";
3. Column b, "Retailing" activity of the tax return: List the amount which the taxpayer claims is exempt from taxation under section 237-25(a)(3), HRS, (the amount in step two above); and
4. Complete the remaining sections as explained on the tax return.

The vendor should retain documentation (e.g., sales invoice) to verify that the tangible personal property was sold to a federal or state-chartered credit union.

Current forms and other tax information are available at the Department's website at: [www.state.hi.us/tax](http://www.state.hi.us/tax). If you know which tax form or publication you need, please call the Department's request line at 808-587-7572, or toll-free from the neighbor islands and continental U.S. at 1-800-222-7572. This service is available 24 hours a day, 7 days a week.

A handwritten signature in black ink, appearing to read "Kurt Kawafuchi". The signature is fluid and cursive, with a prominent initial "K" and a long, sweeping tail.

KURT KAWAFUCHI  
Director of Taxation

HRS Section Explained: HRS section 237-25(a)(3).