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July 15, 2026

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2026-05

RE: Act 185, Session Laws of Hawaii 2026, Relating to the Motion Picture, Digital Media, and Film Production Income Tax Credit

This Announcement summarizes Act 185, Session Laws of Hawaii (SLH) 2026 ("Act 185"), and provides instructions on how to claim the new general excise tax (GET) exemption for payments to a motion picture project employer under section 237-24.75(4), Hawaii Revised Statutes (HRS).

Changes to the Motion Picture, Digital Media, and Film Production Income Tax Credit

Act 185 makes numerous changes to the motion picture, digital media, and film production income tax credit ("Film Credit") under section 235-17, HRS:

1. The amount of the Film Credit is increased by 5 percent of qualified production costs for qualified productions with a workforce of at least 80 percent local hires.

2. The total credit amount that may be claimed by a qualified production (i.e., the per-production cap) is increased from $17 million to $20 million; provided that a qualified production that incurs at least $60 million in qualified production costs will not be subject to the per-production cap.

3. The total amount of credits under section 235-17, HRS, that may be claimed by all taxpayers in a year (i.e., the aggregate cap) is increased from $50 million to $60 million.

4. If the aggregate cap is not reached in any year, the unused amount shall be carried forward and added to the aggregate cap for the subsequent year.

5. Every taxpayer claiming the Film Credit is required to submit an independent third-party certification issued by a qualified certified public accountant.

6. The definition of "qualified production" is amended by specifying that a single season shall be up to 22 episodes for a broadcast television series and up to eight episodes for an ongoing series for streaming platforms. The term "streaming

platforms" is defined as an online provider of entertainment, including movies and music, that delivers content via an internet connection to the subscriber's computer, television, or mobile device.

The changes above apply to costs incurred after December 31, 2025, except that the provision requiring that any unused portion of the aggregate cap be carried forward to the subsequent year (paragraph 4 above) applies to costs incurred after December 31, 2023.

Act 185 also extends the repeal date of Act 88, SLH 2006, as amended by Act 89, SLH 2013, Act 143, SLH 2017, and Act 217, SLH 2022, to January 1, 2038.

Additional guidance on changes to the Film Credit will be forthcoming.

New General Excise Tax Exemption for Motion Picture Project Employers

Act 185 also creates a new GET exemption in section 237-24.75(4), HRS, for reimbursements received by a motion picture project employer from a client company for reasonable employment-related costs of motion picture project workers or loan-out companies, including employee wages or salaries, payroll taxes, insurance premiums, and employment benefits.

The new GET exemption became effective on July 6, 2026. See Tax Information Release No. 2026-01 for additional details and guidance on the new GET exemption.

Filing Requirements to Claim New GET Exemption

Taxpayers who are eligible to claim the new GET exemption under section 237-24.75(4), HRS, must report all gross income received on Form G-45, Periodic General Excise/Use Tax Return, and Form G-49, Annual Return and Reconciliation of General Excise/Use Tax Return. Taxpayers must also file Schedule GE, General Excise/Use Tax Schedule of Exemptions and Deductions, and use the Exemption/Deduction Code ("ED Code") "161." The new ED Code will be available for use beginning in August 2026 for the period ending July 31, 2026.

If you have any questions about this Announcement, please contact the Department of Taxation’s Rules Office at 808-587-1530, or email at Tax.Rules.Office@hawaii.gov.

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