

**DEPARTMENT OF TAXATION  
ANNUAL EARNED INCOME TAX CREDIT REPORT  
REQUIRED BY ACT 107, SLH 2017  
For Tax Year 2018**

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**BACKGROUND**

Act 107, Session Laws of Hawaii (SLH) 2017 created Section 235-55.75, Hawaii Revised Statutes (HRS) to establish a state nonrefundable earned income tax credit (EITC) equal to 20 percent of the federal EITC claimed on the qualifying taxpayer's federal income tax return for taxable years 2018 through 2022.

A qualifying individual taxpayer is a taxpayer that: (1) files a federal income tax return for the taxable year and claims the earned income credit under IRC section 32, and (2) files a Hawaii income tax return (Form N-11 for residents, Form N-15 for nonresidents/part-year residents) for the taxable year using the same filing status used on the federal income tax return, and claiming the same dependents claimed on the federal income tax return.

To claim this credit, taxpayers need to complete Form N-356 and Schedule CR and attach them to their return. For part-year residents, the tax credit is prorated by the ratio of Hawaii adjusted gross income (AGI) to federal AGI.

Act 107, SLH 2017 requires the Department of Taxation (DOTAX) to prepare an annual public report to the legislature and the governor containing the following:

1. Number of credits granted for the prior calendar year;
2. Total amount of the credits granted; and
3. Average value of the credits granted to taxpayers whose earned income falls within various income ranges.

**DATA SOURCE AND STATISTICS**

The primary data source is the Department's tax management system. The data are from individual income tax returns (Forms N-11 and N-15) in conjunction with Schedule CR, "Schedule of Tax Credits." The data include all tax returns that were filed for tax year 2018 and processed by August 31, 2019 with a query run in September 2019.

The following table provides the data required:

Table 1  
Claims for the Earned Income Tax Credit, by Income Range  
Tax Year 2018

Federal Adjusted Gross Income Range	Number of Credits Claimed	Amount of Credit (\$)	Average Amount per Claim (\$)
Less than \$15,000	13,397	\$684,391	\$51
\$15,000 to 30,000	20,260	7,707,318	380
\$30,000 to \$45,000	19,225	6,502,191	338
\$45,000 and above	2,774	388,250	140
<b>Total</b>	<b>55,656</b>	<b>\$15,282,150</b>	<b>\$275</b>