

STEP-BY-STEP INSTRUCTIONS FOR FILLING IN YOUR FORM G-45 (PERIODIC RETURN)

(The circled numbers in the figures correspond to the steps in the instructions.)

A periodic general excise/use tax return (Form G-45), including an amended return, can be filed and payment made electronically through the State’s Internet portal. For more information, go to tax.hawaii.gov/eservices/.

The Department requires certain general excise taxpayers whose liability exceeds \$4,000 for the taxable year, to file returns electronically. Monthly periodic general excise tax returns for months beginning on or after July 1, 2020 and annual returns for taxable years beginning on or after January 1, 2020 will be required to be filed electronically. For more information, see Department of Taxation Announcement No. 2019-16.

Changes You Should Note

- **Act 2, Session Laws of Hawaii (SLH) 2019** – This act deems marketplace facilitators the sellers of tangible personal property, intangible personal property, and services sold through the marketplace. Act 2 also deems sales of tangible personal property and services by sellers to the marketplace facilitator to be sales at wholesale.
Act 2 also defines marketplace facilitator as any person who sells or assists in the sale of tangible personal property, intangible personal property, or services on behalf of another by providing a forum for the listing or advertisement of the item and by collecting payment from the purchaser either directly or indirectly.
- **Act 66, SLH 2018** – This act amends section 231-8.5, to enable the Department of Taxation (Department) to require certain taxpayers, including general excise taxpayers whose liability exceeds \$4,000 for the taxable year, to file returns electronically. Periodic general excise tax returns for months beginning on or after July 1, 2020 will be required to be filed electronically. In addition, annual returns for taxable years beginning on or after January 1, 2020 will be required to be filed electronically. If you qualify, a waiver may be obtained by filing Form L-110. The penalty for failure to file electronically is 2% of the tax due. For more information, see Department of Taxation Announcement No. 2019-16.
- **County Surcharge** – Effective January 1, 2020, the county of Hawaii has adopted a 0.5% county surcharge. Transactions attributable to the county of Hawaii and subject to the state GET of 4% have a total rate of 4.5%.
- **Schedule GE and Form G-75 required with Forms G-45 and G-49** – For periods beginning on or after July 1, 2017, the Department will enforce the requirement that a completed Schedule GE accompany any periodic and annual general excise tax (GET) return that is filed. If a taxpayer makes no claim for any GET exemptions, deductions, or other benefits reported on Schedule GE, then a completed Schedule GE is not required with the return. If a taxpayer fails to file a completed Schedule GE with the periodic or annual GET return, any exemptions, deductions, or other benefits claimed by the taxpayer will be denied by the Department. For periods beginning on or after July 1, 2017, the Department will also enforce the requirement that a completed Form G-75 accompany the GET return which reports income assigned to more than one district. When income is assigned to more than one district, the “MULTI” oval in Part V of Form G-45 or G-49 must be shaded. If a taxpayer does business in only one district in any period, and thus does not shade the “MULTI” oval, then a completed Form G-75 is not required to be filed with the return.
- **Schedule GE** – This form which is used to report exemptions has been revised. If you are claiming exemptions, please complete and attach Schedule GE (Form G-45/G-49) (Rev. 2019) to your Form G-45. Failing to use the most current form will result in the disallowance of your exemptions.

County Surcharge

Transactions attributable to a county that has adopted a county surcharge and subject to the state GET rate of 4% have a total rate of 4.5%. The county surcharge does not apply to activities taxed at the 0.5% rate (e.g., wholesaling) or the 0.15% rate for insurance commissions. If you do business on more than one island, you must complete Form G-75 and attach it to Form G-45. Form G-75 is used to report your taxable income for each type of business activity (e.g., wholesaling, retailing) in each taxation district (i.e., Oahu, Maui, Kauai, Hawaii) and to help you complete Part IV (county surcharge)

and Part V (assignment of taxes by district) on Form G-45. See page 10 of the General Instructions for Filing the General Excise/Use Tax Returns for more information on completing Parts IV and V of Form G-45.

For more information on the county surcharge, see Department of Taxation Announcement Nos. 2005-11, 2006-15, 2006-17, 2018-14, 2018-15, 2019-04 and Tax Information Release (TIR) No. 2007-01 or click on the link to the County Surcharge webpage from the Department of Taxation’s homepage at tax.hawaii.gov.

About this Form

The GET is a privilege tax imposed on the gross income received by every person engaging in business, including a one-time event (e.g., fundraiser, exhibition, conference) in the State of Hawaii. Use Form G-45, Periodic General Excise/Use Tax Return, to report your gross income, exemptions, and the tax attributable to the one-time event. Form G-45 is due on or before the 20th day of the calendar month following the one-time event. For example, if the event is on January 31st, then Form G-45 is due on February 20th. An individual not engaged in business (e.g., an employee performing personal services under the direction and control of an employer) is not required to file a general excise/use tax return.

Form G-45 is designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

1. Print amounts only on those lines that are applicable.

2. Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
3. Because this form is read by a machine, please print your numbers inside the boxes like this:



4. Do NOT print outside the boxes.
5. Fill in ovals completely. Do not ✓ or X the ovals.
6. Do NOT enter cents. All numbers that are required to be rounded to the nearest dollar should NOT be printed over the zeros used to designate cents.

- 7. Do NOT use dollar signs, slashes, dashes or parentheses in the boxes.
- 8. We recommend that you print a new form from our website (tax.hawaii.gov) each time you need it. The form's QR code is necessary to process the return. Excessive photocopying of

a photocopy will degrade the QR code, and the QR code will become unreadable.

- 9. Please use a color printer and print in color.

Note: Form G-49 (Annual Return and Reconciliation) is not required to be filed.

Rounding to Whole Dollars in Columns a, b, and c

The Department of Taxation (Department) is requiring taxpayers to round off cents to the nearest whole dollar for all dollar entries in Columns a, b, and c. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.49 becomes \$1 and \$2.50 becomes \$3. If you have

to add two or more amounts to figure the amount to enter in the column, include the cents when adding and round off only the total.

CAUTION: DO NOT enter the cents in Columns a, b, and c. The system will read all numbers entered as whole dollar amounts.

When Form G-45, Column b is Greater Than Column a

In the event that your exemptions (Column b) for the period exceeds your gross income (Column a), enter an amount in Column b that is equal to but not more than Column a. The remainder of the available

exemption would then be reported on the subsequent period's Form G-45. You are unable to claim a refund for the amount that results in a negative tax consequence on the periodic return.

Fill in this oval ONLY if this is an AMENDED return

PERIOD **1** Q1 **03 20** (month-year) HAWAII TAX I.D. NO. **GE 123 456 7890 01** **3**

Last 4 digits of your FEIN or SSN **4321** **4**

NAME: **2** Aloha, Mary ID NO 01

Figure 1. Top of the Return

THE TOP OF THE TAX RETURN (Figure 1)

Step 1 — Enter the appropriate numeric (two digit) month and year of your filing period (e.g., Month of January 2020 = 01-20).

Step 2 — Write your name here. Individuals, write your last name first.

Mary enters 03-20 for the numeric month and year for the last month of her filing period.

Step 3 — If you have received notification of your one-time event identification number, enter your number in the area provided. If you have not been assigned a number, leave the area blank.

Step 4 — Enter the last 4 digits of your FEIN or SSN.

HERE * 2. Manufacturing **5** **6** **7** 2

Figure 2. How to Fill in the Columns for General Excise Taxes

PART I — GENERAL EXCISE TAXES @ ½ OF 1% (.005) (Figure 2)

Report your business activities for the filing period that are subject to the GET/Use tax at the rate of 0.5% in Part I.

NOTE: Sugar processing and pineapple canning should be reported under the "Manufacturing" activity.

Step 5 — Enter the gross income from all your business activities for the filing period in Column a on the applicable business activity lines. If you did not derive any income from your business activities during this period, enter zero (0) on the applicable lines.

If a promoter, a contractor, or other person withheld general excise or use tax and paid it to the Department on your behalf, do not enter the amount paid or the income on which tax was withheld.

Step 6 — If you have allowable exemptions, enter the total in Column b on the appropriate business activity line(s). If you do not have any exemptions, enter zero (0) on the applicable line(s). IF

Column b is more than Column a, see "When Form G-45, Column b is Greater Than Column a" above.

If you are claiming exemptions in Column b, complete Schedule GE (Form G-45/G-49), General Excise/Use Tax Schedule of Exemptions and Deductions. Please see the schedules of exemptions and deductions for general excise and use tax contained in these instructions for more information.

IMPORTANT: Most deductions allowed on net income tax returns (e.g., operating expenses or cost of goods sold) are NOT deductible on the GET returns.

Step 7 — For each activity you engage in, subtract Column b from Column a and enter the result in Column c, Taxable Income. If the result is zero, enter zero (0).

RMONEY 4. Wholesale Services **8** **9** **10** 4

5. Landed Value of Imports for Resale **8** **9** **10** 5

Figure 3. How to Fill in the Columns for Use Taxes

USE TAXES @ ½ OF 1% (.005) (Figure 3)

Step 8 — Enter the landed value of tangible personal property, services, or contracting imported into Hawaii in Column a.

Step 9 — If you have allowable exemptions, enter the total in Column b. If you do not have any exemptions, enter zero (0). IF

Column b is more than Column a, see "When Form G-45, Column b is Greater Than Column a."

A use tax and GET offset may be claimed for taxes paid to another state on property, services, or contracting imported into the State for resale.

CAUTION: Taxes paid for manufacturing, extraction, and the like, as well as license fees or transfer taxes, MAY NOT be taken as a credit against Hawaii use taxes due.

The following steps should be taken to claim the offset when reporting the use tax on the Form G-45.

Offset the use tax:

Step A– Enter the value of the imported property in Column a of Use Tax on Imports For Resale or Use Tax on Imports for Consumption, as applicable, and determine the exact amount of use tax due on that property.

Step B– Compare the use tax due (Step A) with the sales or use tax paid to another state on that property. Divide the LESSER of the two amounts by the applicable tax rate, and enter the result in Column b.

Step C– Subtract Column b from Column a, and enter the result in Column c.

Offset the general excise tax:

Step D– Enter the gross income from the sale of the imported property in Column a of the applicable line, and determine the exact amount of GET due on that property.

Step E– Subtract the use tax due on that property (Step A) from the sales or use tax paid to another state on that item.

Step F– Compare the GET due (Step D) with the remaining sales or use tax paid (Step E). Divide the LESSER of the two amounts by 0.005 or 0.04, as applicable, and enter the result in Column b.

Step G– Subtract Column b from Column a, and enter the result in Column c.

EXAMPLE

Taxpayer A purchases widgets in State X on which \$125 of sales tax is paid, and imports the widgets into Hawaii for resale at retail. The landed value of the widgets is \$1,500, and they are sold at retail for \$2,700.

Step A– $\$1,500 \times 0.005 = \7.50

Step B– $\$7.50 \div 0.005 = \$1,500$

Step C– $\$1,500 - \$1,500 = \$0$

Step D– $\$2,700 \times 0.04 = \108

Step E– $\$125 - 7.50 = \117.50

Step F– $\$108 \div 0.04 = \$2,700$

Step G– $\$2,700 - \$2,700 = \$0.00$

Step 10 — Subtract Column b from Column a, and enter the result in Column c. This is the taxable value.

Figure 4. How to Fill in the Columns for Business Activities of Disabled Persons and Totaling the Taxable Income Amounts for General Excise and Use Taxes @ 1/2 of 1% (.005)

BUSINESS ACTIVITIES OF DISABLED PERSONS @ 1/2 OF 1% (.005) (Figure 4)

Step 11 — Certified disabled persons, enter the gross income from your business activity(ies) in Column a.

Step 12 — There is an exemption for the first \$2,000 of gross income earned from all activities combined by any certified disabled person. Enter the total of this exemption plus any other allowable exemptions in Column b.

Step 13 — Subtract Column b from Column a, and enter the result in Column c, Taxable Income. If the result is zero, enter zero (0).

Step 14 — Add the taxable income amounts in Part I, Column c. Enter the result on line 7 and on page 2, line 24, Column c (see Figures 4 and 10). **Reminder:** This amount is rounded to the nearest dollar.

Figure 5. How to Fill in the Columns for General Excise Taxes

PART II — GENERAL EXCISE and USE TAXES @ 4% (.04) (Figures 5 and 6)

Report your business activities for the filing period that are subject to the GET/Use tax at the rate of 4% in Part II.

For these activities, follow Steps 5 through 10, as applicable.

(see Figures 5 and 10). **Reminder:** This amount is rounded to the nearest dollar.

Step 15 — Add the taxable income amounts in Part II, Column c. Enter the result on line 17 and on page 2, line 25, Column c

In Column a, line 8, Retailing, Mary enters \$15,450. Mary enters zero in Column b since she is not claiming any exemptions. In Column c, Mary subtracts Column b from Column a and enters the result, \$15,450.

On Column c, line 17, Mary enters the sum of Column c lines 8 through 16, \$15,450.

17. Sum of Part II, Column c (Taxable Income) — Enter the result here and on page 2, line 25, Column c **15** 15 450.00 17

DECLARATION - I declare, under the penalties set forth in section 231-36, HRS, that this return (including any accompanying schedules or statements) has been examined by me and, to the best of my knowledge and belief, is a true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Laws, and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT.

SIGNATURE *Mary Aloha* **38** TITLE Owner DATE 4/20/2020 DAYTIME PHONE NUMBER 808-123-4567

Figure 6. Totaling the Taxable Income Amounts for General Excise and Use Taxes @4% (.04) and Signing the Return

TOP OF PAGE 2 (Figure 7)

(Rev. 2019) Page 2 of 2 Name: Aloha, Mary **16** ID NO 01

Hawaii Tax I.D. No. GE 123 456 78 90 01 (mm-yy)

Last 4 digits of your FEIN or SSN 4321 PERIOD ENDING 03 20

Column a Column b Column c

Figure 7. Top of Page 2

Step 16 — Please complete the information at the top of the page as it is entered on page 1 at the top of the return.

At the top of page 2, Mary enters the same information that she entered on page 1 at the top of the return.

PART III - INSURANCE COMMISSIONS @ .15% (.0015) Enter this amount on line 25, Column c

18. Insurance Commissions **17** **18** **19** 18

PART IV - COUNTY SURCHARGE — Enter the amounts from Part II, line 17, Column c attributable to each county. Multiply Column c by the applicable county rate(s) and enter the total of the result(s) on Part VI, line 27, Column e.

19. Oahu (rate = .005) **20** 15 450.00 **21** 0.00 **22** 15 450.00 19

20. Maui 20

Figure 8. Calculating the General Excise Tax on Insurance Companies @.15% (.0015) and the County Surcharge

PART III — INSURANCE COMMISSIONS @ .15% (.0015) (Figure 8)

Step 17 — Enter your insurance commissions in Column a.

Step 18 — If you have allowable exemptions, enter the total in Column b. If you do not have any exemptions, enter zero (0).

Step 19 — Subtract Column b from Column a, and enter the result in Column c, Taxable Income, and on page 2, line 26, Column c (see Figures 8 and 10). IF Column b is more than Column a, see “When Form G-45, Column b is Greater Than Column a.”

PART IV — COUNTY SURCHARGE (Figure 8)

Enter the amount from Part II, Column c for each county on lines 19, 20, 21 and 22, Column a.

Step 20 — Enter your taxable income in Column a.

- If you did business in only one district that has a county surcharge, enter the amount from Form G-45, Part II, line 17, Column c.

Step 21 — If you have allowable county surcharge exemptions, enter the total in Column b. If you do not have any exemptions, enter zero (0).

Allowable county surcharge exemptions/deductions include:

- The **additional** sublease deduction from Form G-72, line 6;
- The **additional** deduction for wholesale amusements for Form G-81, line 6;

- Amounts of sales assigned to a district that has a county surcharge by a seller who does not have nexus in that county; and
- Gross receipts received under a written contract entered into before June 30, 2006 for the county of Oahu and June 30, 2018 for the counties of Kauai and Hawaii, which does not allow for the pass-on of an increased rate of tax.

Step 22 — Subtract Column b from Column a, and enter the result in Column c, Taxable Income (see Figures 8 and 10). IF Column b is more than Column a, see “When Form G-45, Column b is Greater Than Column a.”

Mary must complete line 19 since she conducted business in the Oahu district only. On line 19, Column a, Mary enters \$15,450, the amount from line 17, Column c. Mary enters zero in Column b since she is not claiming any county surcharge exemptions/deductions and enters \$15,450 in Column c.

PART V — SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) DARKEN the oval of the taxation district in which you have conducted business. IF you did business in MORE THAN ONE district, darken the oval “MULTI” and attach Form G-75.

23. **23** Oahu Maui Hawaii Kauai MULTI 23

Figure 9. Completing the Schedule of Assignment of Taxes By District

PART V — SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT (Figure 9)

Indicate the taxation district in which you conducted your business activities for the filing period in Part V.

IMPORTANT: ALL taxpayers MUST complete Part V and may be subject to a penalty of 10% of the combined State and county surcharge taxes for noncompliance.

Step 23 — If you did not have any activity for the period, darken the oval for your District. If you did business in only ONE District, darken the oval for that taxation district.

Mary must complete the Schedule of Assignment of Taxes By District. She darkens the oval for Oahu since she did business in the Oahu district.

PART VI - TOTAL PERIODIC RETURN		TAXABLE INCOME Column c	TAX RATE Column d	TOTAL TAX Column e = Column c X Column d
24.	Enter the amount from Part I, line 7	14 00	x .005	24 00
25.	Enter the amount from Part II, line 17	15 450 00	x .04	25 618 00
26.	Enter the amount from Part III line 18, Column c	19 00	x .0015	26 00
27.	COUNTY SURCHARGE TAX. See instructions for Part IV. Multi district complete Form G-75			27 77 25
28.	TOTAL TAXES DUE. Add column e of lines 24 through 27 and enter result here (but not less than zero). If you did not have any activity for the period, enter "0.00" here			28 695 25
29.	Amounts Assessed During the Period, (For Amended Return Only)		PENALTY \$: INTEREST \$:	29
30.	TOTAL AMOUNT. Add lines 28 and 29			30 695 25
31.	TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)			31
32.	CREDIT TO BE REFUNDED. Line 31 minus line 30 (For Amended Return ONLY)			32
33.	ADDITIONAL TAXES DUE. Line 30 minus line 31 (For Amended Return ONLY)			33
34.	FOR LATE FILING ONLY → PENALTY \$: INTEREST \$:			34
35.	TOTAL AMOUNT DUE AND PAYABLE (Original Returns, add lines 30 and 34; Amended Returns, add lines 33 and 34)			35 695 25
36.	PLEASE ENTER THE AMOUNT OF YOUR PAYMENT. Attach a check or money order payable to "HAWAII STATE TAX COLLECTOR" in U.S. dollars to Form G-45. Write the filing period and your Hawaii Tax I.D. No. on your check or money order. Mail to: HAWAII DEPARTMENT OF TAXATION, P. O. BOX 1425, HONOLULU, HI 96806-1425 or file and pay electronically at hitax.hawaii.gov. If you are NOT submitting a payment with this return, please enter "0.00" here.			36
37.	GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED. (Attach Schedule GE) If Schedule GE is not attached, exemptions/deductions claimed will be disallowed.			37 00

Figure 10. Completing the Periodic Return (Form G-45)

On line 25, Column c, Mary enters \$15,450, which is the amount from Part II, line 17. Mary multiplies \$15,450 by the tax rate of .04 and enters \$618.00 in Column e.

Mary adds lines 25 and 27 and enters the result, \$695.25, on line 28.

PART VI — TOTAL PERIODIC RETURN (Figure 10)

Calculate the total amount of taxes due for the filing period in Part VI.

Step 24 — Multiply the taxable income amount on line 24, Column c by the tax rate of .005 (line 24, Column d) and enter the result, including the cents, on line 24, Column e. The result is the General Excise and Use Taxes @ 1/2 of 1% (.005) due. If the result is zero, enter "0.00."

Step 25 — Multiply the taxable income amount on line 25, Column c by the tax rate of .04 (line 25, Column d) and enter the result, including the cents, on line 25, Column e. The result is the General Excise and Use Taxes @ 4% (.04) due. If the result is zero, enter "0.00."

Step 26 — Multiply the taxable income amount on line 26, Column c by the tax rate of .0015 (line 26, Column d) and enter the result, including the cents, on line 26, Column e. The result is the GET on Insurance Commissions @ .15% (.0015) due. If the result is zero, enter "0.00."

Step 27 — If you did business only in one district that has a county surcharge, multiply line 17c by your district's county surcharge rate and enter the amount on line 27. If you did business only in the Maui District, enter "0.00."

Step 28 — Add the amounts in Column e of lines 24 through 27 and enter the total on line 28. This is the "TOTAL TAXES DUE." You are unable to claim a refund on an original periodic return (Form G-45).

CAUTION: LINE 28 MUST BE FILLED IN. If you did not have any activity for the period, enter "0.00" here.

Step 29 — For Amended Return ONLY, see Instructions for Filing an Amended Form G-45.

Step 30 — Enter the amount from line 28 on line 30, "TOTAL AMOUNT."

Step 31 — For Amended Returns ONLY, see Instructions for Filing an Amended Form G-45.

Step 32 — For Amended Returns ONLY, see Instructions for Filing an Amended Form G-45.

Step 33 — For Amended Returns ONLY, see Instructions for Filing an Amended Form G-45.

Step 34 — If you file a tax return after the due date, and if there is tax due on the return, then you must compute penalty and interest charges. After computing the amounts, enter the results to the right of “PENALTY \$” and “INTEREST \$” and enter the total of the two amounts on line 34.

If you need help computing the penalty and interest, please call the Taxpayer Services Branch for assistance at 808-587-4242 or toll-free 1-800-222-3229; or leave these lines blank, and the Department will compute the charges for you and send you a bill.

Step 35 — Add the amounts on lines 30 and 34, and enter the “TOTAL AMOUNT DUE AND PAYABLE” on line 35.

Step 36 — **NOTE:** If you are NOT submitting a check with your return, enter “0.00” on line 36.

Enter the “AMOUNT OF YOUR PAYMENT,” including any penalty and interest, on line 36. Mail your check or money order for this amount payable to “Hawaii State Tax Collector” in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write the filing period, your Hawaii Tax I.D. No., and your daytime phone number on your check or money order.

Send your check or money order and Form G-45 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. Form G-45 can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

NOTE: Effective beginning on or after July 1, 2020, the Department requires certain taxpayers whose general excise tax liability exceeds \$4,000 annually, to file monthly periodic general excise tax returns, Form G-45, electronically at tax.hawaii.gov/eservices/ unless a waiver is obtained by filing Form L-110. In addition, for taxable years beginning on or after January 1, 2020, annual general excise tax returns, Form G-49, will be required to be filed electronically also. **IMPORTANT!** A penalty of 2% of the tax due will be assessed if a taxpayer who is required to file electronically fails to do so. Act 66, Session Laws of Hawaii 2018, amended section 231-8.5, HRS, to enable the Department to require certain taxpayers to file returns electronically. For more information, see Department of Taxation Announcement No. 2019-16.

Step 37 — If you are claiming any exemptions for the period, complete Schedule GE (Form G-45/G-49), General Excise/Use Tax Schedule of Exemptions and Deductions, enter the “GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED” from Schedule GE (Form G-45/G-49) on line 37, and attach Schedule GE (Form G-45/G-49) to Form G-45.

Step 38 — Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the Form G-45 (see Figure 6).

IMPORTANT: *Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., “Jan 2020”), your Hawaii Tax I.D. No., and your daytime phone number on your check or money order so it will be properly credited if it is accidentally separated from your tax return.*

INSTRUCTIONS FOR FILING AN AMENDED FORM G-45

If you file your Form G-45 and later become aware of any changes you must make to reported income and/or exemptions, you may file an amended return on Form G-45 to change the Form G-45 you already filed.

Complete your amended Form G-45 as follows:

1. Darken the oval at the top of page 1 of Form G-45 to designate that this is an amended return.
2. Enter the correct amounts of values, gross proceeds or gross income, exemptions, taxable income, and taxes due which should have been reported on the original Form G-45. Follow Steps 1 through 28 to complete your amended Form G-45. (**NOTE:** Entries which were correctly reported on the original Form G-45 also must be entered on the appropriate line(s). **Failure to do so will result in a change from the correct amount to -0-.**)
3. As of the date the amended Form G-45 is filed, enter on line 29 the amounts of any penalty and/or interest assessed for the period. Penalty and interest are generally assessed because the original return was filed after the filing deadline or because the taxes due were not paid in full by the filing deadline.
4. Enter on line 31 the total amount of taxes, additional assessments, and penalty and/or interest paid less any refunds received for the period. Include payments made with the original periodic return as well as any supplemental payments made after the original periodic return was filed. **REMINDER:** Payments are applied first to recover costs incurred by the Department, then to any interest due, then to penalties, and finally, to taxes.
5. If line 30 is LESS THAN line 31, subtract line 30 from line 31 and enter the result on line 32, “CREDIT TO BE REFUNDED.”
6. If line 30 is MORE THAN line 31, subtract line 31 from line 30 and enter the result on line 33, “ADDITIONAL TAXES DUE.”

7. If the amended Form G-45 is being filed after the due date of the original Form G-45, and if there is an amount entered on line 33, enter on line 34 the amount of any penalty and/or interest now due. On a timely filed original Form G-45, a penalty of 20% of the tax due will be assessed if any tax remains unpaid after 60 days from the prescribed due date of the original Form G-45. This penalty is applicable to amended Form G-45s for timely filed original Form G-45s. Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on unpaid taxes and penalties assessed beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on Saturday, Sunday, or legal holiday.

8. Add lines 33 and 34 and enter the total on line 35, “TOTAL AMOUNT DUE AND PAYABLE.”

9. Enter on line 36 the amount of any payment made with the amended Form G-45. If the amended Form G-45 is filed after the due date of the original Form G-45, include any additional penalty and interest in your payment. Mail your check or money order for this amount payable to “Hawaii State Tax Collector” in U.S. dollars drawn on any U.S. bank to the P.O. Box below. Write the filing period, your Hawaii Tax I.D. No., and your daytime phone number on your check or money order.

Send your check or money order and your amended Form G-45 with the required forms and attachments (Schedule GE and Form G-75 if applicable) to:

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

DO NOT SEND CASH. An amended Form G-45 can also be filed and payment made electronically at tax.hawaii.gov/eservices/.

NOTE: Effective beginning on or after July 1, 2020, the Department requires certain taxpayers whose general excise tax liability exceeds \$4,000 annually, to file monthly periodic general excise tax returns, Form G-45, electronically at tax.hawaii.gov/eservices/ unless a waiver is obtained by filing Form L-110. In addition, for taxable years beginning on or after January 1, 2020, annual general excise tax returns, Form G-49, will be required to be filed electronically also. **IMPORTANT!** A penalty of 2% of the tax due will be assessed if a taxpayer who is required to file electronically fails to do so. Act 66, Session Laws of Hawaii 2018, amended section 231-8.5, HRS, to enable the Department to require certain taxpayers to file returns electronically. For more information, see Department of Taxation Announcement No. 2019-16.

10. If any exemptions are claimed, complete and attach Schedule GE to the amended Form G-45. The amount and type of

exemptions claimed must be completed even if reported correctly on the original Form G-45 filed.

11. Enter the total of all exemptions reported on Schedule GE on line 37.
12. Sign your name and write your title, date and daytime phone number in the spaces provided on page 1 of the amended Form G-45 (see Figure 6).

IMPORTANT: *Please fill in each column of your business activity(ies) with a dollar amount or zero (0) or processing errors will result. Also, write the filing period (e.g., "Jan 2020"), your Hawaii Tax I.D. No., and your daytime phone number on your check or money order, if applicable, so that it may be properly credited if it is accidentally separated from the tax return.*

SCHEDULE OF GENERAL EXCISE TAX EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Unless the following instructions tell you not to report the exempt amounts, you must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Affordable Housing: Gross income received by a qualified person or firm for the planning, design, financing, construction, sale, rental, or lease of a housing project certified under section 46-15.1 or 201H-36 by a qualified state agency or a county is exempt. Report these amounts with ED Code 100 on the Schedule GE (Form G-45/G-49). For more information, see Form G-37 or contact the Hawaii Housing Finance and Development Corporation at 808-587-0597. (Sections 46-15.1, 201H-36, and 237-29.)

Air Pollution Control Facility: Gross proceeds from and the tangible personal property furnished in conjunction with the construction, reconstruction, erection, operation, use, or maintenance of an air pollution control facility (APCF) are exempt. The APCF must be certified by the Department of Health (DOH) at least once every five years and file this certification with the Department of Taxation (DOTAX). An exemption may not be claimed if the APCF does not have a valid certificate from DOH on file with DOTAX. Report these amounts with ED Code 101 on the Schedule GE (Form G-45/G-49). (Section 237-27.5.)

Aircraft Leasing: Amounts received as rent for the rental or leasing of aircraft or aircraft engines that is used by the lessee for interstate air transportation of passengers and goods are exempt. Report these amounts with ED Code 102 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(11).)

Aircraft Service and Maintenance Facility: Amounts received from the servicing and maintenance of certain types of aircraft or from the construction of a qualified aircraft service and maintenance facility in the State are exempt. Report these amounts with ED Code 103 on the Schedule GE (Form G-45/G-49). (Section 237-24.9.)

Alimony: Alimony and other similar payments and settlements are exempt. Do not report these amounts. (Section 237-24(7).)

Bad Debts: For accrual basis taxpayers, accounts that are actually charged off as worthless for income tax purposes may be deducted in Column b. Report these amounts with ED Code 104 on the Schedule GE (Form G-45/G-49). No deduction may be taken for a bad debt reserve. If accounts written off are later collected, the collection is included in Column a for the period in which it was received. (Section 237-3(b).)

Beverage Container Deposit: "Bottle Bill" Amounts received as a beverage container deposit collected under chapter 342G, part VIII, HRS are exempt. Do not report these amounts. (Section 237-24.75(1).) For more information, see Announcement No. 2002-20.

Casual Sales: Proceeds from a casual sale are not taxed. A casual sale means an occasional, isolated, irregular, infrequent, or incidental sale or transaction involving tangible personal property that is not ordinarily sold in the usual course of a trade or business. Sales of inventory, or sales that are carried out on a systematic basis, such as when a rental car company sells its rental cars in order to make way for new ones to rent, do not qualify as casual sales. For details, see section

18-237-1, HAR. Do not report these amounts. (Section 237-2.)

Certain Convention, Conference, and Trade Show Fees: All of the value or gross income derived by a fraternal benefit, religious, charitable, scientific, educational, or other nonprofit organization under section 501(c) of the Internal Revenue Code from fees for convention, conference, or trade show exhibit or display spaces is exempt. Report these amounts with ED Code 105 on the Schedule GE (Form G-45/G-49). (Section 237-16.8.)

Common Paymaster Exception: If employees work for more than one related corporation, one of the corporations may pay the employees on behalf of all employers. If so, the intercompany transfers of funds to the common paymaster are exempt. Report these amounts with ED Code 106 on the Schedule GE (Form G-45/G-49). (Section 237-23.5(b).) See also the exemptions for hotel operators, hotel suboperators, and orchard operators on the following page.

Contracting Activity in an Enterprise Zone: Gross proceeds received by a contractor for construction within an enterprise zone performed for a qualified business within an enterprise zone are exempt. Report these amounts with ED Code 107 on the Schedule GE (Form G-45/G-49). The designation of enterprise zones and the certification of qualified businesses are administered by the Department of Business, Economic Development, and Tourism (DBEDT). (Section 209E-11.)

Damages for Personal Injuries and Property Damage: Compensatory damages for personal injuries or defamation, or compensatory damages for damage to property, are exempt. Do not report these amounts. (Section 237-24(5).) Punitive damages, and any damages for breach of contract, are taxable if the damages are connected to business in which you are or were engaged in.

Diplomats and Consular Officials, Sales to: Amounts received from foreign diplomats and consular officials who are holding cards issued by the U.S. Department of State granting them an exemption from state taxes are exempt. Report these amounts with ED Code 110 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(10).) The tax exemption, however, is not applicable to taxes imposed on telecommunication services, other utilities, or gasoline purchases. See Department of Taxation Announcement Nos. 2000-07, 2011-25, and 2013-03, Tax Facts 2016-1 for more information.

Disability Provisions: The first \$2,000 of gross income earned by any blind, deaf, or totally disabled person is exempt. Report these amounts with ED Code 111 on the Schedule GE (Form G-45/G-49). (Section 237-24(13).) For more information, see TIR No. 89-3 and Department of Taxation Announcement 2002-6.

Discounts and Returned Merchandise: Cash or other discounts on the price of articles sold are considered price adjustments and should be subtracted in figuring the amount to report in Column a. Cash or store credit that is given for returned merchandise is deductible and should be entered in Column b of the same line on which the merchandise sales were reported. Report these amounts with ED Code 112 on the Schedule GE (Form G-45/G-49). (Section 237-3(b).)

Dividends and Distributions: Dividends and other distributions of income or profit from corporations, partnerships, and trusts are not taxable. Do not report these amounts. (Section 237-3(b).) The exemption does not apply if the distribution is a payment due to transaction of business with the shareholder, partner, member, or beneficiary.

Drugs and Prosthetic Devices: Sales to individuals by a hospital, infirmary, medical clinic, health care facility, pharmacy, or practitioner licensed to administer drugs or prosthetic devices are exempt. Report these amounts with ED Code 113 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(6).) Prosthetic devices do not include such items as glasses, hearing aids, or dentures. For more information, see TIR No. 86-4.

Employee Benefit Plans: Amounts received by an employee benefit plan such as contributions, dividends, and interest are exempt and do not need to be reported. Amounts received by a nonprofit organization or office such as payments for costs and expenses incurred for the administration of an employee benefit plan are also exempt; however, these amounts must be reported and explained. Report these amounts with ED Code 114 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(4).)

Enterprise Zones: There are tax incentives for businesses in properly designated enterprise zones (EZ). Designation of zones and certification of businesses in those zones are administered by DBEDT. Report these amounts with ED Code 115 on the Schedule GE (Form G-45/G-49). (Section 209E-11.) **Caution:** Not all sales which count towards an EZ company's qualification for the tax benefits as set by DBEDT are exempt from the GET since some types of sales can be used in determining whether an EZ company has met the annual requirements for certification, but those same sales may not necessarily be exempt from the GET. For example, retail sales of agricultural goods produced or processed in the EZ will count towards an EZ company's annual certification, but the sales are not exempt from the GET, unless they are sales of genetically modified agricultural products.

Exported Services: The value or gross proceeds received by a contractor, service provider, or seller from the sale of contracting or services to a customer for resale, consumption, or use outside of the State are exempt, provided the customer furnishes Form G-61 certifying as such to the contractor, service provider, or seller. Report these amounts with ED Code 116 on the Schedule GE (Form G-45/G-49). (Section 237-29.53.) For more information, see Announcement No. 2018-05.

Exported Intangibles: The value or gross proceeds received by a seller from the sale of intangible(s) for consumption or use outside of the State are exempt, provided the customer furnishes Form G-61 certifying as such to the seller. Report these amounts with ED Code 156 on the Schedule GE (Form G-45/G-49). (Section 237-29.57.)

Federal Cost-Plus Contractors: If you are a federal cost-plus contractor, you may elect to deduct any amounts that you were reimbursed under the contract for materials, plant, or equipment. Report these amounts with ED Code 117 on the Schedule GE (Form G-45/G-49). In addition, you must certify that you are taxable with respect to the gross proceeds of the sale, and that you elect to have the tax on the gross income computed the same as upon a sale to the state

government. Please attach the certification on a separate sheet. (Section 237-13(3)(C).)

Federally Preempted Amounts: Gross income is not taxed if the Constitution and laws of the United States prohibit the State of Hawaii from taxing it. If you are claiming this exemption, you must enter the amount claimed to be exempt in Column b, and report with ED Code 118 on the Schedule GE (Form G-45/G-49). If the amount claimed is exempt due to federal preemption, provide an explanation of the exemption and the federal statute (i.e., title and section of the United States Code) under which the exemption is claimed. (Section 237-22.)

If your business earns interest from buying U.S. Treasury obligations or similar instruments, check TIR No. 84-1 for a list of obligations for which interest is exempt. If the kind of bond or obligation that you have is listed as exempt, please identify the type of obligation that it is, and refer to "TIR No. 84-1" in your explanation of the exemption.

Food Stamps: Amounts received for purchases made with USDA food coupons or vouchers under the federal food stamp program, or the Special Supplemental Food Program for Women, Infants and Children, are exempt. Report these amounts with ED Code 119 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(5).)

Foreign Trade Zone Sales: Sales of privileged foreign merchandise, nonprivileged foreign merchandise, domestic merchandise, or zone-restricted merchandise which are admitted into a foreign-trade zone and made directly to any common carrier in interstate or foreign commerce for consumption out-of-state are exempt, provided that the sale takes place entirely within the zone. Report these amounts with ED Code 120 on the Schedule GE (Form G-45/G-49). (Section 212-8.)

Foster Parents: Foster parents are not taxable on amounts they receive from the State or eleemosynary child-placing organizations for their care of children in foster homes. Do not report these amounts. (Section 237-24(15).)

Gifts and Bequests: Any property acquired by gift, bequest, or devise is exempt. Do not report these amounts. (Section 237-24(4).)

Green Infrastructure Fee, Green Infrastructure Charge and Green Infrastructure Special Fund: Amounts received by an electric utility for the green infrastructure fee and the green infrastructure charge is exempt. The amounts deposited into the green infrastructure special fund is also exempt. Do not report these amounts. (Sections 196-65(c), 269-169(a) and 269-172(b).)

Hawaii Convention Center Operator: Amounts received after June 13, 2007, by the operator of the Hawaii convention center for reimbursement of costs or advances made pursuant to a contract with the Hawaii tourism authority under section 201B-7 are exempt. Report these amounts with ED Code 121 on the Schedule GE (Form G-45/G-49). (Section 237-24.75(2).)

Hotel Operator: Amounts received by the operator of a hotel from the owner of the hotel or from a timeshare association, and disbursed by the hotel operator for employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report these amounts with ED Code 122 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(1).)

Hotel Suboperator: Amounts received by the suboperator of a hotel from the owner of the hotel, from a timeshare association, or from the

operator of the hotel, and disbursed by the hotel suboperator for employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report these amounts with ED Code 122 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(1).)

Insurance Proceeds: Amounts received under life insurance contracts because of the death of the insured (section 237-24(1)), amounts received under life insurance, endowment, or annuity contracts paid either during the term of the contract or at maturity (section 237-24(2)), or amounts received under an accident, health, or worker's compensation policy because of personal injuries, death, or sickness (section 237-24(3)) are all exempt. Do not report these amounts.

If a person receives amounts under fire or accident policies to repair or replace damaged property, the amounts could qualify as money received because of casual sales (discussed earlier). Amounts paid under business interruption insurance contracts to replace lost income, or amounts paid under any insurance contracts to repair or replace inventory property, including crop losses, are considered taxable. Report all of these amounts on the "All Others" line in Part II of Forms G-45 and G-49, even if the insurance proceeds replace inventory property that otherwise would have been sold at wholesale. For more information, see TIR No. 92-7. If the damage or loss of inventory property took place in an area declared a natural disaster area, an exemption may be claimed under "Insurance Proceeds Received Because of a Natural Disaster."

Insurance Proceeds Received Because of a Natural Disaster: If you receive amounts under property and casualty insurance policies for damage or loss of inventory used in a trade or business located within an area declared a natural disaster area by the Governor, this exemption applies. Report these amounts with ED Code 123 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(6).)

Intercompany Charges: Charges for legal, accounting, managerial, and administrative services (including related overhead costs) furnished by one related entity to another, or interest on loans or advances to related entities, are not taxable. The amount received, charged, or attributable to services using computer software and hardware, information technology services, and database management that is furnished by one related entity to another related entity is exempt. Related entities are generally those related through 80% common ownership and at least 80% of the total voting power. Report these amounts with ED Code 124 on the Schedule GE (Form G-45/G-49). (Section 237-23.5(a).)

Labor Organizations: A labor organization that is exempt from federal income tax under section 501(c)(5) of the Internal Revenue Code is not taxable on rents for real property leased to: (A) another labor organization, or (B) a trust providing membership service programs such as a pension plan, a common fund for medical or hospital care, or apprenticeship and training. Report these amounts with ED Code 125 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(9).)

Leases and Subleases of Real Property: A deduction is allowed to a taxpayer (sublessor) who leases real property from a lessor under a written lease, and subsequently subleases that same real property to a sublessee under a written lease. The deduction is computed by multiplying the gross proceeds paid by the taxpayer to the lessor by 0.875. The taxpayer calculates the sublease deduction using Form G-72. In addition,

the lessor's name and lessor's Hawaii Tax I.D. No. must be provided in Section VIII on Schedule GE. Report these amounts with ED Code 126 on the Schedule GE (Form G-45/G-49). (Section 237-16.5.)

Maintenance Fees: Amounts received by the manager, submanager, or board of directors of: (1) an association of a condominium property regime established under HRS chapter 514B or any predecessor thereto (section 237-24.3(2)); (2) a nonprofit homeowners or community association incorporated in accordance with 414D (section 237-24.3(2)); or (3) a qualifying cooperative housing corporation (section 237-24(16)); in reimbursement of sums paid for common expenses such as maintenance fees are exempt. Report these amounts with ED Code 127 on the Schedule GE (Form G-45/G-49). If you are not a manager, submanager, or a board of directors to an entity of (1), (2), or (3) above, you do not qualify for this exemption.

Mass Transit: Income of the operator of a mass transit system (of motorized buses) is exempt, if a political subdivision owns the property and the facilities of the county transportation system (including buses, real estate, parking garages, fuel pumps, etc.). Report these amounts with ED Code 128 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(2).)

Merchants' Association Dues: Amounts received from the membership of an unincorporated merchants' association as dues for advertising or promotion are exempt, as long as the advertising and promotion are for the benefit of the membership as a whole and not for an individual member or subgroup of members. Report these amounts with ED Code 129 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(8).)

Non-profit Organizations: Amounts received by certain non-profit fraternal, religious, charitable, scientific, educational, community or social welfare groups and hospitals, infirmaries and sanitaria organizations may be exempt. Report these amounts with ED Code 130 on the Schedule GE (Form G-45/G-49). However, ALL fundraising activities are taxable and must be reported. (Section 237-23.) See TIR Nos. 2010-05 and 2011-04 for licensing and reporting requirements, and TIR Nos. 89-6, 89-13, 91-2, and 91-4, and Tax Facts No. 98-3 for more information.

Orchard Operator: Amounts received by the operator of orchard properties from the owner of the orchard property specifically to cover the costs of employee wages, salaries, payroll taxes, insurance premiums and benefits (including retirement, vacation, sick pay, and health benefits) are exempt. Report these amounts with ED Code 131 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(4).)

Out of State Sales: The value or gross proceeds received by a manufacturer, producer, or seller of tangible personal property shipped to a point outside of the State where it is resold or otherwise consumed or used outside the State are exempt, provided the purchaser furnishes Form G-61 certifying as such to the manufacturer, producer, or seller. Report these amounts with ED Code 132 on the Schedule GE (Form G-45/G-49). (Section 237-29.5(1).) For more information, see TIR No. 98-5.

Patient-Centered Community Care: Amounts received by a Patient-Centered Community Care (PCCC) contractor used to pay third party health care providers pursuant to a contract with the United States are exempt. According to the U.S. Department of Veterans Affairs website (<https://va.gov/COMMUNITYCARE/programs/veterans/PCCC/index.asp>), the contractor for Hawaii is

Tri-West Healthcare Alliance Corp. This exemption does not apply to third party health care providers receiving payments under this program. The payments received by third party health care providers are subject to tax. Report these amounts with ED Code 134 on the Schedule GE (Form G-45/G-49). (Section 237-24(18).)

Petroleum Refining: Petroleum products refined in Hawaii that will be further refined by another taxpayer are exempt. Report these amounts with ED Code 135 on the Schedule GE (Form G-45/G-49). (Section 237-27.)

Potable Water: Amounts received by non-profit organizations exempt under section 501(c)(12) of the Internal Revenue Code for providing potable water to residential communities that have no access to public utility water services are exempt. Report these amounts with ED Code 136 on the Schedule GE (Form G-45/G-49). (Section 237-23(a)(7).)

Professional Employer Organizations: Amounts received after June 30, 2007, by a professional employer organization (PEO) that is registered with the Department of Labor and Industrial Relations pursuant to Chapter 373L, HRS, from a client company equal to amounts that are disbursed by the PEO for employee wages, salaries, payroll taxes, insurance premiums, and benefits, including retirement, vacation, sick leave, health benefits, and similar employment benefits with respect to assigned employees at a client company are exempt; provided that this exemption shall not apply to a PEO upon failure of the PEO to collect, account for, and pay over any income tax withholding for assigned employees or any federal or state taxes for which the PEO is responsible. The PEO must comply with the registration requirements under Chapter 373L, HRS, in order to claim the exemption. Report these amounts with ED Code 137 on the Schedule GE (Form G-45/G-49). (Section 237-24.75(3).)

Real Estate Sales: Gross proceeds from the sale of land in fee simple are generally exempt and do not have to be reported. (Section 237-3(b).) If leasehold land is sold, especially by the lessor, part of the proceeds from the sale may be considered rent and would need to be reported on the "Other Rentals" line in Part II of Forms G-45 and G-49. For details, see General Excise Tax Memorandum No. 3 and General Excise Tax Memorandum No. 3A. Land in fee simple does not include furniture, fixtures, and equipment. If these items are being sold, see "Casual Sales" above.

Contractors, developers, and dealers in real estate must report the gross sale proceeds from their projects in Column a, and include in Column b (and report with ED Code 139 on the Schedule GE (Form G-45/G-49)) the amount attributable to the sale of land in fee simple.

Reimbursements of Payroll Costs: Amounts received by a management company from related entities engaged in the business of selling interstate or foreign telecommunication services as reimbursements of payroll costs incurred in managing or operating the related entities' employees are exempt. Report these amounts with ED Code 140 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(9).) Related entities are generally those related through 80% common ownership and at least 80% of the total voting power.

Sales to the Federal Government and Credit Unions: Sales of tangible property to the federal government and state and federal credit unions are exempt. Report these amounts with ED Code 141 on the Schedule GE (Form G-45/G-49). (Section 237-25(a).) This exemption does not apply to federal cost-plus contractors or service providers (even if the service provider separately bills for the item of tangible personal property). Page 10

For more information, see TIR Nos. 2001-3 and 2005-1. **NOTE:** Services provided to the federal government and credit unions are taxable.

Sales Tax Offset: A use tax and GET offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale. Taxes paid for manufacturing, extraction, and the like, as well as license fees or transfer taxes, may not be taken as a credit against Hawaii use taxes due. Report these amounts with ED Code 154 on the Schedule GE (Form G-45/G-49). (Section 237-22(b).)

Scientific Contracts: Gross proceeds from certain scientific contracts with the federal government are exempt. Report these amounts with ED Code 142 on the Schedule GE (Form G-45/G-49). (Section 237-26.) For more information, see TIR No. 35-71.

Senior Citizens' Fair: Proceeds of an annual senior citizens' fair held by a county commission on aging or appropriate county agencies on aging are exempt. Do not report these amounts. (Section 349-10.)

Services Related to Ships and Aircraft: Amounts received from the loading or unloading of ships or aircraft; tugboat services including pilotage fees and towage of ships, barges, or vessels in and out of harbors or from one pier to another; and the transportation of pilots or governmental officials to ships, barges or vessels offshore; rigging gear; checking freight and similar services; standby charges; and use of moorings and running mooring lines are exempt. Report these amounts with ED Code 143 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(3).)

Shipbuilding and Ship Repairs: Gross proceeds arising from shipbuilding and ship repairs rendered to surface vessels federally owned or engaged in interstate or international trade are exempt. Report these amounts with ED Code 144 on the Schedule GE (Form G-45/G-49). (Section 237-28.1.)

Shipping and Handling of Agricultural Commodities: Amounts received for loading, unloading and shipping of agricultural commodities between islands in the State from a producer or produce dealer are exempt. Report these amounts with ED Code 145 on the Schedule GE (Form G-45/G-49). (Section 237-24.3(1).)

Small Business Innovation Research Grants: Amounts received as grants awarded by the Hawaii Technology Development Corporation under section 206M-15, that supplement federal small business innovation research phase I, II, or III awards or contracts are exempt. Report these amounts with ED Code 146 on the Schedule GE (Form G-45/G-49). (Section 237-24.7(10).)

Stock Exchange Transactions: Certain amounts received by a domestic or foreign stock exchange, and certain amounts received by exchange members by reason of executing a securities or product transaction on an exchange, are exempt. Report these amounts with ED Code 147 on the Schedule GE (Form G-45/G-49). (Section 237-24.5.)

Stocks, Bonds, and Commodity Futures: Gross proceeds from the sale of securities, commodity futures, and bonds are exempt and do not have to be reported. (Section 237-3(b).) If you are selling bonds with accrued but unpaid interest, the interest is considered income that is received when the bond is sold. The interest does not qualify for this exclusion and may need to be reported on the "Interest" line in Part II of Forms G-45 and G-49. For example, if you purchased an out-of-state municipal bond at a discounted price and sell it for an appreciated price,

the difference is considered accrued, but unpaid, interest and that portion would be taxable and reported on the "Interest" line in Part II of Forms G-45 and G-49. **NOTE:** Federal bonds' accrued interest are exempt. See "Federally Preempted Amounts" discussed earlier.

Subcontract Deduction: A prime contractor (or a developer) may be eligible for a deduction in the amount of payments made to a subcontractor or a specialty contractor. The subcontractor's name, the subcontractor's Hawaii Tax I.D. No., and the amount of deduction must be provided in Section VII on Schedule GE. Report these amounts with ED Code 148 on the Schedule GE (Form G-45/G-49). For more information, contact your district tax office for instructions. (Section 237-13(3)(B).)

Sugar Cane Payments to Independent Producers: Certain payments to independent sugar cane producers are exempt. Report these amounts with ED Code 149 on the Schedule GE (Form G-45/G-49). (Section 237-24(14).)

Taxes Passed On: Amounts received to pay the following taxes are exempt. Each amount should be reported and explained. Report these amounts with ED Code 150 on the Schedule GE (Form G-45/G-49).

Fuel taxes collected by distributors. (Section 237-24(8).)

Hawaii liquor taxes collected by dealers. (Section 237-24(9).)

Hawaii cigarette and tobacco taxes paid by wholesalers. (Section 237-24(10).)

Federal excise taxes imposed on articles sold at retail and collected from purchasers. (Section 237-24(11).)

Federal taxes imposed on sugar manufactured in Hawaii. (Section 237-24(12).)

Transient accommodations taxes visibly passed on. (Section 237-24.3(7).)

Rental motor vehicle, tour vehicle & car-sharing vehicle surcharge taxes visibly passed on. (Section 237-24.7(3).)

Trade-Ins: For trade-ins, a merchant reduces the price of the new article by the amount of the trade-in allowance. The trade-in allowance is considered a price adjustment and is subtracted from the new article's sales price and the net amount is reported in Column a. Any later sale of the traded-in article is reportable at the time of that sale. (Section 237-3(b).)

Wages: Amounts received as salaries or wages for services rendered by an employee to an employer are exempt. If your employer is withholding payroll taxes on these wages, you do not have to report them. If you are being paid as an independent contractor, or if payroll taxes are not being withheld, these amounts are taxable and must be reported and explained. (Section 237-24(6).)

Wholesale Transactions: Amounts received from the sales of tangible personal property imported into the State by a licensed taxpayer to another licensed taxpayer for further resale at wholesale are exempt, provided the customer furnishes Form G-17 certifying as such to the seller. Report these amounts with ED Code 153 on the Schedule GE (Form G-45/G-49). For more information, see TIR No. 98-8. (Section 237-29.55.)

DIVISION OF GROSS INCOME AMONG TAXPAYERS

In general, the GET is imposed on gross income and no deductions are allowed for costs of producing that income. In the following special situations, however, the law recognizes the division of gross receipts among the taxpayers responsible for those receipts. Taxpayers in these situations report their respective shares of the gross income received in Column a on the Form G-45/G-49 and also list the taxpayers and the amounts with whom they split their income on Schedule GE (Form G-45/G-49), Part V. The division of income may be denied if the income is not properly reported.

Coin Operated Devices: Gross receipts are divided between the owner (or operator) of the device and the owner (or operator) of the premises on which the machine is located. (*Section 237-18(a).*)

Insurance Agents and Realtors: Gross commissions are divided among licensed non-employee insurance agents, or among licensed non-employee realtors. (*Section 237-18(e).*) Generally, commission sellers pay tax on commissions earned, and the principal pays tax on gross sales, not the amount net of commissions.

Motor Carriers: Where the transportation of passengers or property is furnished through arrangements between motor carriers, the gross income received for the transportation services is divided between the motor carriers. (*Section 237-18(h).*)

Producers and Promoters: When a person furnishing or producing an event or spectacle (such as a film distributor) and a promoter (such as a theater owner) stage an event, the promoter

pays the tax and withholds the producer's share of the tax from the portion of the income payable to the producer. If the producer is a tax exempt entity, such as a properly registered nonprofit organization, then the promoter is not taxed on the producer's share of the income and the promoter does not have to withhold tax. (*Section 237-18(b).*)

Tour Packagers: Gross revenues can be divided between a tour packager or travel agent and a provider of tourism related services. (*Section 237-18(f).*) In addition, gross revenues can be divided between a tour packager and a provider of transient accommodations at noncommissioned negotiated contract rates. (*Section 237-18(g).*) For more information, see TIR No. 91-8 and Attorney General Opinion 65-6.

SCHEDULE OF USE TAX EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Unless the following instructions tell you not to report the exempt amounts, you must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Air Pollution Control Facility: Gross proceeds from, and the tangible personal property furnished in conjunction with the construction, reconstruction, erection, operation, use, or maintenance of an air pollution control facility (APCF) are exempt. The APCF must be certified by the Department of Health (DOH) at least once every five years and file this certification with the Department of Taxation (DOTAX). An exemption may not be claimed if the APCF does not have a valid certificate from the DOH on file with DOTAX. Report these amounts with ED Code 101 on the Schedule GE (Form G-45/G-49). (*Section 238-3(k).*)

Aircraft Leasing: Amounts received as rent for the rental or leasing of aircraft or aircraft engines that is used by the lessee for interstate air transportation of passengers and goods are exempt. Report these amounts with ED Code 102 on the Schedule GE (Form G-45/G-49). (*Section 238-1.*)

Aircraft Service and Maintenance Facility: Materials, parts, or tools imported or purchased by a person with a GET license and which are used for certain types of aircraft service and maintenance, or for the construction of a qualified aircraft service and maintenance facility, are exempt. Report these amounts with ED Code 103 on the Schedule GE (Form G-45/G-49). (*Section 238-1.*)

Casual Purchases: A sale of tangible personal property by someone not in the business of selling the property is called a casual sale. (See "Casual Sales," discussed under the Schedule of General Excise Tax Exemptions and Deductions.) Because gross income derived from a casual sale is excluded from gross income subject to the GET, the landed value of tangible personal property acquired in a casual sale also is not subject to the use tax. Do not report these amounts. (*Section 238-1.*)

Contracting: A contractor importing contracting that will become identifiable elements of the project is exempt provided that the contractor is subject to the GET as a contractor and the contractor would have been able to deduct the amounts paid to the subcontractor if the subcontractor was subject to the GET. Report these amounts with ED Code 133 on the Schedule GE (Form

G-45/G-49). See TIR No. 2009-02 for more information. (*Section 238-2.3(1)(C).*)

Diplomats and Consular Officials: The use of property, services, or contracting imported by foreign diplomats and consular officials holding cards issued by the U.S. Department of State granting them an exemption from state taxes are exempt. Report these amounts with ED Code 110 on the Schedule GE (Form G-45/G-49). (*Section 238-1.*) The tax exemption, however, is not applicable to taxes imposed on telecommunication services, other utilities, or gasoline purchases. For more information, see Department of Taxation Announcement Nos. 2000-07, 2011-25 and 2013-03, Tax Facts 2016-1.

Director of Taxation's Authority to Exempt, Exclude or Apportion the Use Tax: Imports of property, services, or contracting to the extent that the GET would have applied to a similarly-situated taxpayer engaged in a local transaction. The Director of Taxation (Director) has the authority to:

- (1) Exempt or exclude from the use tax, property, services, or contracting, or the use of property, services, or contracting exempted from the GET; or
- (2) Apportion the gross value of services or contracting sold to customers within the State by persons engaged in business both within and without the State to determine the value of that portion of the services or contracting that is subject to the GET for the purposes of section 237-21.

The Director will use the authority to exempt, exclude, or apportion the value of imported property, services, or contracting when an exemption, exclusion, or apportionment of gross receipts would be allowed under the General Excise Tax Law in the case of a similar local transaction. (*Section 238-3(a).*)

Drugs and Prosthetic Devices for Personal Use: If you are an individual who bought drugs or prosthetic devices from a hospital, infirmary, medical clinic, health care facility, pharmacy, or a practitioner licensed to administer the drug to an individual, the landed value of the drugs or prosthetic devices is exempt from use tax. Do not report these amounts. (*Section 238-1.*)

Producers: Certain property used by licensed producers is either taxed at a ½% rate or is exempt, depending on whether the imported property is going to be resold at retail. For example, if a farmer sells eggs to grocery stores as well as to

neighbors and friends, then the chicken feed the farmer imports is taxed. That portion of the feed used to feed chickens whose eggs the farmer consumes is imported for consumption, and is reported on the "Use Tax on Imports For Consumption" line in Part II of Forms G-45 and G-49. The portion attributable to retail sales is imported for resale, and is reported on the "Use Tax on Imports For Resale at 4%" line in Part I of Forms G-45 and G-49. The remainder is imported for wholesale, and is exempt; include those amounts on the "Use Tax on Imports For Resale at 4%" line in Part I of Forms G-45 and G-49, Columns a and b, and report with ED Code 138 on the Schedule GE (Form G-45/G-49). (*Section 238-4.*) For more information, see section 18-238-4, HAR.

Sales Tax Offset: A use tax and GET offset may be claimed for taxes paid to another state on property, services or contracting imported into the State for resale. Taxes paid for manufacturing, extraction, and the like, as well as license fees or transfer taxes, may not be taken as a credit against Hawaii use taxes due. Report these amounts with ED Code 154 on the Schedule GE (Form G-45/G-49). (*Section 238-3(i).*)

Scientific Use Property: Property which is to be affixed to, or which is to become a physical, integral part of a scientific facility, or which is to be entirely consumed during the performance of a service required by a scientific contract with the United States Government, is exempt. Report these amounts with ED Code 142 on the Schedule GE (Form G-45/G-49). (*Section 238-3(j).*) For more information, see TIR No. 35-71.

Services or Contracting to Foreign Customers: The use of services or contracting imported for resale to a foreign customer who will resell, consume or use the service or contracting outside of the State is exempt. Report these amounts with ED Code 133 on the Schedule GE (Form G-45/G-49). (*Section 238-2.3(1)(C).*)

Wholesale, Imported for Resale at: An importer or purchaser who is licensed under chapter 237 and is either importing or purchasing tangible personal property for the purpose of sale or resale, or engaged in a service business or calling in which the imported or purchased services or contracting become identifiable elements, excluding overhead, of the services rendered by the importer or purchaser, and the gross income of the importer or purchaser is subject to the tax imposed under chapter 237 on services at the rate of 0.5%. Report these amounts with ED Code 157 on the Schedule GE (Form G-45/G-49). (*Sections 238-2(1) and 238-2.3(a)(1)(A)*)

SCHEDULE OF COUNTY SURCHARGE EXEMPTIONS AND DEDUCTIONS

(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES UNLESS NOTED)

Taxpayers with certified disabilities are not subject to the County Surcharge.

The County Surcharge is imposed on taxable income that is subject to the General Excise or Use Tax at the rate of 4% and attributable to a county that has adopted a surcharge. (Section 237-8.6.) You must report on Schedule GE (Form G-45/G-49) the exemptions you are claiming on Forms G-45 and G-49. For circumstances under which an exemption is permitted or allowed, refer to the following sections:

Certain Contracts Entered into Before 6/30/2006 - Oahu: Written contracts entered into before June 30, 2006 for construction contracts on Oahu that do not allow for the passing on of increased rates of taxes are exempt from the county surcharge. Report these amounts with ED Code 108 on the Schedule GE (Form G-45/G-49). (Section 237-8.6(c).)

Certain Contracts Entered into Before 6/30/2018 - Kauai and Hawaii: Written contracts entered into before June 30, 2006 for construction contracts on Kauai or Hawaii that do not allow for the passing on of increased rates of taxes are exempt from the county surcharge. Report these amounts with ED Code 155 on the Schedule GE (Form G-45/G-49). (Section 237-8.6(c).)

Certain Sales: Amounts of sales assigned to a district that has a county surcharge by a seller who does not have nexus in that district are exempt. Report these amounts with ED Code 109 on the Schedule GE (Form G-45/G-49). For more information, see section 18-237-8.6, HAR.

Sublease Deduction: The amount of rent paid to a landlord that is subleased to a tenant and is not deducted from GET gross receipts under

section 237-16.5 is not subject to the county surcharge. Since these amounts are effectively taxed at $\frac{1}{2}$ of 1%, the county surcharge does not apply. The amount of the county surcharge sublease deduction is computed on Form G-72, line 6. Report these amounts with ED Code 126 on the Schedule GE (Form G-45/G-49). (Section 237-8.6(d)(1).)

Wholesale Amusements: The amount of wholesale amusements not deducted from GET gross receipts under section 237-4(a)(13) is not subject to the county surcharge. Since these amounts are effectively taxed at the rate of $\frac{1}{2}$ of 1%, the county surcharge does not apply. The amount of the county surcharge deduction is computed on Form G-81, line 6. Report these amounts with ED Code 152 on the Schedule GE (Form G-45/G-49). (Section 237-8.6(d)(1).)