

STATE OF HAWAII—DEPARTMENT OF TAXATION  
**INSTRUCTIONS FOR FORM N-615**  
**COMPUTATION OF TAX FOR CHILDREN UNDER AGE 14 WHO**  
**HAVE UNEARNED INCOME OF MORE THAN \$1,000**

(NOTE: References to “married” and “spouse” are also references to “in a civil union” and “civil union partner,” respectively.)

## General Instructions

**Note:** The federal provisions in the: (1) *Tax Increase Prevention and Reconciliation Act of 2005*, (2) *Small Business and Work Opportunity Tax Act of 2007*, (3) *Tax Cuts and Jobs Act of 2017*, and (4) *Further Consolidated Appropriations Act of 2020* relating to minor children whose unearned income is taxed as if it were their parent’s income have not been adopted for Hawaii income tax purposes at the present time.

**Purpose of Form.** — For children under age 14, unearned income (such as taxable interest and dividends) over \$1,000 is taxed at the parent’s rate if the parent’s rate is higher than the child’s rate.

Do not use this form if the child’s unearned income is \$1,000 or less. Instead, figure the tax in the normal manner on the child’s income tax return. For example, if the child had \$900 of taxable interest income and \$200 of wages, Form N-615 is not required to be completed and the child’s tax should be figured using the Tax Table.

If the child’s unearned income is more than \$1,000, use this form to see if any of the child’s unearned income is taxed at the parent’s rate and, if so, to figure the child’s tax. For example, if the child had \$1,100 of taxable interest income and \$200 from wages, complete Form N-615 and attach it to the child’s Form N-11 or Form N-15.

**Unearned Income.** — As used on this form, “unearned income” includes all taxable income other than earned income as defined later. It includes income such as taxable interest, ordinary dividends, capital gains (including capital gain distributions), rents, royalties, etc. It also includes annuity income, taxable scholarship and fellowship grants not reported on federal Form W-2, unemployment compensation, alimony, and income (other than earned income) received as the beneficiary of a trust.

**Who Must File.** — Form N-615 must be filed for any child who meets all of the following conditions:

- The child had more than \$1,000 of unearned income.
- The child is required to file a tax return.
- The child was under age 14 at the end of 2022. A child born on January 1, 2009 is considered to be age 14 at the end of 2022.
- At least one of the child’s parents was alive at the end of 2022.

For these rules, the term “child” includes a legally adopted child and a stepchild. These rules apply whether or not the child is a dependent. These rules do not apply if neither of the child’s parents were living at the end of the year.

**Note:** The parent may be able to elect to report the child’s interest, ordinary dividends, and

capital gain distributions on the parent’s return. If the parent makes this election, the child will not have to file a return or Form N-615. For more information, see Instructions for Form N-11 or Form N-15 and Form N-814, *Parent’s Election to Report Child’s Interest and Dividends*.

**Additional Information.** — For more information about the tax on unearned income of children, see federal Publication 929, *Tax Rules for Children and Dependents*.

**How To Obtain Tax Forms.** — Hawaii tax forms, instructions, and schedules may be obtained at any taxation district office or from the Department of Taxation’s website at [tax.hawaii.gov](http://tax.hawaii.gov), or you may contact a customer service representative at: 808-587-4242 or 1-800-222-3229 (Toll-Free).

## Line-by-Line Instructions

We have provided specific instructions for most of the lines on the form. Those lines that do not appear in these instructions are self-explanatory.

**Lines A and B.** — If the child’s parents were married to each other and filed a joint return, enter the name and social security number of the parent who is listed first on the joint return. For example, if the father’s name is listed first on the return and his social security number is entered in the block labeled “Your social security number,” enter his name on line A and his social security number on line B. If a parent is an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

If the parents were married but filed separate returns, enter the name and social security number of the parent who had the higher taxable income.

If the parents were unmarried, treated as unmarried for State income tax purposes, or separated by either a divorce or separate maintenance decree, enter the name and social security number of the parent with whom the child lived for most of the year (the custodial parent).

**Exceptions:** If the custodial parent remarried and filed a joint return with his or her new spouse, enter the name and social security number of the person listed first on the joint return even if that person is not the child’s parent. If the custodial parent and his or her new spouse filed separate returns, enter the name and social security number of the person with the **higher** taxable income, even if that person is not the child’s parent.

If the parents were unmarried but lived together during the year with the child, enter the name and social security number of the parent who had the **higher** taxable income.

**Line 1.** — If the child had no earned income (defined later), enter the child’s adjusted gross income (from Form N-11, line 20 or Form N-15, line 35, Column B).

If the child had earned income, use the *Child’s Unearned Income Worksheet* on page 2 to figure the amount to enter on line 1. But use federal Publication 929 instead of the worksheet on page 2 to figure the amount to enter on Form N-615, line 1 if the child has a net loss from self-employment or claims a net operating loss deduction.

**Earned Income** includes wages, tips, and other payments received for personal services performed. Generally, earned income is the total of the amounts reported as wages, salaries, tips, etc., business income (loss), and farm income (loss) on federal Form 1040 and Schedule 1, or Form N-15, lines 7 and 12.

**Line 2.** — If the child itemized deductions on Form N-11 or Form N-15, enter on line 2 the **larger** of:

- \$1,000, or
- \$500 plus the portion of the amount on Form N-11, line 22; or Form N-15, line 39, that is directly connected with the production of the unearned income on Form N-615, line 1.

**Line 6.** — Enter the taxable income shown on the tax return of the parent identified on line A of Form N-615. If the parent’s taxable income is zero or less, enter zero on line 6. If the parent filed a joint return, enter the taxable income shown on that return even if the parent’s spouse is not the child’s parent.

**Line 7.** — If the individual identified as the parent on this Form N-615 is also identified as the parent on any other Form N-615, add the amounts, if any, from line 5 on each of the other Forms N-615 and enter the total on line 7.

**Line 9.** — Figure the tax on the amount on line 8 using the Tax Table, Tax Rate Schedules, Capital Gains Tax Worksheet in the Instructions for Form N-11 or Form N-15, or Form N-168, whichever applies. If line 8 includes any net capital gain, the tax on the amount on line 8 may be less if the Capital Gains Tax Worksheet is used to figure the tax. The Capital Gains Tax Worksheet should be used to figure the tax if:

the parent’s filing status is	AND	the amount on Form N-615, line 8, is over
• Single		\$ 24,000
• Married filing joint return or Qualifying widow(er)		\$ 48,000
• Married filing separate return		\$ 24,000
• Head of household		\$ 36,000

**If the Capital Gains Tax Worksheet is used to figure the tax:**

1. Enter on line 1 of the Form N-11 or Form N-15 worksheet, the amount from Form N-615, line 8;

2. Enter on line 8 of the Form N-11 worksheet or line 2 of the Form N-15 worksheet, the net capital gain included on Form N-615, line 8;
3. Complete the worksheet; and
4. Enter on Form N-615, line 9, the amount from line 19 of the Form N-11 worksheet or line 13 of the Form N-15 worksheet, and check the box for "Capital Gains Tax Worksheet."

If any farming or fishing income is included on line 8, the tax may be less if you use Form N-168.

If Form N-168 was used to figure the tax on the parent's return, see federal Publication 929 for how to figure the tax.

**Line 10.** — Enter the tax as shown on the tax return of the parent identified on Form N-615, line A. If the parent filed a joint return, enter the tax shown on that return even if the parent's spouse is not the child's parent. If the parent filed Form N-152 or Form N-814, do not include any tax from those forms on line 10.

**Line 15.** — Figure the tax on the amount on line 14 using the Tax Table, Tax Rate Schedules, Capital Gains Tax Worksheet in the Instructions for Form N-11 or Form N-15, or Form N-168, whichever applies. If line 14 includes any net capital gain, the tax on the amount on line 14

may be less if the Capital Gains Tax Worksheet is used to figure the tax.

If the Capital Gains Tax Worksheet is used to figure the tax, follow the steps in the instructions for line 9 on page 1. However, on line 1 of the Form N-11 or Form N-15 worksheet, enter the amount from Form N-615, line 14. On line 8 of the Form N-11 worksheet or line 2 of the Form N-15 worksheet, enter the net capital gain included on Form N-615, line 14. Complete the worksheet. Enter on Form N-615, line 15, the amount from line 19 of the Form N-11 worksheet or line 13 of the Form N-15 worksheet, and check the box for "Capital Gains Tax Worksheet."

If any farming or fishing income is included on line 14, the tax may be less if you use Form N-168.

**Line 17.** — Figure the tax on the amount on line 4 using the Tax Table, Tax Rate Schedules, Capital Gains Tax Worksheet in the Instructions for Form N-11 or Form N-15, or Form N-168, whichever applies. If line 4 includes any net capital gain, the tax on the amount on line 4 may be less if the Capital Gains Tax Worksheet is used to figure the tax.

If the Capital Gains Tax Worksheet is used to figure the tax, follow the steps in the instructions for line 9 on page 1. However, on line 1 of the

Form N-11 or Form N-15 worksheet, enter the amount from Form N-615, line 4. On line 8 of the Form N-11 worksheet or line 2 of the Form N-15 worksheet, enter the net capital gain included on Form N-615, line 4. Complete the worksheet. Enter on Form N-615, line 17, the amount from line 19 of the Form N-11 worksheet or line 13 of the Form N-15 worksheet, and check the box for "Capital Gains Tax Worksheet."

If any farming or fishing income is included on line 4, the tax may be less if you use Form N-168.

**Line 18.** — Compare the amounts on lines 16 and 17, then enter the larger of the 2 amounts on line 18. Round the amount to the nearest dollar. On the appropriate line of the child's tax return, be sure to indicate that tax from Form N-615 is included, even if the amount on line 17 is the larger of the 2 amounts.

**Amended Returns.** — If the parent's income changes after the child's return is filed, the tax must be refigured using the adjusted amounts. The child's tax must also be refigured if there are changes to the net unearned income of other children for whom the parent is required to file a Form N-615. If the child's tax changes, file an amended individual income tax return to correct the child's tax.

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**Child's Unearned Income Worksheet (keep a copy for your records)**

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1. Enter the total income amount from the child's federal Form 1040 and Schedule 1\* or Form N-15, line 20, whichever applies.....  
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2. Enter the child's earned income (defined on page 1) plus the amount of any penalty on early withdrawal of savings from the child's federal Schedule 1, or Form N-15, line 29, whichever applies. ....  
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3. Line 1 minus line 2. Enter the result here and on Form N-615, line 1.....  
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\* **Note:** Do not include income not subject to Hawaii income taxes (e.g., all income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes; and amounts received by an individual or a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets (1) owned by the individual or qualified high technology business, and (2) developed and arising out of a qualified high technology business are excluded from gross income, adjusted gross income, and taxable income.)