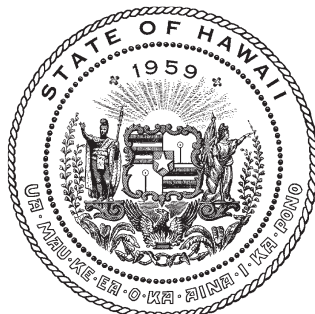


**STATE OF HAWAII
DEPARTMENT OF TAXATION**



**General Information
and Scannable Specifications
for
Form N-356 (Rev. 2023)**

Contact Information for General Questions

Hawaii Department of Taxation
Technical Section
Attn: Sharlene Tagami, Forms Coordinator
830 Punchbowl Street, Rm 126
Honolulu, Hawaii 96813

Telephone: (808) 587-1577
Fax: (808) 587-1584
E-mail: Tax.Technical.Section@hawaii.gov

**Contact Information for Mailing
Test Packages and Testing Inquiries**

Hawaii Department of Taxation
Attn: Document Processing — Quality
Assurance Test Team
830 Punchbowl Street, Rm 126
Honolulu, Hawaii 96813

Email: tax.dp.qa@hawaii.gov

Note: Reproduced forms must meet the requirements as established in this document and our current Forms Reproduction Policy.

FORM N-356 (Rev. 2023)

General Information and Scannable Specifications

This document provides software vendors with the requirements for reproducing Form N-356. Form N-356 is designed for electronic scanning that permits faster processing with fewer errors. Software developers who reproduce, develop, or distribute Form N-356 must create the form so the variable data (specified fields containing taxpayer information) are printed in a fixed format that can

be read by the Department's IBML scanners. A 2D QR code must be present on each page of the form.

Substitute scannable forms **MUST** meet the requirements as established in this document and our current Forms Reproduction Policy, and be approved prior to release or distribution.

GENERAL INFORMATION

1. Substitute Form

- We highly recommend you use the Department's official Form N-356 PDF.
- If you do not use the Department's official PDF, the substitute form must match the Department's form in layout and appearance including **bold** and/or *italics* fonts as they appear on the official form.
- Lines of text in a paragraph must break at the same location as the official form.
- All forms and variable data must have a high standard of legibility for printing.
- Photocopies of the scannable form must not be submitted to the Department for processing.
- Substitute scannable forms must be proofread prior to submission.

2. Paper and Ink

- The paper size is 8.5 inches by 11 inches, the same size as the Department's original form. The paper weight must be at least 20 pound white bond and the page orientation is portrait.
- Black ink should be used in printing the text on the form and the variable data.

3. Fonts

- The form was designed using the following font:
 1. Arial
- The following fonts and sizes should be used for the form number and revision year located at the top left corner on page 1 of the form:
 1. FORM: 9 pt Arial bold
 2. N-356: 14 pt Arial bold
 3. REV. 2023: 9 pt Arial bold
- The following font and size should be used for the form number located at the bottom right corner of the form:
 1. FORM N-356 (REV. 2023): 10 pt Arial bold

4. Variable Data

- All variable data fields must utilize 12 pt Courier New font.
- All variable data fields require exact placement.
- Print all alpha characters uppercase.

5. Variable Data Delimiters

- Taxpayer's Social Security Number must be printed with the dash (-) delimiters. For example:
123-45-6789
(3 digits, followed by a dash (-), followed by 2 digits, followed by a dash (-), followed by 4 digits)

6. Dollar Amounts

9999999999

- Do not use commas as thousand separators.
- Do not use leading dollar signs.
- Amounts are right justified.
- Amounts must be rounded. Dollar and cent signs should not be used when the field is rounded to whole dollars.

7. Testing and Approval of the Scannable Form

- A minimum of 5 hardcopy test samples must be provided to ensure proper testing including 1 hardcopy test sample that contains all maximized fields (one alpha "X" or numeric "9" character space with no leading or trailing spaces).
- Test samples must be originals. Photocopies, fax submissions, etc. will not be accepted.
- Test samples must be populated with unique sample variable data showing different scenarios.
- It will require 1 to 2 weeks, upon receipt by the Department, to verify the accuracy of the submitted sample.
- Approval of the facsimile must be obtained from the Department **prior** to filing.
- Form N-356 (Rev. 2023) cannot be filed until 2024.

SCANNABLE SPECIFICATIONS

1. Layout

- Open space around variable data fields should be adhered to as much as possible except for the areas that do not require optical character recognition. Do not place any additional information in these areas.

2. Hawaii Vendor I.D. Number

- Print your 2-digit Hawaii Vendor I.D. Number following the "ID NO" label at the following position:
 1. Page 1: The 2-digit Hawaii Vendor I.D. Number should begin at column 42, row 64.
- The Hawaii Vendor I.D. Number must utilize 12 pt Courier New font.

3. QR code

- A QR code is specific to the form. The property of the 2D symbology QR code is measured in CM.
- Placement of the QR code is as follows (see exhibit for exact placement):
 1. Page 1: The left bottom corner of the QR code is at the beginning of column 15 and at the bottom of row 6.
- Height of the QR code is 0.5 inch.
- Length of the QR code is 0.5 inch.
- Narrow Module Size is set to 0.18.
- Margin is set to 0.18.
- Open space surrounding the QR code should be adhered to as much as possible.
- DO NOT stretch the QR code image.
- The required QR code for page 1 is:
N356_T 2023A 01 VIDXX

The QR code includes the form number (N356), an underscore, type of form (T), space, 4-digit form year (2023), 1-letter revision indicator (A), space, 2-digit page number (01), space, vendor I.D. label (VID), and your 2-digit Hawaii Vendor I.D. Number (XX). There are no hyphens.

- The human readable text for the QR code must be printed below the QR code at column 13, row 7, utilizing 6 pt Arial font (see exhibits for exact placement).
- Please do not print the outline around the human readable text and QR code. The outline is used to show the placement of the human readable text and QR code.
- DO NOT use Windows Metafile Format (wmf). This format causes a very low read rate by the Department's IBML scanners.

4. Form Serial Number

- The form serial number MUST be printed at column 6, row 64, utilizing 12 pt Courier New font.
- The required form serial number for page 1 is:
N356H7V9

5. Acetate Overlays

- Acetate overlays will assist in the exact data field placement. Verify your form samples with the overlays prior to submitting them for testing. If the samples do not match the overlays within 1/16 inch, do not submit them for approval as they will be rejected.
- Acetate overlays will be mailed to vendors who submitted a Letter of Intent to participate in the Forms Reproduction Program and who will be reproducing Form N-356. If you did not receive the acetate overlays, please contact the Forms Coordinator.

Place QR Code Here

STATE OF HAWAII — DEPARTMENT OF TAXATION EARNED INCOME TAX CREDIT

2023

Human Readable text here

See Instructions on back Attach to Form N-11 or Form N-15

Name(s) as shown on Form N-11 or N-15 Your social security number NAMES AS SHOWN ON TAX RETURN XXXXXXXXXXXXXXXXXXXXXXXXXXXX 999-99-9999

Note: If you are only claiming a carryover of unused earned income tax credit from a prior year, skip lines 1 through 7 and begin on line 8.

Part I QUALIFYING INDIVIDUAL TAXPAYER

1 In order to claim the tax credit, you must meet the definition of a qualifying individual taxpayer.

- a Are you filing a federal income tax return and claiming the federal earned income credit for this tax year?
b Are you using the same filing status on your Form N-11 or Form N-15 as used on your federal income tax return?
c Are you claiming the same dependents on your Form N-11 or Form N-15 as claimed on your federal income tax return?

If you answered "No" to any of the 3 questions, you are not a qualifying individual taxpayer. You cannot claim this credit. Do not complete this form.

Part II REFUNDABLE TAX CREDIT COMPUTATION

2 Enter the amount of your federal earned income credit claimed on your federal income tax return for this tax year. 2 9999999.99

3 Multiply line 2 by 40%. 3 9999999.99

Note: Residents, skip lines 4 and 5, enter "1.00" on line 6, and go to line 7. Part-year residents and nonresidents, continue on to line 4.

4 Enter your Hawaii adjusted gross income from Form N-15, Column B. 4 9999999.99

5 Enter your federal adjusted gross income from Form N-15. 5 9999999.99

6 Divide line 4 by line 5. (Compute to 3 decimal places and round to 2 decimal places). 6 9999999.99

7 Total New Credit Claimed — Multiply line 3 by line 6. Also enter this amount on Schedule CR on the appropriate line for this tax credit. 7 9999999.99

Part III UNUSED CARRYOVER COMPUTATION

Note: Unused tax credits from tax years 2018 through 2021 cannot be carried over for taxable years beginning after December 31, 2024.

8 Adjusted Tax Liability — Enter the amount from Form N-11 or Form N-15. 8 9999999.99

9 If you are claiming other nonrefundable tax credits, complete the worksheet in the instructions and enter the total here. If you are not claiming other nonrefundable credits, enter zero. 9 9999999.99

10 Line 8 minus line 9. This represents your remaining tax liability. If the result is zero or less, enter zero. 10 9999999.99

11 Carryover of unused earned income tax credit from prior year. 11 9999999.99

12 Total Credit Applied — Enter the smaller of line 10 or line 11. This is your earned income tax credit to be applied to this tax year. Enter this amount, rounded to the nearest dollar, on Schedule CR, in Column (b) of the appropriate line for this tax credit. 12 9999999.99

13 Unused Credit to Carryover — Line 11 minus line 12. This represents your current year's carryover of unused credit. The amount of any unused credit may be carried over and used as a credit against your tax liability in subsequent years until exhausted. If this amount is more than zero, also enter it on Schedule CR in Column (c) of the appropriate line for this tax credit. 13 9999999.99

CHANGES YOU SHOULD NOTE

Act 163, Session Laws of Hawaii 2023 - The Earned Income Tax Credit is amended by increasing the tax credit from 20% to 40% of the federal earned income tax credit allowed and properly claimed on the individual's federal income tax return. Effective for taxable years beginning after December 31, 2022.

GENERAL INSTRUCTIONS

The earned income tax credit is refundable and 40% of the federal earned income credit claimed on the taxpayer's federal income tax return. For part-year residents and nonresidents, the tax credit is multiplied by the ratio of Hawaii adjusted gross income to federal adjusted gross income.

Any unused carryover of the tax credit shall be claimed against the net income tax liability for the taxable year. A tax credit that exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted, provided that no credit carried forward amounts from tax years 2018, 2019, 2020, and 2021 shall be used as a credit for taxable years beginning after December 31, 2024.

Purpose of Form

Use Form N-356 to figure and claim the earned income tax credit under section 235-55.75, Hawaii Revised Statutes.

Who May Claim This Credit

Each qualifying individual taxpayer may claim this credit. A qualifying individual taxpayer means a taxpayer that: (1) files a federal income tax return for the taxable year and claims the earned income credit under Internal Revenue Code section 32, and (2) files a Hawaii income tax return 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.

When the Credit May Not Be Claimed

This credit may not be claimed if any of the following apply:

- (1) There was a final administrative or judicial decision within the prior ten taxable years that your claim for the tax credit was due to fraud.
(2) There was a final administrative or judicial decision within the prior two taxable years disallowing your claim for the tax credit.

Credit Requirements

To claim this credit or use any carry over, you must complete and attach to your Hawaii income tax return:

- (1) Form N-356
(2) Schedule CR

Deadline for Claiming the Credit

The deadline to claim the credit, including amended claims, is 12 months after the close of your taxable year. You cannot claim or amend the

credit after the deadline.

Note: If the Internal Revenue Service (IRS) makes an adjustment to the federal earned income credit (due to an adjustment to federal taxable income) after the 12-month deadline, you must amend the Hawaii earned income tax credit even if the 12-month deadline has passed. The amended Hawaii income tax return must be filed within 90 days after the adjustment by the IRS is finally determined.

SPECIFIC INSTRUCTIONS

Note: If you are only claiming a carryover of unused earned income tax credit from a prior year, skip lines 1 through 7 and begin on line 8.

Part I, Qualifying Individual Taxpayer

Line 1 -- Answer the questions to determine whether you meet the definition of a qualifying individual taxpayer. If you are not a qualifying individual taxpayer, you cannot claim this credit.

Part II, Applied Tax Credit and Unused Carryover Computation

Line 2 -- Enter the amount of your federal earned income credit from federal Form 1040 or 1040-SR.

Note: If you choose to have the IRS compute your federal earned income credit and do not receive the credit amount from the IRS before the deadline to file your Hawaii tax return, you should complete Form N-11 or Form N-15 without claiming the tax credit. Once the IRS sends you the federal earned income credit amount, you may file an amended tax return to claim the tax credit.

Line 6 -- Divide line 4 by line 5. Compute the ratio to 3 decimal places and round it to 2 decimal places. For example, line 4 is \$60,000; and line 5 is \$90,000. The ratio of Hawaii AGI to federal AGI is 0.67 (60,000/90,000 = 0.666 rounded to 0.67).

Note: If line 5 is zero or a negative number (loss) and line 4 is a positive number, enter 1.00 on line 6. If line 4 is zero or a negative number (loss), enter zero on line 6. If both lines 4 and 5 are negative numbers (losses), enter zero on line 6. If line 4 is greater than line 5, enter 1.00 on line 6.

Line 7 -- Refundable Credit Claimed. Multiply line 3 by line 6. You MUST also enter this amount on Schedule CR on the appropriate line for this tax credit.

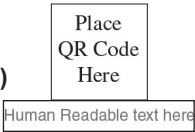
Line 9 -- Certain other tax credits must be used to offset a taxpayer's tax liability before the earned income tax credit may be used. If you are claiming other nonrefundable tax credits, complete the Credit Worksheet and enter the result on line 9. If you are not claiming any of the non-refundable tax credits listed on the worksheet, enter zero on line 9.

Line 11 -- Enter the amount of unused earned income tax credit from tax years 2018 through 2022, provided that no credit carried forward amounts from tax years 2018, 2019, 2020, and 2021 shall be used as a credit for taxable years beginning after December 31, 2024.

Line 12 -- Total Credit Applied. Compare the amounts on lines 10 and 11. Enter the smaller of line 10 or 11 here, rounded to the nearest dollar. This is your credit applied for this taxable year. You MUST also enter this amount on Schedule CR in Column (b) of the appropriate line for this tax credit.

Line 13 -- Unused Credit to Carryover. Line 11 minus line 12. This represents your carryover of unused earned income tax credit which exceeds your net income tax liability and may be used as a carryover credit against your net income tax liability in subsequent years until exhausted, provided that no credit carried forward amounts from tax years 2018, 2019, 2020, and 2021 shall be used as a credit for taxable years beginning after December 31, 2024. You MUST enter this amount on Schedule CR in Column (c) of the appropriate line for this tax credit.

EARNED INCOME TAX CREDIT WORKSHEET table with columns Tax Credit and Amount, listing items like Income Taxes Paid to Another State or Foreign Country, Enterprise Zone Tax Credit, etc.



STATE OF HAWAII — DEPARTMENT OF TAXATION
EARNED INCOME TAX CREDIT

20 23

➤ See Instructions on back
➤ Attach to Form N-11 or Form N-15

Name(s) as shown on Form N-11 or N-15 NAMES AS SHOWN ON TAX RETURN XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	Your social security number 999-99-9999
--	--

Note: If you are only claiming a carryover of unused earned income tax credit from a prior year, skip lines 1 through 7 and begin on line 8.

Part I QUALIFYING INDIVIDUAL TAXPAYER

- 1 In order to claim the tax credit, you must meet the definition of a qualifying individual taxpayer.
- a Are you filing a federal income tax return and claiming the federal earned income credit for this tax year?..... Yes No
 - b Are you using the same filing status on your Form N-11 or Form N-15 as used on your federal income tax return?.. Yes No
 - c Are you claiming the same dependents on your Form N-11 or Form N-15 as claimed on your federal income tax return? (**Note:** Also check "Yes" if you are not claiming any dependents on your Hawaii and federal income tax returns.)..... Yes No

If you answered "No" to any of the 3 questions, you are not a qualifying individual taxpayer. You **cannot** claim this credit. **Do not** complete this form.

Part II REFUNDABLE TAX CREDIT COMPUTATION

2 Enter the amount of your federal earned income credit claimed on your federal income tax return for this tax year.	2	9999999 . 99
3 Multiply line 2 by 40%	3	9999999 . 99
Note: Residents, skip lines 4 and 5, enter "1.00" on line 6, and go to line 7. Part-year residents and nonresidents, continue on to line 4.		
4 Enter your Hawaii adjusted gross income from Form N-15, Column B.....	4	9999999 . 99
5 Enter your federal adjusted gross income from Form N-15	5	9999999 . 99
6 Divide line 4 by line 5. (Compute to 3 decimal places and round to 2 decimal places)	6	9999999 . 99
7 Total New Credit Claimed — Multiply line 3 by line 6. Also enter this amount on Schedule CR on the appropriate line for this tax credit.....	7	9999999 . 99

Part III UNUSED CARRYOVER COMPUTATION

Note: Unused tax credits from tax years 2018 through 2021 cannot be carried over for taxable years beginning after December 31, 2024.

8 Adjusted Tax Liability — Enter the amount from Form N-11 or Form N-15	8	9999999 . 99
9 If you are claiming other nonrefundable tax credits, complete the worksheet in the instructions and enter the total here. If you are not claiming other nonrefundable credits, enter zero	9	9999999 . 99
10 Line 8 minus line 9. This represents your remaining tax liability. If the result is zero or less, enter zero	10	9999999 . 99
11 Carryover of unused earned income tax credit from prior year.....	11	9999999 . 99
12 Total Credit Applied — Enter the smaller of line 10 or line 11. This is your earned income tax credit to be applied to this tax year. Enter this amount, rounded to the nearest dollar, on Schedule CR, in Column (b) of the appropriate line for this tax credit.....	12	9999999 . 99
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When the Credit May Not Be Claimed

This credit may not be claimed if any of the following apply:

- (1) There was a final administrative or judicial decision within the prior ten taxable years that your claim for the tax credit was due to fraud.
- (2) There was a final administrative or judicial decision within the prior two taxable years disallowing your claim for the tax credit.

Credit Requirements

To claim this credit or use any carry over, you must complete and attach to your Hawaii income tax return:

- (1) Form N-356
- (2) Schedule CR

Deadline for Claiming the Credit

The deadline to claim the credit, including amended claims, is 12 months after the close of your taxable year. You cannot claim or amend the

credit after the deadline.

Note: If the Internal Revenue Service (IRS) makes an adjustment to the federal earned income credit (due to an adjustment to federal taxable income) after the 12-month deadline, you must amend the Hawaii earned income tax credit even if the 12-month deadline has passed. The amended Hawaii income tax return must be filed within 90 days after the adjustment by the IRS is finally determined.

SPECIFIC INSTRUCTIONS

Note: If you are only claiming a carryover of unused earned income tax credit from a prior year, skip lines 1 through 7 and begin on line 8.

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Line 1 — Answer the questions to determine whether you meet the definition of a qualifying individual taxpayer. If you are not a qualifying individual taxpayer, you **cannot** claim this credit.

Part II, Applied Tax Credit and Unused Carryover Computation

Line 2 — Enter the amount of your federal earned income credit from federal Form 1040 or 1040-SR.

Note: If you choose to have the IRS compute your federal earned income credit and do not receive the credit amount from the IRS before the deadline to file your Hawaii tax return, you should complete Form N-11 or Form N-15 without claiming the tax credit. Once the IRS sends you the federal earned income credit amount, you may file an amended tax return to claim the tax credit.

Line 6 — Divide line 4 by line 5. Compute the ratio to 3 decimal places and round it to 2 decimal places. For example, line 4 is \$60,000; and line 5 is \$90,000. The ratio of Hawaii AGI to federal AGI is 0.67 (60,000/90,000 = 0.666 rounded to 0.67).

Note: If line 5 is zero or a negative number (loss) and line 4 is a positive number, enter 1.00 on line 6. If line 4 is zero or a negative number (loss), enter zero on line 6. If both lines 4 and 5 are negative numbers (losses), enter zero on line 6. If line 4 is greater than line 5, enter 1.00 on line 6.

Line 7 — Refundable Credit Claimed. Multiply line 3 by line 6. You **MUST** also enter this amount on Schedule CR on the appropriate line for this tax credit.

Line 9 — Certain other tax credits must be used to offset a taxpayer's tax liability before the earned income tax credit may be used. If you are claiming other nonrefundable tax credits, complete the **Credit Worksheet** and enter the result on line 9. If you are not claiming any of the nonrefundable tax credits listed on the worksheet, enter zero on line 9.

Line 11 — Enter the amount of unused earned income tax credit from tax years 2018 through 2022, provided that no credit carried forward amounts from tax years 2018, 2019, 2020, and 2021 shall be used as a credit for taxable years beginning after December 31, 2024.

Line 12 — Total Credit Applied. Compare the amounts on lines 10 and 11. Enter the smaller of line 10 or 11 here, rounded to the nearest dollar. This is your credit applied for this taxable year. You **MUST** also enter this amount on Schedule CR in **Column (b)** of the appropriate line for this tax credit.

Line 13 — Unused Credit to Carryover. Line 11 minus line 12. This represents your carryover of unused earned income tax credit which exceeds your net income tax liability and may be used as a carryover credit against your net income tax liability in subsequent years until exhausted, provided that no credit carried forward amounts from tax years 2018, 2019, 2020, and 2021 shall be used as a credit for taxable years beginning after December 31, 2024. You **MUST** enter this amount on Schedule CR in **Column (c)** of the appropriate line for this tax credit.

EARNED INCOME TAX CREDIT WORKSHEET	
Tax Credit	Amount
a. Income Taxes Paid to Another State or Foreign Country .	_____
b. Enterprise Zone Tax Credit.	_____
c. Pass-Through Entity Tax Credit	_____
d. Carryover of the Energy Conservation Tax Credit ..	_____
e. Credit for Employment of Vocational Rehabilitation Referrals	_____
f. Credit for School Repair and Maintenance	_____
g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009)	_____
h. Renewable Energy Technologies Income Tax Credit (Nonrefundable).....	_____
i. Carryover of the Cesspool Upgrade, Conversion or Connection Income Tax Credit.....	_____
j. Add lines a through i. Enter the amount here and on Part II, line 9.....	=====