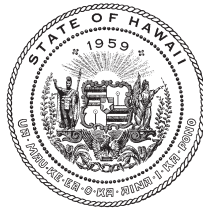


2024 N-11



STATE OF HAWAII — DEPARTMENT OF TAXATION Hawaii Resident Income Tax Instructions

Caution: Part-Year Residents Must Use Form N-15

E-file Form N-11!

E-file Form N-11 through Hawaii Tax Online, the Department's website. For more information, go to hitax.hawaii.gov

or

E-file Form N-11 and federal Form 1040 using approved tax preparation software or authorized tax professionals. For more information, go to tax.hawaii.gov

DIRECT DEPOSIT

Simple. Safe. Secure.

For more information, see page 23 of the Instructions.

DUE DATE: APRIL 21, 2025

Make your check payable to the "Hawaii State Tax Collector"

MESSAGE FROM THE DIRECTOR

I. Department of Taxation Welcomes your Feedback

At the Department of Taxation, we are committed to our mission to administer the tax laws of the State of Hawai'i in a consistent, uniform, and fair manner. To help us with this commitment, we welcome your feedback to assist our effort to improve our services and make voluntary compliance as easy as possible. Please address your written suggestions to the Department of Taxation, P.O. Box 259, Honolulu, HI, 96809-0259, or email them to Tax.Directors.Office@hawaii.gov.

II. Electronic Filing and Paying Advances Are Being Made

Each year, thousands of individuals file and pay their taxes electronically. Hawai'i Tax Online is the convenient and secure way to e-file state tax returns, make payments, manage your accounts, and conduct other common transactions online. Filing taxes and making debit payments is free. Visit Hawai'i Tax Online at hitax.hawaii.gov. You can also e-file yourself or through your tax practitioner using commercially available software. For up to date information, visit our website at tax.hawaii.gov.


III. We are Here to Assist You

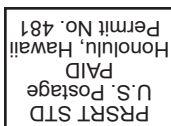
Form N-11, Individual Income Tax Return (Resident Form), is due on or before April 21, 2025. For information and guidance in its preparation, we have helpful publications and other instructions on our website at tax.hawaii.gov. Need more assistance? Do not hesitate to telephone, write, or visit any of our six offices below:

Oahu	830 Punchbowl Street, Honolulu, HI 96813-5094	Phone: 808-587-4242
Maui	54 S. High Street, #208, Wailuku, HI 96793-2198	Phone: 808-984-8500
Molokai	35 Ala Malama Street, #101, Kaunakakai, HI 96748	Phone: 808-553-5541
Hawai'i - Hilo	75 Aupuni Street, #101, Hilo, HI 96720-4245	Phone: 808-974-6321
Hawai'i - Kona	82-6130 Mamalahoa Hwy, #8, Captain Cook, HI 96704	Phone: 808-323-4597
Kauai	3060 Eiwa Street, #105, Lihue, HI 96766-1889	Phone: 808-274-3456

To better assist you, always keep a copy of your return, worksheets, and supporting documents in your possession; we can help you understand and resolve problems more quickly if you have your tax return information in front of you. Keeping a copy will also help you in preparing the following year's tax return.

Thank you for your cooperation in allowing us to better service Hawai'i's taxpayers.


GARY S. SUGANUMA
Director of Taxation



State of Hawaii
Department of Taxation
P.O. Box 35559
Honolulu, Hawaii 96811-3559

Changes to Note

- Hawaii conforms the income tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2023, and applies to taxable years beginning after December 31, 2023. (Act 75, SLH 2024)
- For the 2024 taxable year beginning after December 31, 2023, the individual income tax standard deduction amounts were increased for the following filing statuses: Single or Married Filing Separate to \$4,400, Head of Household to \$6,424, and Married Filing Jointly or Qualified Surviving Spouse to \$8,800. (Act 45, SLH 2024)
- The Pass-Through Entity (PTE) tax credit has been amended for taxable years beginning after December 31, 2023. The PTE tax credit allows partnerships and S corporations to annually elect to pay Hawaii income tax at the entity level. Qualified members of an electing PTE may claim a nonrefundable income tax credit for their pro rata share of PTE taxes paid by the entity and any excess of the credit over liability may be used as a credit against the member's net income tax liability in subsequent years until exhausted. (Act 50, SLH 2024)
- The tax credit for research activities has been amended by (1) repealing the provision that made references to the base amount in the Internal Revenue Code inapplicable to the tax credit for research activities and allowed the credits for all qualified research expenses to be taken without regard to previous years' expenses; (2) narrowing the qualifying criterion for credit to applicants who are small businesses registered in the State; and (3) extending the sunset date of the credit to December 31, 2029. Effective for taxable years beginning after December 31, 2023. (Act 139, SLH 2024)
- The motion picture, digital media, and film production income tax credit (film credit) has been amended by (1) requiring productions to provide evidence of reasonable efforts to comply with all applicable requirements to qualify for the film credit; (2) requiring taxpayers to be given notice of and an opportunity to cure requirements for the film credit within 30 days of receiving the notice. This act shall take effect on January 1, 2025. (Act 169, SLH 2024)
- Taxpayers may exclude up to \$8,082 of their military reserve or Hawaii National Guard duty pay from their income, effective for taxable years beginning after December 31, 2023. (Act 197, SLH 2004)

Important Reminders

File and Pay on Time

- Please file your return and pay your taxes by April 21, 2025.
- When you mail your return:
 - (1) Mail it to the appropriate address as stated in "Where to File."
 - (2) Enclose only one return per envelope.
 - (3) Use proper postage. If there is insufficient postage on the envelope, the U.S. Postal Service will return it to you.
- Keep a copy of your return for your records.

Extension of Time to File

- If you are unable to file by April 21, 2025, you are granted an automatic 6-month extension of time to file your return through October 20, 2025. You do not have to file a form to request an extension. The extension of time to file is not an extension of time for payment of tax.
 - (1) If you are due a refund, just file your return by October 20, 2025.
 - (2) If you have a balance due, you must pay your taxes in full by April 21, 2025. File Form N-200V with your payment. Federal Form 4868 may **not** be used in lieu of Form N-200V.
 - (3) If you're not sure if you have a balance due, use the worksheet in "When to File."

Make Sure Your Tax Return is Correct and Complete

- You can avoid processing delays, adjustments to your return, and additional correspondence from the Department of Taxation if you:
 - (1) Make sure all social security numbers are correct.
 - (2) Check the appropriate filing status box.
 - (3) Complete all required entries on your return. The following lines **must** be filled in: Form N-11, line 24; and Form N-15, line 41.
 - (4) Check the arithmetic on your return.
 - (5) Attach all required forms and statements.
 - (6) Attach your employee earning statements (HW-2s or federal W-2s) to the front of your return.
 - (7) Sign your return. If you paid someone to prepare your return, the preparer must sign and complete the Paid Preparer's Information box.
- You may be required to file an amended return to complete missing entries or provide missing forms or statements.

Amended Returns

- If you are filing an amended return, you must submit a complete return and attach Schedule AMD along with all required forms and statements. If you are claiming any tax credits, remember to attach the required forms, such as Schedule CR and Schedule X, even if you claimed the credits on the original return. See "Make Sure Your Tax Return is Correct and Complete" above.

Married Taxpayers

- If you are married, print your spouse's social security number in the designated area on your return whether a joint or separate return is filed.
- If your spouse is an alien and was issued an ITIN by the IRS, enter your spouse's ITIN.
- If you are married and filing separate returns, the refund from your spouse's return cannot be applied to your liability.

Items to Note

- The *Hawaii Taxpayer Bill of Rights* is reprinted inside the back cover.
- The Department of Taxation is a proud partner with the Missing Child Center - Hawaii, Department of the Attorney General (MCCH). Photographs of missing children selected by the Center may appear in this instruction booklet on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling MCCH at 1-808-586-1449 if you recognize a child.

STATE OF HAWAII — DEPARTMENT OF TAXATION

RELATED FEDERAL/HAWAII TAX FORMS

Federal Form Number	Title or Description of Federal Form	Comparable Hawaii Form	Copy of Fed. Form May Be Submitted+
W-2	Wage and Tax Statement	HW-2	Yes
W-4	Employee's Withholding Allowance Certificate	HW-4	No
W-10	Dependent Care Provider's Identification and Certification	HW-16	No
461	Limitation on Business Losses	None	Yes
1040	U.S. Individual Income Tax Return	None	No
1040-SR	U.S. Tax Return for Seniors	None	No
1040 Sch A	Itemized Deductions	None	No
Sch B	Interest and Ordinary Dividends	None	No
Sch C	Profit or Loss From Business	None	Not Required
Sch D	Capital Gains and Losses	None	No
Sch E	Supplemental Income and Loss	None	Not Required
Sch F	Profit or Loss From Farming	None	Not Required
Sch J	Income Averaging for Farmers and Fishermen	N-168	No
Sch R	Credit for the Elderly or the Disabled	None	No
1040-ES	Estimated Tax for Individuals	None	No
1040NR	U.S. Nonresident Alien Income Tax Return	None	No
1040-V	Payment Voucher	N-200V	No
1040X	Amended U.S. Individual Income Tax Return	None	No
1045	Application for Tentative Refund	N-109	No
1128	Application To Adopt, Change, or Retain a Tax Year	None	Yes
1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	N-110	No
2106	Employee Business Expenses	None	Yes*
2106-EZ	Unreimbursed Employee Business Expenses	None	Yes*
2120	Multiple Support Declaration	None	Yes
2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts	N-210	No
2441	Child and Dependent Care Expenses	Sch X	No
2848	Power of Attorney and Declaration of Representative	N-848	No
3115	Application for Change in Accounting Method	None	Yes
3903	Moving Expenses	N-139	No
4562	Depreciation and Amortization	None	Yes
4684	Casualties and Thefts	None	Yes*
4797	Sales of Business Property	Sch D-1	No
4835	Farm Rental Income and Expenses	None	Yes
4852	Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	L-15	No
4868	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	None	No
4952	Investment Interest Expense Deduction	N-158	No
4970	Tax on Accumulation Distribution of Trusts	N-405	No
4972	Tax on Lump-Sum Distributions	N-152	No
5213	Election To Postpone Determination as To Whether the Presumption Applies That an Activity Is Engaged in for Profit	None	Yes
5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	None	No
5884	Work Opportunity Credit	N-884	No
6198	At-Risk Limitations	None	Yes
6252	Installment Sale Income	None	Yes
6781	Gains and Losses From Section 1256 Contracts and Straddles	None	Yes
8283	Noncash Charitable Contributions	None	Yes
8332	Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent	None	Yes
8582	Passive Activity Loss Limitations	None	Yes
8586	Low-Income Housing Credit	N-586	No
8615	Tax for Certain Children Who Have Unearned Income	N-615	No
8814	Parents' Election To Report Child's Interest and Dividends	N-814	No
8824	Like-Kind Exchanges	None	Yes
8829	Expenses for Business Use of Your Home	None	Yes
8853	Archer MSAs and Long-Term Care Insurance Contracts	None	No
8949	Sales and Other Dispositions of Capital Assets	None	Yes

+If "Yes" is indicated and there is no Hawaii equivalent form, the federal form must be used.

*Use the 2017 federal form when filing the 2024 Form N-11 or Form N-15.

You may obtain tax forms through the Department of Taxation's website at tax.hawaii.gov.

To request tax forms by mail, you may call 808-587-4242 or toll-free 1-800-222-3229.

Form N-11 — General Instructions

Guidelines for Filling in Scannable Forms

Form N-11 and Schedule CR are designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

- Print amounts only on those lines that are applicable.
- Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
- Because this form is read by a machine, print your numbers inside the boxes like this:

1	2	3	4	5	6	7	8	9	0	X
---	---	---	---	---	---	---	---	---	---	---

- Do NOT print outside the boxes.
- Fill in ovals completely. Do not ✓ or X the ovals.
- Do NOT enter cents. For numbers that are required to be rounded to the nearest dollar, do NOT print over the zeros printed on the form that are used to designate cents.
- Do NOT use dollar signs, slashes, dashes, or parentheses in the boxes.
- Do NOT photocopy this form.
- Please use a color printer and print in color.

Same-Sex Marriage

On August 29, 2013, the U.S. Department of Treasury and Internal Revenue Service ruled that same-sex couples, legally married in jurisdictions that recognize their marriages, will be treated as married for federal tax purposes. See IRS Revenue Ruling 2013-17 for more information.

Effective December 2, 2013, Hawaii recognizes marriages between individuals of the same sex. As it relates to taxation, all same-sex couples that are legally married in Hawaii or any other jurisdiction where such marriages are valid are married for all tax purposes, including Hawaii income tax purposes.

Civil Unions

Effective January 1, 2012, civil unions are recognized in Hawaii. Civil unions entered into in a jurisdiction other than Hawaii are also recognized, provided that the relationship meets Hawaii's eligibility requirements, has been entered into in accordance with the laws of the other jurisdiction, and can be documented.

The Internal Revenue Code (IRC) provisions referred to in Hawaii's Income Tax Law that apply to a husband and wife, spouses, or person in a legal marital relationship shall be deemed to apply to partners in a civil union with the same force and effect as if they were "husband and wife," "spouses," or other terms that describe persons in a legal marital relationship. Accordingly, references to "married" and "spouse" are also references to "in a civil union" and "civil union partner," respectively.

The federal government does not recognize civil unions as married individuals for federal income tax purposes. The income reported for federal and for Hawaii income tax purposes may differ, depending on the situation, as civil union couples do not have the same tax filing status options as married couples have in Hawaii. For example, certain employee benefits that are tax-exempt when pro-

vided to married couples and the children of married couples may be taxable federally when they are provided for civil union partners and their children, unless the civil union partner or their children qualify as dependents under IRC section 152.

Who Must File

1. Every individual doing business in Hawaii during the taxable year must file a return, whether or not the individual derives any taxable income from that business.

"Doing business" includes all activities engaged in or caused to be engaged in with the object of gain or economic benefit, direct or indirect, except personal services performed as an employee under the direction and control of an employer.

For example, every person receiving rents from property owned in Hawaii is "doing business" and must file a return whether or not the person's expenses exceed the gross rental income.

2. Every individual receiving more than the following amounts of gross income subject to taxation under Hawaii Income Tax Law, including amounts received as salaries and wages for services rendered by an employee to an employer, must file a return:

For Individuals Under Age 65	
Filing Status	Gross Income of
Married filing separately	\$5,544
Single	\$5,544
Head of household	\$7,568
Qualifying surviving spouse	\$9,944
Married filing jointly	\$11,088

For Individuals Age 65 or older	
Filing Status	Gross Income of
Married filing separately	\$6,688
Single	\$6,688
Head of household	\$8,712
Qualifying surviving spouse	\$11,088
Married filing jointly, one is 65 or older	\$12,232
Married filing jointly, both are 65 or older	\$13,376

These threshold amounts will be higher for persons who are blind, deaf, or totally disabled, and who have completed and filed a certification with the Department of Taxation (Department) of their disability on Form N-172 before filing their income tax return.

For individuals who can be claimed as dependents on the tax return of another taxpayer, the threshold amount is the amount of the dependents' standard deduction.

For nonresident aliens, the threshold amount is \$1,144 for individuals under 65, and \$2,288 for individuals 65 or older.

For nonresident individuals, the threshold amounts stated above must be multiplied by the ratio of Hawaii

adjusted gross income to total adjusted gross income from all sources to determine whether the individual must file a return.

3. Children who receive unearned income during the taxable year and have not attained the age of 14 years before the end of the taxable year must file their own returns to report their income unless their parent or parents report that income.

However, the Department will, administratively, not require the filing of a State income tax return if the child's total earned and/or unearned income for the taxable year is \$500 or less and the application of the standard deduction amount results in no taxable income for the child. Children who must file a return may need to file Form N-615, Computation of Tax for Children Under Age 14 Who Have Unearned Income of More than \$1,000. Parents may report income of their children by filing Form N-814, Parent's Election to Report Child's Interest and Dividends.

4. If you need to report additional tax from Form N-2, Distribution from an Individual Housing Account; Form N-103, Sale of Your Home; Form N-152, Tax on Lump-Sum Distributions; Form N-312, Recapture of Capital Goods Excise Tax Credit; Form N-325, Recapture of Historic Preservation Income Tax Credit; Form N-338, Recapture of Tax Credit for Flood Victims; Form N-344, Recapture of Important Agricultural Land Qualified Agricultural Cost Tax Credit; Form N-348, Recapture of Capital Infrastructure Tax Credit; Form N-405, Tax on Accumulation Distribution of Trusts; Form N-586, Recapture of Tax Credit for Low-Income Housing; or Form N-814, Parent's Election to Report Child's Interest and Dividends, then you must file a return regardless of income level.

Who Should File

Even if you do not have to file, you should file to get a refund if too much income tax was withheld from your pay. Also, if you are eligible for refundable credits, you need to file a return to claim the credits.

Residency Status

Resident

A resident is taxed on income from all sources.

A resident must file an Individual Income Tax Return—Resident (Form N-11), if required to do so.

A Hawaii resident is (1) Every individual domiciled in Hawaii, and (2) Every other individual whether domiciled in Hawaii or not, who resides in Hawaii for other than a temporary or transitory purpose.

An individual domiciled outside Hawaii is presumed to be a resident if he or she spends more than 200 days in Hawaii during the taxable year. This presumption may be overcome by evidence satisfactory to the Department that the individual maintained a permanent place of abode outside the State and was in the State for a temporary or transitory purpose. No person shall be deemed to have gained or lost a residence simply because of his or her presence or absence in compliance with military or naval orders of the United States, while engaged in aviation or navigation, or while a student at any institution of learning. See Tax Information Release No. 97-1, "Determination of Residence Status."

Nonresident

A Hawaii nonresident is an individual who is in Hawaii for a temporary or transient purpose, and whose permanent domicile is not Hawaii.

A nonresident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. A nonresident will be taxed on income from Hawaii sources only.

A nonresident married to a Hawaii resident may choose to file a joint return with the resident spouse on Form N-11; however, the nonresident will then be taxed on all income from all sources. For more information, see *Married Filing Joint Return* on page 7.

Part-Year Resident

A part-year resident is an individual who was a Hawaii resident for part of the year, and who was a nonresident during the other part of the year. This includes those who moved to Hawaii during the year and those who moved away from Hawaii during the year.

A part-year resident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. A part-year resident will be taxed on all income from all sources during the period of residency, and on income from Hawaii sources only during the period of nonresidency.

Domicile Defined

The term “domicile” means the place where an individual has a true, fixed, permanent home and principal establishment, and to which place the individual has, whenever absent, the intention of returning. It is the place in which an individual has voluntarily fixed the habitation of himself or herself and family, not for a mere special or temporary purpose, but with the present intention of making a permanent home. Three things are necessary to create a new domicile: first, abandonment of the old domicile; second, the intent to establish a new domicile; and third, actual physical presence in the new domicile. Once a domicile is established, the intent to abandon it is not itself sufficient to create a new domicile; a new domicile must be shown.

Reminder: If you are in Hawaii because of military orders and do not intend to make Hawaii your permanent home, you are not considered a Hawaii resident for income tax purposes, even though you have been in Hawaii for more than 200 days in 2024. File a resident return with your home state, and file a Hawaii nonresident and part-year resident return (Form N-15) to report your Hawaii income.

Resident and Nonresident Examples

Example 1—A Hawaii resident who enlists in the military normally will remain a Hawaii resident regardless of the length of absence from Hawaii while stationed outside of Hawaii.

Example 2—A Hawaii resident working in a foreign country will remain a Hawaii resident unless permanent resident status is granted by the foreign country.

Example 3—Foreign students who are granted entry into the United States on “F” visas are nonresidents for Hawaii tax purposes. Researchers and faculty members who are granted entry into the United States on “H,” “J,” or “Q” visas, and who have been in Hawaii for more than 200 days during the taxable year may be considered Hawaii residents.

Example 4—Spouses of those in the military service do not become Hawaii residents if their principal reason for moving to Hawaii was the transfer of the service member spouse to Hawaii, and if it is their intention to leave Hawaii when the service member spouse either is transferred to another military station or leaves the service.

Example 5—A Hawaii resident who marries a nonresident will remain a Hawaii resident unless the three requirements for changing his or her domicile are also met. (Refer to “Domicile Defined” on this page.) This situation applies in reverse to a nonresident who marries a resident. A person’s residence status will not change just because of marriage.

For more information, see Tax Information Release No. 90-3, “Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident,” Tax Information Release No. 90-10, “Clarification of Taxation and the Eligibility for Personal Exemptions and Credits of Residents and Nonresidents in the Military and Spouses and Dependents of Persons in the Military,” Tax Information Release No. 97-1, “Determination of Residence Status,” Tax Information Release No. 2010-01, “Military Spouses Residency Relief Act (“MSRRA”),” and Department of Taxation Announcement No. 2019-01, “Military Spouses Residency Relief Act; Amendments to the Servicemembers Civil Relief Act enacted December 31, 2018; Tax Information Release No. 2010-01.”

Which Form to File

You MUST use Form N-11 if:

- You were a resident for the full year, or, if married filing jointly, either spouse was a resident for the full year (however, the nonresident spouse would be taxed on their worldwide income for the full year).

You MUST use Form N-15 if:

- You were a nonresident for the full year, or, if married filing jointly, both spouses were nonresidents for the full year.
- You are taking up residence in Hawaii during the tax year. (Part-year resident).
- You are giving up residence in Hawaii during the tax year. (Part-year resident).

When to File

Note: If any due date falls on a Saturday, Sunday, or legal holiday, use the next regular workday as the due date.

You should file as soon as you can after January 1, but not later than April 21, 2025. If you are a fiscal year taxpayer, the prescribed due date of the income tax return is the 20th day of the fourth month following the close of the fiscal year. If you file late, you may have to pay penalties and interest if you owe taxes on your return. Please see the instructions for *Penalties and Interest* on page 25.

If you are unable to file your Hawaii tax return by April 21, 2025, you are automatically granted a 6-month extension without the need to file anything with the Department unless an additional tax payment must be made. As long as the following conditions are met, you are deemed to have made an application for the 6-month

extension to file an income tax return on the prescribed due date:

1. On or before April 21, 2025, 100% of the properly estimated tax liability is paid;
2. The tax return is filed on or before the expiration of the 6-month extension period;
3. The tax return is accompanied by full payment of any tax not already paid; and
4. A court has not ordered you to file the tax return on or before the prescribed due date.

Properly estimated tax liability means you made a bona fide and reasonable attempt to locate and gather all of the necessary information to make a proper estimate of tax liability for the taxable year.

If you must make an additional payment of tax on or before April 21, 2025 in order to meet the condition requiring payment of 100% of the properly estimated tax liability, file Form N-200V with your payment. Federal Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, may not be used in lieu of Form N-200V. The extension of time to file is not an extension of time for payment of tax.

Under Hawaii Income Tax Law, certain tax credits must be claimed within 12 months from the close of the tax year.

You may use the below worksheet to determine the amount of your income tax balance due.

1. Amount of income tax you expect to owe for the taxable year. If you do not expect to owe tax, do not complete this worksheet.....	_____
2. Hawaii income tax withheld.....	_____
3. Current year’s estimated tax payments (include prior year’s overpayment allowed as a credit).....	_____
4. Other payments and tax credits.....	_____
5. Total (add lines 2, 3, and 4).....	_____
6. Income tax balance due (line 1 minus line 5).....	_____

You must pay the amount shown on line 6.

Form N-200V can be filed and payment made electronically through the State’s Internet portal at hitax.hawaii.gov. For more information on available electronic services, see tax.hawaii.gov/eservices/.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. If you want to keep evidence that you mailed your return on time, ask your Post Office for a Certificate of Mailing. It is NOT necessary to get a certified or registered mail return receipt.

Hawaii has adopted the IRC provision to allow documents and payments delivered by a designated private delivery service to qualify for the “timely mailing treated as timely filing/paying rule.” The Department will conform to the Internal Revenue Service listing of designated private delivery service and type of delivery services qualifying under this provision. Timely filing of mail which does not bear the U.S. Post Office cancellation mark or the date recorded or marked by the designated delivery service will be determined by reference to other competent evidence. The private delivery service can tell you how to get written proof of the mailing date.

Where to File

If you are enclosing a check or money order with your tax return, mail your return with payment to:

Hawaii Department of Taxation
Attn: Payment Section
P. O. Box 1530
Honolulu, Hawaii 96806-1530

If you are NOT enclosing a check or money order with your tax return, mail your return to:

Hawaii Department of Taxation
P. O. Box 3559
Honolulu, Hawaii 96811-3559

Where to Get Forms and Information

Taxpayer Services Branch

Website: tax.hawaii.gov

Telephone:

808-587-4242

Toll-Free: 1-800-222-3229

Telephone for the hearing impaired:

808-587-1418

Toll-Free: 1-800-887-8974

Other Information

Death of Taxpayer

Did the taxpayer die before filing a return for 2024? If so, the taxpayer's spouse or personal representative may have to file a return and sign it for the person who died (decedent) if the decedent was required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

If the decedent did not have to file a return but either had State income tax withheld, made estimated tax payments, or is eligible for various tax credits, a return must be filed to get a refund.

If your spouse died in 2024 and you did not remarry in 2024, or if your spouse died in 2025 before filing a return for 2024, you may still file a joint return for the 2024 tax year.

If a return is filed for a deceased taxpayer, including a joint return with a surviving spouse, the Deceased oval must be filled in and the date of death must be written in the boxes provided.

Generally, the personal representative or other responsible individual must sign the return on behalf of the decedent. **If a refund is due, Form N-110, Statement of Person Claiming Refund Due a Deceased Taxpayer**, must be completed and attached to the return to ensure that the refund check will be issued in the name of the surviving spouse, personal representative, or other responsible individual instead of in the decedent's name. A personal representative or other individual may be required to attach other documents such as the death certificate. See Form N-110 for further information.

Exception for joint returns filed by surviving spouse. If a *joint* return is being filed by the decedent and the decedent's surviving spouse, the surviving spouse should enter the decedent's name, social security number, and date of death on the Spouse's information lines. The surviving spouse should file as the primary taxpayer and should write, "Filing as surviving spouse," on the spouse's signature line, and then the surviving

spouse should sign his or her name on the primary taxpayer's signature line. If a refund is being claimed on the return, Form N-110 is not required. The refund check will be issued to the surviving spouse.

Filing a Final Return

If you are giving up your Hawaii residency at the end of the year, write the words "FINAL RETURN" on the top middle of the return.

Estimated Tax Payments

Purpose. You must pay income taxes as you earn income during the year, either through withholding or by making estimated tax payments. You may have to make estimated tax payments if the tax withheld from your salary is not enough, or if you receive income that is not subject to withholding, such as self-employment income, interest, dividends, rents, and capital gains.

Who Must Make Estimated Tax Payments? In most cases, you must pay estimated tax for the current year if both of the following apply: (1) You expect to owe at least \$500 in tax for the current year, after subtracting your withholding and credits. (2) You expect your withholding and credits to be less than the smaller of: 60% of the tax to be shown on your current year tax return, or 100% of the tax shown on your tax return for the preceding year. Your tax return for the preceding year you did not file a tax return or that return did not cover all 12 months, the 100% of the tax shown on your tax return for the preceding year does not apply.

Exceptions. You do not have to pay estimated tax for the current year if:

1. Your estimated tax liability (after taking into account all taxes withheld or collected at the source) for the taxable year is less than \$500; or
2. You meet all of the following conditions: (1) You were a full-year Hawaii resident in the preceding year, nonresidents or part-year residents in the preceding year do not qualify for this exception, (2) You had no tax liability for the preceding year, and (3) Your tax year covered a 12-month period. You had no tax liability for the preceding year if your total tax was zero or you were not required to file an income tax return.

Due Dates for Estimated Tax Payments. You can pay all of your estimated tax by April 20, 2025, or in four equal amounts by April 20, 2025, June 20, 2025, September 20, 2025, and January 20, 2026. Each payment must be submitted with Form N-200V, Individual Income Tax Payment Voucher. Form N-200V can be filed and payment made electronically through the State's Internet portal at hitax.hawaii.gov. For more information on available electronic services, see tax.hawaii.gov/eservices/.

Penalties. You may be charged a penalty (interest on the underpayment of estimated tax) if you do not pay enough tax through withholding and estimated tax payments, or if your estimated tax payments are late. See Penalties and Interest on page 25.

For more information, see Tax Facts 2019-03, "Estimated Income Tax for Individuals."

Electronic Funds Transfer (EFT)

Section 231-9.9, Hawaii Revised Statutes (HRS), authorizes the Department to require those taxpayers whose tax liability exceeds \$100,000 during the past year to pay the tax by EFT instead of by check. A penalty of 2% of the total tax will be assessed if you are required to make payments by EFT but fail to timely

do so. If an EFT payment is dishonored, a \$25 service fee will be assessed. For more information on paying taxes by EFT, see tax.hawaii.gov/eservices/ and Tax Information Release No. 95-6, "Questions and Answers on Paying Taxes by Electronic-Funds Transfer" and Tax Information Release No. 99-1, "Filing of Tax Returns Required by Taxpayers Who Pay Taxes by Electronic Funds Transfer (EFT)."

Multistate Tax Compact Act

Any taxpayer, other than a corporation acting as a business entity in more than one state, who is required by Hawaii Income Tax Law to file a return and whose only activities in the State consist of sales and who does not own or rent real estate or tangible personal property and whose annual gross sales in or into the State during the tax year are not in excess of \$100,000, may elect to report and pay a tax of .5 percent of such annual gross sales. Taxpayers who elect the foregoing shall file Form N-310 in lieu of Form N-11.

Special Instructions for Nonresident Aliens

In certain situations, a taxpayer may be considered a nonresident alien for federal income tax purposes and a resident for Hawaii income tax purposes. In these situations, the special rules applicable to individuals who are considered nonresident aliens for federal income tax purposes will apply when the individual files a Hawaii resident income tax return. See Tax Information Release No. 97-1, "Determination of Residence Status."

Steps for Preparing Your Return

These instructions consist of 12 steps. You should complete the first 3 steps that follow BEFORE you begin to fill in your return.

Steps 4 and 5, filling in the return through line 6e, begin on page 7 and end on page 10. Step 6, filling in the rest of the return, is on page 10. The Line-By-Line Instructions for Form N-11 begin on page 11 and end on page 24.

Finally, steps 7 through 12 begin on page 25. These are the steps you should take after your Form N-11, and other schedules and forms you need, are filled in.

If you follow these steps and read the Line-By-Line Instructions, we feel you can fill in your return quickly and accurately. If you have any questions, call our Taxpayer Services staff.

Step 1

Get all of your income records together.

These include any Forms HW-2 and federal Forms W-2 or 1099 that you received. If you don't receive a Form HW-2 or federal Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form HW-2 or federal Form W-2, or correct it. If you cannot get a Form HW-2 or federal Form W-2 by February 15, please contact our Taxpayer Services staff.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, even if someone else prepares your return incorrectly, YOU are still responsible.

Step 2

If you plan to claim tax credits or itemize deductions, get the information and expense records you need.

These instructions tell you what credits and deductions you can claim. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and income tax receipts.
- Interest payment records for a home mortgage.
- Receipts for charitable contributions.

Step 3

Get all forms, instructions, and publications you need.

All forms, instructions, and publications you need are available on the Internet. You may also pick them up at any district tax office or request that they be mailed to you. Please allow approximately 10 days for the mailing of the tax forms. See page 6 for Department's website address and phone number.

Step 4

Fill in the oval(s) if you are filing an amended return.

If you are filing an amended return, fill in the amended return oval at the top of Form N-11.

If you are filing an amended return due to a farming net operating loss carryback, also fill in the NOL Carryback oval.

If you are filing an amended return due to an IRS adjustment, also fill in the IRS Adjustment oval.

See page 23 of the instructions for more information.

Step 5

Fill in your tax year, first time filer oval, name, address, social security number, filing status, and exemptions.

Tax Year, First Time Filer

If you are filing your return on a fiscal year basis, you must fill in the dates that your fiscal year begins and ends.

If you are filing a tax return for the first time, fill in the "First Time Filer" oval at the top of Form N-11.

Name

Write your name, and your spouse's name if you are married and filing a joint return, in the space provided and at the top of Form N-11, pages 2, 3, and 4. You must use your legal name. Nicknames are not permitted. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration so that the name on your tax return is the same as the name on the social security records. If these names do not match, your refund may be delayed.

If you file joint returns, write the names in the same order every year. If you are filing as the surviving spouse, see Death of Taxpayer on page 6 for more information on joint returns filed by a surviving spouse.

Write any descriptions (e.g., Jr., III, etc.) in the space provided for the suffix.

You must also write the first four letters of your last name in the boxes provided. If you are married, you must also write the first four letters of your spouse's last name in the boxes provided whether joint or separate returns are filed.

Address

Write your current mailing address in the space provided. If you receive your mail "in care of" someone else (i.e., your mail is sent to an address belonging to someone other than yourself), fill in that person's name in the space provided.

If your address is outside the United States or its possessions or territories, enter the city in the space provided for "City, town or post office," and enter the postal code in the space provided for "Postal/ZIP code." Enter the province and/or state, and the name of the country in the space provided. **Do not** abbreviate the country name.

If your mailing address has changed, you must notify the Department of the change by completing Form ITPS-COA, Change of Address Form, or log in to your Hawaii Tax Online account at hitax.hawaii.gov. Failure to do so may prevent your address from being updated, any refund due to you from being delivered (the U.S. Postal Service is not permitted to forward your State refund check), and delay important notices or correspondence to you regarding your return.

Social Security Number

Write your social security number in the space provided. If you are married, you must also write your spouse's social security number in the space provided whether joint or separate returns are filed. Your social security numbers must be written in the same order as your names are written on your return.

Also enter your social security number, and your spouse's social security number if you are married and filing a joint return, at the top of Form N-11, pages 2, 3, and 4.

If you are an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter your ITIN in the space provided for the social security number.

The Department needs this information to issue your refund and correctly apply any tax payments in a timely manner. Your refund may be delayed without a valid social security number or ITIN provided on your income tax return.

Filing Status

More than one filing status may apply to you. Choose the one that will give you the lowest tax. Your filing status may or may not be the same as your federal filing status. For example, the federal government recognizes same-sex marriages but not civil unions, while Hawaii recognizes both same-sex marriages and civil unions. For Hawaii purposes, civil union couples have the same tax status options as married couples.

Fill in oval 1, 2, 3, 4, or 5 as appropriate. Fill in only one oval.

Single

Note: *Civil union couples may not choose "single" as their filing status.*

You can fill in oval 1 if any of the following was true on December 31, 2024.

- You were never married.
- You were legally separated according to your state's law under a decree of divorce or separate maintenance. But if, at the end of 2024, your divorce was not final (an interlocutory decree), you are considered married and cannot fill in oval 1.
- You were widowed before January 1, 2024, and did not remarry before the end of 2024. If you have a child, you may be able to use the qualifying surviving spouse filing status. See *Qualifying Surviving Spouse* on page 8.

If you are unmarried and provide a home for certain other persons, you may be able to file as Head of Household. See *Head of Household* on page 8.

Married Filing Joint Return

Note: *For purposes of filing a joint return, common law marriages are not recognized under Hawaii law unless they began in a state which permits common law marriages.*

You can fill in oval 2 if any of the following apply.

- You were married at the end of 2024, even if you did not live with your spouse at the end of 2024.
- Your spouse died in 2024 and you did not remarry in 2024.
- You were married at the end of 2024, and your spouse died in 2025 before filing a 2024 return.

If you are married and file a joint return, both you and your spouse must report all of your income, exemptions, deductions, and credits on your joint return. You can file a joint return even if only one of you had income or if you did not live together all year. However, both of you must sign the return.

If you file a joint return, both you and your spouse are generally responsible for the tax, interest, and penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to.

If you and your spouse file a joint return for the year and later decide to file separately, both you and your spouse **MUST** file amended returns on or before the due date of the original return (April 20). **You may not change your filing status from married filing jointly to married filing separately after that date.**

If your spouse died in 2024 or in 2025 before filing a return for 2024, see *Death of Taxpayer* on page 6.

Special Rule for Nonresidents or Part-Year Residents Who File a Joint Return With a Hawaii Resident on Form N-11. If at the end of the taxable year you were a nonresident (but you were a U.S. resident) or a part-year resident who is married to a full-year Hawaii resident, you may choose to file a joint return with your resident spouse. By filing a joint return, however, you and your spouse will be taxed on your combined worldwide income for the entire year.

Special Rule for Nonresidents or Part-Year Residents Who File a Joint Return With a Part-Year Resident on Form N-15. If at the end of the taxable year you were a nonresident (but you were a U.S. resident) or a part-year resident who is married to a part-year resident, you may choose to file a joint return with your part-year resident spouse. By filing a joint return, you and your spouse will be taxed on your combined worldwide income for the period in which the part-year resident is a Hawaii resident.

Special Rule for Nonresident Aliens and Dual-Status Aliens. Generally, a married couple cannot file a joint return if either spouse is a nonresident alien at any time during the year. However, if you were a nonresident alien or a dual-status alien and were married to a U.S. citizen or resident alien at the end of 2024, you can elect to be treated as a resident alien and file a joint federal return. See federal Publication 519 for details. If you and your spouse have made that election on your federal return, you also may choose to file a joint Hawaii return. By filing a joint return, you and your spouse will be taxed on your combined worldwide income.

Married Filing Separate Return

If you are married and file a separate return, you generally report only your own income, exemptions, deductions, and credits. Generally, you are responsible only for the tax on your own income.

However, you will usually pay more tax than if you use another filing status for which you qualify. Also, if you file a separate return, you cannot take the student loan interest deduction or the earned income tax credit. You also cannot take the standard deduction if your spouse itemizes deductions.

If you file a separate return, write your spouse's full name in the space after oval 3. Also write the first four letters of your spouse's last name and your spouse's social security number in the boxes provided.

If your spouse does not file a Hawaii tax return, you may be able to claim the exemption for your spouse. See the instructions for line 6b.

If you were married in 2024, had a child living with you, and lived apart from your spouse during the last six months of 2024, you may be able to file as Head of Household. See *Married persons who live apart on this page*.

Special Rule for Nonresident Aliens and Dual-Status Aliens. Married nonresident aliens must file separate returns. However, if you were a nonresident alien or a dual-status alien and were married to a U.S. citizen or resident alien at the end of 2024, you can elect to be treated as a resident alien and file a joint federal return. See federal Publication 519 for details. If you and your spouse have made that election on your federal return, you also may choose to file a joint Hawaii return. By filing a joint return, you and your spouse will be taxed on your combined worldwide income.

Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. You are considered unmarried for this purpose if any of the following applies.

- You were legally separated according to your state's law under a decree of divorce or separate maintenance at the end of 2024. But if, at the end of 2024, your divorce was not final (an interlocutory decree), you are considered married.
- You are married but lived apart from your spouse for the last six months of 2024 and you meet the other rules under *Married persons who live apart on this page*.
- You are married to a nonresident alien at any time during the year and you do not choose to treat him or her as a resident alien.

Fill in the oval on line 4 only if you are unmarried (or considered unmarried) and either Test 1 or Test 2 applies.

Test 1. You paid over half the cost of keeping up a home that was the main home for all of 2024 of your parent whom you can claim as a dependent, except under a multiple support agreement (see page 10). Your parent did not have to live with you.

Test 2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see *Exception to time lived with you on this page*).

1. Any person whom you can claim as a dependent. But do not include:
 - a. Your child whom you claim as your dependent because of the rule for *Children of divorced or separated parents on page 9*,
 - b. Any person who is your dependent only because he or she lived with you for all of 2024, or
 - c. Any person you claimed as a dependent under a multiple support agreement. See page 10.
2. Your unmarried qualifying child who is not your dependent.
3. Your married qualifying child who is not your dependent only because you can be claimed as a dependent on someone else's 2024 return.
4. Your qualifying child who, even though you are the custodial parent, is not your dependent because of the rule for *Children of divorced or separated parents on page 9*.

If the child is not claimed as your dependent, enter the child's name on line 4.

Qualifying child. To find out if someone is your qualifying child, see Step 1 of the line 6c instructions on page 9.

Dependent. To find out if someone is your dependent, see the instructions for line 6c that begin on page 9.

Exception to time lived with you. Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time lived in the home. Also see *Kidnapped child on page 10*, if applicable.

If the person for whom you kept up a home was born or died in 2024, you still may be able to file as head of household. If the person is your qualifying child, the child must have lived with you for more than half the part of the year he or she was alive. If the person is anyone else, see federal Publication 501.

Keeping up a home. To find out what is included in the cost of keeping up a home, see federal Publication 501.

Special Rule for Nonresident Aliens and Dual-Status Aliens.—If you were a nonresident alien or dual-status alien during the tax year, you cannot file as Head of Household.

Married persons who live apart. Even if you were not divorced or legally separated at the end of 2024, you are considered unmarried if all of the following apply:

- You lived apart from your spouse for the last six months of 2024. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home;
- You file a separate return from your spouse;
- You paid over half the cost of keeping up your home for 2024;
- Your home was the main home of your child, stepchild, or foster child for more than half of 2024 (if

half or less, see *Exception to time lived with you on this page*); and

- You can claim this child as your dependent or could claim the child except that the child's other parent can claim him or her under the rule for *Children of divorced or separated parents on page 9*.

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Special Rule for Nonresident Aliens and Dual-Status Aliens.—If you were a nonresident alien or dual-status alien during the tax year, the special rules for *Married persons who live apart* will not apply to you unless you meet all of the tests previously stated, and you are a resident of Canada or Mexico. If you are considered unmarried under these rules, you may file as a single individual. You cannot file as Head of Household.

Qualifying Surviving Spouse

Note: See *Death of Taxpayer on page 6* for more information.

You can fill in oval 5 and use joint return tax rates for 2024 if all of the following apply.

- Your spouse died in 2022 or 2023 and you did not remarry before the end of 2024.
- You have a child or stepchild (not a foster child) whom you can claim as a dependent or could claim as a dependent except that, for 2024:
 - The child had gross income of \$5,050 or more,
 - The child filed a joint return, or
 - You could be claimed as a dependent on someone else's return.
 - If the child isn't claimed as your dependent on line 6c, enter the child's name on line 4.
- This child lived in your home for all of 2024. If the child did not live with you for the required time, see *Exception to time lived with you*, below.
- You paid over half the cost of keeping up your home.
- You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

If all of the above apply and you qualify to file as a qualifying surviving spouse, fill in the date of death in the boxes provided under the spouse's social security number. **Do not** fill in your spouse's social security number or fill in the Deceased oval.

If your spouse died in 2024, you cannot file as qualifying surviving spouse. Instead, see the instructions for *Death of Taxpayer on page 6* and *Married Filing Joint Return on page 7*.

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

Dependent. To find out if someone is your dependent, see the instructions for line 6c that begin on page 9.

Exception to time lived with you. Temporary absences by you or the child for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time lived in the home. Also see *Kidnapped child on page 10*, if applicable.

A child is considered to have lived with you for all of 2024 if the child was born or died in 2024 and your home was the child's home for the entire time he or she was alive.

Keeping up a home. To find out what is included in the cost of keeping up a home, see federal Publication 501.

Special Rule for Nonresident Aliens and Dual-Status Aliens.—The special rules for Qualifying Surviving Spouse will not apply unless the surviving spouse meets all of the tests previously stated, and was a resident alien or U.S. citizen the year their spouse died. The residency status refers to the surviving spouse's actual status, and not the election that some nonresident aliens make to be taxed as U.S. residents.

Exemptions

Line 6a

Yourself

Fill in the oval on line 6a if no one can claim you as a dependent on another person's tax return. Fill in the oval for "Age 65 or over" if you are age 65 or over as of January 1, 2025.

If you can be claimed as a dependent on another person's tax return, do not fill in the ovals on lines 6a and 6b. Instead, fill in the oval above line 21.

Line 6b

Spouse

Fill in the oval on line 6b if either of the following applies.

1. Your filing status is married filing jointly and your spouse cannot be claimed as a dependent on another person's return.
2. You were married at the end of 2024, your filing status is married filing separately, and both of the following apply.
 - a. Your spouse had no income and is not filing a return.
 - b. Your spouse cannot be claimed as a dependent on another person's return.

If your spouse meets these qualifications, fill in the oval under line 6b and fill in the oval for "Age 65 or over" if your spouse was age 65 or over as of January 1, 2025.

If you became divorced or legally separated during 2024, you cannot take an exemption for your former spouse.

Death of your spouse. If your spouse died in 2024 and you did not remarry by the end of 2024, fill in the ovals on line 6b for the exemptions you could have taken for your spouse on the date of death. See the instructions for *Death of Taxpayer* on page 6.

Enter the number of ovals filled on lines 6a and 6b.

Lines 6c and 6d

Children and Other Dependents

Enter on lines 6c and 6d the full names, social security numbers, and relationship for your dependent children and other dependents. Each dependent must have a social security number. If you have more than six dependents, attach a statement with the required information. Enter the number of your dependent children in the box for line 6c. Enter the number of other dependents in the box for line 6d.

Follow the steps below to find out if a person qualifies as your dependent.

Step 1 Do You Have a Qualifying Child?

A qualifying child is a child who is your:

- Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew), and
- Was under age 19 at the end of 2024 and younger than you (or your spouse, if filing jointly), or under age 24 at the end of 2024, a student, and younger than you (or your spouse, if filing jointly), or any age and permanently and totally disabled, and
- Who did not provide over half of his or her own support for 2024, and
- Who is not filing a joint return for 2024 or is filing a joint return for 2024 only to claim a refund of withheld income tax or estimated tax paid, and
- Who lived with you for more than half of 2024. If the child did not live with you for the required time, see *Exception to time lived with you* on page 10.

1. Do you have a child who meets the conditions to be your qualifying child?

Yes. Go to Step 2.

No. Go to Step 3.

Step 2 Is Your Qualifying Child Your Dependent?

1. Was the child a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? If the child was adopted, see *Exception to citizen test* on page 10.

Yes. Go to Question 2.

– **No.** Stop. You cannot claim this child as a dependent.

2. Was the child married?

Yes. See *Married person* on page 10.

No. Go to Question 3.

3. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2024 tax return?

– **Yes.** Stop. You cannot claim any dependents. Go to Form N-11, line 7.

No. You can claim this child as a dependent.

Step 3 Is Your Qualifying Relative Your Dependent?

A qualifying relative is a person who is your:

- Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild), or
 - Brother, sister, half brother, half sister, or a son or daughter of any of them (for example, your niece or nephew), or
 - Father, mother, or an ancestor or sibling of either of them (for example, your grandmother, grandfather, aunt, or uncle), or
 - Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, or
 - Any other person (other than your spouse) who lived with you all year as a member of your household if your relationship did not violate local law. If the person did not live with you for

the required time, see *Exception to time lived with you* on page 10, and

- Who was not a qualifying child of any taxpayer for 2024. For this purpose, a person is not a taxpayer if he or she is not required to file a Hawaii income tax return and either does not file such a return or files only to get a refund of withheld income tax or estimated tax paid, and
- Who had gross income of less than \$5,050 in 2024. If the person was permanently and totally disabled, see *Exception to gross income test* on page 10, and
- For whom you provided over half of his or her support in 2024. But see *Children of divorced or separated parents* on this page, and *Multiple support agreements* and *Kidnapped child* on page 10.

1. Does any person meet the conditions to be your qualifying relative?

Yes. Go to Question 2.

No. Stop. Go to Form N-11, line 7.

2. Was your qualifying relative a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? If your qualifying relative was adopted, see *Exception to the citizen test* on page 10.

Yes. Go to Question 3.

– **No.** Stop. You cannot claim this person as a dependent.

3. Was your qualifying relative married?

Yes. See *Married person* on page 10.

No. Go to Question 4.

4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2024 tax return?

– **Yes.** Stop. You cannot claim any dependents. Go to Form N-11, line 7.

– **No.** You can claim this person as a dependent.

Definitions and Special Rules

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

Children of divorced or separated parents. A child will be treated as the qualifying child or qualifying relative of his or her noncustodial parent if all of the following conditions apply.

1. The parents are divorced, legally separated, separated under a written separation agreement, or lived apart at all times during the last six months of 2024 (whether or not they are or were married).
2. The child received over half of his or her support for 2024 from the parents (and the rules on *Multiple support agreements*, on page 10, do not apply). Support of a child received from a parent's spouse is treated as provided by the parent.
3. The child is in custody of one or both of the parents for more than half of 2024.
4. Either of the following applies.
 - a. The custodial parent signs federal Form 8332 or a substantially similar statement that he or she will not claim the child as a dependent for 2024, and the noncustodial parent includes a copy of the form or statement with his or her return. If the divorce decree or separation agreement went into effect after 1984 and before 2009, the noncustodial parent may be able to include certain pages from the decree or agreement instead of federal Form 8332. See *Post-1984 and pre-2009 decree or agreement* and *Post-2008 decree or agreement*.
 - b. A pre-1985 decree of divorce or separate maintenance or written separation agreement between the parents provides that the noncustodial parent can

claim the child as a dependent, and the noncustodial parent provides at least \$600 for support of the child during 2024.

If conditions (1) through (4) apply, only the noncustodial parent can claim the child for purposes of the dependency exemption. However, this does not allow the noncustodial parent to claim head of household filing status, the credit for child and dependent care expenses, the exclusion for dependent care benefits, or the earned income tax credit. See federal Publication 501 for details.

Custodial and noncustodial parents. The custodial parent is the parent with whom the child lived for the greater number of nights in 2024. The noncustodial parent is the other parent. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher federal adjusted gross income. See federal Publication 501 for an exception for a parent who works at night, rules for a child who is emancipated under state law, and other details.

Post-1984 and pre-2009 decree or agreement. The decree or agreement must state all three of the following.

1. The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support.

2. The other parent will not claim the child as a dependent.

3. The years for which the claim is released.

The noncustodial parent must include all of the following pages from the decree or agreement.

- Cover page (include the other parent's social security number on that page).
- The pages that include all the information identified in (1) through (3) above.
- Signature page with the other parent's signature and date of agreement.

You must include the required information even if you filed it with your return in an earlier year.

Post-2008 decree or agreement. If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent cannot include pages from the decree or agreement instead of federal Form 8332. The custodial parent must sign either federal Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to an exemption for a child, and the noncustodial parent must include a copy with his or her return. The form or statement must release the custodial parent's claim to the child without any conditions. For example, the release must not depend on the noncustodial parent paying support.

Release of exemption revoked. A custodial parent who has revoked his or her previous release of a claim to exemption for a child must include a copy of the revocation with his or her return. For details, see federal Form 8332.

Exception to citizen test. If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the requirement to be a U.S. citizen.

Exception to gross income test. If your relative (including a person who lived with you all year as a member of your household) is permanently and totally disabled (defined on this page), certain income for services

performed at a sheltered workshop may be excluded for this test. For details, see federal Publication 501.

Exception to time lived with you. Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the person lived with you. Also see *Children of divorced or separated parents* on page 9, or *Kidnapped child* on this page.

If the person meets all other requirements to be your qualifying child but was born or died in 2024, the person is considered to have lived with you for more than half of 2024 if your home was this person's home for more than half the time he or she was alive in 2024.

Any other person is considered to have lived with you for all of 2024 if the person was born or died in 2024 and your home was this person's home for the entire time he or she was alive in 2024.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Kidnapped child. If your child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member, you may be able to take the child into account in determining your eligibility for head of household or qualifying surviving spouse filing status, the dependency exemption, and the earned income tax credit. See federal Publication 501.

Married person. If the person is married and files a joint return, you cannot claim that person as your dependent. However, if the person is married but does not file a joint return or files a joint return only to claim a refund of withheld income tax or estimated tax paid, you may be able to claim him or her as a dependent. See federal Publication 501. In that case, go to Step 2, Question 3, on page 9 (for a qualifying child) or Step 3, Question 4, on page 9 (for a qualifying relative).

Multiple support agreements. If no one person contributed over half of the support of your relative (or a person who lived with you all year as a member of your household) but you and another person(s) provided more than half of your relative's support, special rules may apply that would treat you as having provided over half of the support. For details, see federal Publication 501.

Permanently and totally disabled. A person is permanently and totally disabled if, at any time in 2024, the person cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition has lasted or can be expected to last continuously for at least a year, or can be expected to lead to death.

Public assistance payments. If you received payments under the Temporary Assistance for Needy Families (TANF) program or other public assistance program and you used the money to support another person, see federal Publication 501.

Qualifying child of more than one person. Even if a child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for the (1) dependency exemption, (2) head of household filing status, (3) credit for child and dependent care expenses, (4) exclusion for dependent care benefits, and (5) earned income tax credit, unless the special rule for *Children of divorced or separated parents* on page 9 applies.

No other person can take any of the five tax benefits listed above based on the qualifying child. If you and any other person can claim the child as a qualifying child, the following rules apply.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents.
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time in 2024. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher federal adjusted gross income (AGI) for 2024.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest federal AGI for 2024.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest federal AGI for 2024, but only if that person's federal AGI is higher than the highest federal AGI of any parent of the child who can claim the child.

Example. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your daughter does not meet the conditions to be a qualifying child of any other person, including her other parent. Under the rules just described, you can claim your daughter as a qualifying child for all of the five tax benefits listed above for which you otherwise qualify. Your mother cannot claim any of the five tax benefits listed above based on your daughter. However, if your mother's federal AGI is higher than yours and you do not claim your daughter as a qualifying child, your daughter is the qualifying child of your mother.

If you will be claiming the child as a qualifying child, go to Step 2 on page 9. Otherwise, stop; you cannot claim any benefits based on this child.

Student. A student is a child who during any part of five calendar months of 2024 was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during the taxable year if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

Line 6e

Add the numbers you entered in the boxes for 6a, 6b, 6c, and 6d. Enter the total in the box on line 6e.

Step 6

Fill in your return

Line-By-Line instructions for filling in Form N-11 begin on page 11 and end on page 24. Please read and follow the instructions carefully.

Rounding Off to Whole Dollars

The Department requires individual taxpayers to round off cents to the nearest whole dollar for all dollar entries on the tax return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, schedule, or worksheet, you may choose to use one of two methods. Once a method of rounding is established, you must use the same method throughout the return. The first method is to include the cents when adding and round off only the total. The other method is to round off each entry. For example: You received two W-2 forms, one showing Hawaii withholding of \$50.55 and one showing Hawaii withholding of \$185.73. For rounding method 1, show your total Hawaii withholding as \$236, ($\$50.55 + \$185.73 = \236.28 rounded to \$236). For rounding method 2, show your total Hawaii withholding as \$237, ($\50.55 rounded to \$51.00 + $\$185.73$ rounded to \$186.00 = $\$51 + \$186 = \$237$).

Line-By-Line Instructions - Form N-11

Special Note to Part-Year Residents

Form N-11 is to be filed by full-year residents only. If you were a Hawaii resident for only part of 2024, you must file Form N-15 instead.

The dates to be entered at the top of the Form N-11 are for full-year residents who files their returns on a fiscal year basis and not for part-year residents to enter the period of their Hawaii residency.

Income

An individual who was a Hawaii resident for the entire year is subject to income tax on his or her entire income, computed without regard to source in the State.

Line 7

Federal Adjusted Gross Income (Federal AGI)

Report the federal AGI from the appropriate line of federal Form 1040 or Form 1040-SR. If you are not required to file a federal income tax return, use federal Form 1040 as a worksheet to determine the amount to report as your federal AGI.

If you are filing a joint return for federal income tax purposes and a married filing separate return for state income tax purposes, use federal Form 1040 as a worksheet to determine the amount to report as your federal AGI. Your federal AGI must be calculated as if you are filing a federal married filing separate return.

If you are in a civil union relationship, you will continue to file as an unmarried individual on your federal income tax return since the federal government does not recognize civil unions as married individuals for federal income tax purposes. Use federal Form 1040 as a worksheet to determine the amount to report as your federal AGI. Your federal AGI must be calculated as if you are filing a federal married filing joint return or a federal married filing separate return.

If the federal AGI is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Hawaii Additions to Federal AGI

Line 8

Difference Between State and Federal Wages

If the amount in Form W-2, Box 16 (State wages) is larger than Form W-2, Box 1 (Federal wages), subtract the federal wages from the state wages and enter the difference here. If you receive more than one Form W-2, add the differences from all of the forms. For example, federal employees getting Cost of Living Allowance (COLA) or Living Quarter Allowance (LQA) may see a difference that must be reported here. If you received COLA or LQA and do not see a difference between state and federal wages, enter the amount of COLA or LQA reported on your Form W-2. State or County employees who are in the contributory or hybrid plan of the Employees Retirement System also will see a difference that must be reported here.

Line 9

Interest on Out-of-State Bonds, Including Municipal Bonds

If you received interest from bonds issued by another State, or a county, city, or political subdivision of another State (including interest distributions from a mutual fund investing in these bonds), enter the interest on line 9. Do not include interest from bonds issued by Hawaii, including Hawaii municipal bonds, and the Governments of Puerto Rico, U.S. Virgin Islands, Guam, and American Samoa, or any of their political subdivisions. Also, do not include distributions of short-term or long-term gains because these amounts are included in federal AGI.

Line 10

Other Hawaii Additions to Federal AGI

This line is used to report other items that are taxed by Hawaii but are not taxed by the federal government, such as:

- Differences in the taxable portion of the Hawaii tax refund.
- Distributions and deemed distributions from Individual Housing Accounts.
- Peace Corps compensation.
- Differences in depreciation and gain.
- Compensation from temporary employment outside the United States.
- Differences in the deduction for student loan interest.
- Differences in the taxable portion of employer-provided adoption benefits.
- Qualified tuition program distributions for elementary and secondary school expenses.
- Distributions from certain foreign corporations.
- Other adjustments.

These items are explained in more detail as follows.

Taxable Refund of State Income Taxes

The taxable portion of your Hawaii tax refund may be different from the amount reported on your federal return. Use the *State Tax Refund Worksheet* on page 31 to figure the taxable portion of your refund and to determine if an adjustment needs to be made here.

None of your refund is taxable if, in the year you paid the tax, you either (a) did not itemize deductions, (b) elected to deduct state and local general sales taxes instead of state and local income taxes, or (c) did not deduct state and local income taxes because your federal adjusted gross income was above certain threshold amounts.

If you received income tax refunds from other states, include these amounts on line 1 of the *State Tax Refund Worksheet* on page 31. Refunds from Hawaii income taxes should not include refundable state tax credits such as the refundable food/excise tax credit, credit for low-income household renters, credit for child and dependent care expenses, and credit for child passenger restraint system(s) when determining the taxable portion of refundable state tax credits on the *State Tax Refund Worksheet* on page 31. Since these refundable tax credits are not from prior taxes paid, they are not treated as a tax refund potentially excludable under IRC section 111 (recovery of tax benefit items). For more information, see Tax Information Release No. 2010-10, "*Common Income Tax & General Excise Tax Issues Associated with the Renewable Energy Technologies Income Tax Credit, HRS § 235-12.5.*"

If you received a refund or credit in 2024 for state income taxes you paid before 2024, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or a similar statement, showing the amount of the refund.

Any part of a refund of state or local income taxes paid before 2024 that you were entitled to receive in 2024 but chose to apply to your 2024 estimated state income tax is considered to have been received in 2024.

If you received a refund of 2023 taxes and you deducted state income taxes on line 21b of your 2023 Form N-11, figure the taxable portion of your refund using the *State Tax Refund Worksheet* on page 31. When completing the *State Tax Refund Worksheet* on page 31, enter an amount on line 2e only if the carryover of the residential construction and remodeling tax credit was claimed for construction or renovation costs for a residential unit that does not constitute business property.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

If part of your refund was interest, you should include that part in your federal Form 1040 or Form 1040-SR as taxable interest income.

If your 2023 Hawaii AGI was over \$166,800 (\$83,400 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 2023. Effective for tax years after December 31, 2017, to compute the proper amount, see the 2017 federal Publication 525, "Taxable and Nontaxable Income," under *Itemized deductions limited*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii credits listed in the *State Tax Refund Worksheet* is subtracted, and the base amount for the limitation of itemized deductions remains at \$166,800 (\$83,400 for married taxpayers

filing separately). If you use this calculation, enter the result on line 8 of the *State Tax Refund Worksheet* on page 31.

If your 2023 state and local income tax refund is more than your 2023 state and local income tax deduction minus the amount you could have deducted as your 2023 state and local general sales taxes, see federal Publication 525, "Taxable and Nontaxable Income," under *Itemized Deduction Recoveries*.

Individual Housing Accounts

If you purchased a principal residence with an Individual Housing Account (IHA), or you are notified by an IHA trustee that you have received a taxable distribution, report the taxable amount on line **a** of the *Hawaii Additions Worksheet* on page 31.

- If you purchased residential property before January 1, 1990, with a distribution from an IHA, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution, unless an election was made to include one-tenth of the distribution in gross income each year for ten years. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.
- If you purchased residential property after December 31, 1989, you must include in gross income one-tenth of the distribution each year for ten years. If you sell the property purchased with an IHA distribution before the end of the ten-year period, the remaining amount of the distribution not previously reported must be included in gross income in the year of sale. In addition, a penalty is added to your tax liability. Attach Form N-103, Sale of Your Home, to figure the additional tax liability.
- If you purchased residential property after December 31, 1996, with a distribution from an IHA established prior to January 1, 1990, and you have made the election to do so, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.
- If you use an IHA distribution for any purpose **other than** to purchase a first principal residence in Hawaii, or if you borrow against the IHA for such a purpose, the distribution (or the loan amount) is taxable, and a 10% penalty tax is imposed. The additional tax is the same amount shown in Box 4 of Form N-2, Distribution from an Individual Housing Account, and must be included on line 27.
- If you establish an IHA and later marry a person owning residential property, the IHA will terminate and distribute all of the assets to you. In this case, you must include the total distribution in your gross income. No penalty tax is imposed, but the 10% is still withheld. Be sure to claim the withheld amount on line 37.
- If an individual establishes an IHA and then dies or becomes totally disabled, special rules apply. For more information, see sections 18-235-5.5(r) and (s), Hawaii Administrative Rules (HAR).

Peace Corps Compensation

If you received compensation for working with the Peace Corps, include the amount of that compensation on line **c** of the *Hawaii Additions Worksheet* on page 31.

Depreciation and Gain Adjustments

Hawaii did not adopt the federal provisions for bonus depreciation, increased IRC section 179 deduction (Hawaii limit is \$25,000), and inclusion of off-the-shelf computer software as property qualifying for the IRC section 179 deduction. If the bonus depreciation, increased IRC section 179 deduction, or IRC section 179 deduction for off-the-shelf computer software is claimed for federal tax purposes, you must: (a) complete a federal Form 4562 for Hawaii tax purposes, (b) attach the completed federal Form 4562 to the Hawaii tax return, (c) make the necessary adjustments to the Hawaii tax return for the depreciation difference between federal and Hawaii on line **d** of the *Hawaii Additions Worksheet* on page 31, and (d) attach to the Hawaii tax return any worksheet showing the computation of the adjustments. You must also keep records of the differences in the asset's depreciable basis for federal and Hawaii tax purposes.

If you claimed the capital goods excise tax credit, hotel construction and remodeling tax credit, technology infrastructure renovation tax credit, drought mitigating water storage facility income tax credit, and did not include the amount of the credit as income in the year in which it is properly recognized under your method of accounting, then your adjusted basis in the assets was decreased by the amount of the credit claimed.

- If you are claiming a **depreciation deduction** for any such asset, multiply the depreciation percentage for this taxable year by the amount of the applicable income tax credit. Add the results for all of your assets for which the applicable income tax credit was claimed, and enter this amount on line **d** of the *Hawaii Additions Worksheet* on page 31.
- If you **sold or otherwise disposed of** any such asset, your gain or loss will be different from that reported on your federal return. The difference will be the amount of the applicable income tax credit that has not already been recovered through depreciation deductions. Enter this amount on line **e** of the *Hawaii Additions Worksheet* on page 31. In addition, you may need to file Form N-312, Recapture of Capital Goods Excise Tax Credit; see Form N-312 for more information.

Temporary Employment Outside the U.S.

If, while you were a Hawaii resident, you worked outside the United States and you filed federal Form 2555 to exclude some of your earned income, you need to add back the amounts here because Hawaii does not have this exclusion. On line **f** of the *Hawaii Additions Worksheet* on page 31, enter the **sum of** Form 2555, line 43, and Form 2555, line 48.

Student Loan Interest Deduction

The student loan interest deduction may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income, and Hawaii's modified adjusted gross income ranges for phasing out the deduction will not be adjusted for inflation. Use the *Student Loan Interest Deduction Worksheet* on page 34 to determine if an adjustment needs to be made here.

Employer-Provided Adoption Benefits

The taxable portion of your employer-provided adoption benefits may be different from the amount claimed

on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income, and Hawaii's exclusion amount and modified adjusted gross income limit will not be adjusted for inflation. Use the *Adoption Benefits Worksheet* on page 34 to determine if an adjustment needs to be made here.

Qualified Tuition Program Distributions for Elementary and Secondary School Expenses

Hawaii conforms to the federal provision where distributions from qualified tuition programs are not taxable if used to pay for qualified higher education expenses. However, Hawaii did not adopt the federal provision that elementary and secondary school expenses of up to \$10,000 per year are qualified expenses for qualified tuition programs. Therefore, if a distribution was used to pay for elementary and secondary school expenses, include the taxable part of the distribution on line **i** of the *Hawaii Additions Worksheet* on page 31.

Owners of Certain Foreign Corporations

Certain foreign corporations are classified as Controlled Foreign Corporations (CFCs), Passive Foreign Investment Companies (PFICs), or Foreign Personal Holding Companies (FPHCs). Federal law requires that shareholders of these foreign companies recognize certain income earned by these companies before the companies distribute dividends. Hawaii has no comparable provisions. If you own one or more of these corporations, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, you may need to make an adjustment here.

Other Adjustments

Other adjustments to federal AGI include the following:

- Hawaii has not adopted the federal provisions relating to:
 - the deduction for capital costs incurred in complying with environmental protection agency sulfur regulations under IRC section 179B, and
 - the exclusion from income of benefits under a dependent care assistance program that increases the amount of income that is treated as having been earned by a spouse who is either a full-time student or not able to care for himself or herself.

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for federal tax purposes (such as an IRC section 179 election) but does not make the same election for Hawaii tax purposes. If you believe that an additional adjustment is needed to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line **j** of the *Hawaii Additions Worksheet* on page 31, write "X" on the dotted line next to line 10, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Line 11

Total Hawaii Additions to Federal AGI

Add the amounts on lines 8, 9, and 10. Enter the result on this line.

Line 12

Add lines 7 and 11. Enter the result on this line.

If line 12 is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Hawaii Subtractions from Federal AGI

Line 13

Pensions

Hawaii does not tax qualifying distributions from an employer-funded pension plan. If you received qualifying distributions from an employer-funded profit sharing, defined contribution, or defined benefit plan, or from a government retirement system (e.g., federal civil service, military pension, state or county retirement system), enter the qualifying amount here.

Nontaxable Distributions

The following lines describe what qualifying distributions are. These qualifying distributions were included in your federal AGI and will be excluded on this line. For a distribution to qualify, it must be paid by a pension plan by reason of retirement, disability, or death. The pension plan does not have to be a "qualified plan" as defined in IRC section 401.

Employer-Funded Pension Plans

The following three types of distributions are not taxed by Hawaii and should be included on line 13:

(1) Pension or annuity distributions from a public (i.e., government) retirement system (e.g., federal civil service annuity, military pension, state or county retirement system), unless voluntary contributions were made by an employee under an elective right. For more information, see section 18-235-7-02, HAR.

(2) Distributions from a private employer pension plan received upon retirement (including early retirement and disability retirement) if the employee did not contribute to the pension plan.

(3) Distributions from a pension plan at age 73 that are made to comply with the federal mandatory payout rule do qualify as a retirement payment whether or not the employee is still working full time.

Distributions from a private employer pension plan received upon retirement are partially taxed by Hawaii if the employee contributed to the pension plan.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a qualified distribution, distributions out of the rollover IRA need not be reported as well.

Example - An individual received a lump sum distribution from an employer-funded profit-sharing plan upon retirement. The individual did not contribute to the profit-sharing plan. The entire lump sum distribution was rolled over to an IRA. In 2024, the individual rolled over \$50,000 from the IRA to a Roth IRA. The entire amount rolled over to the Roth IRA represents the lump sum distribution received by the individual upon retirement and earnings thereon. Since the lump sum distribution that the individual received upon retirement qualifies as a pension, the amount rolled over from the

regular IRA to the Roth IRA also qualifies as a pension. Therefore, the amount rolled over to the Roth IRA is exempt from Hawaii's income tax.

Taxable Pensions and Annuities

Hawaii adopted the federal provision that provides for special distribution options and rollover rules for retirement plans and IRAs and expands permissible loans from certain retirement plans.

Early Distributions

Early distributions from a pension plan that are subject to the 10% federal penalty tax do not qualify and are taxable.

Deferred Compensation Plans

Distributions from a deferred compensation plan may be partly or fully taxable. A deferred compensation plan includes any plan in which the employee has a choice of whether to contribute money into the plan or take that amount in cash or property. Examples include 401(k) plans, salary reduction Simplified Employee Pension (SARSEP) plans, the Federal Thrift Savings Plan, and section 457 plans like the State of Hawaii Deferred Compensation Plan.

Annuity Plans

Retirement vehicles that you fund yourself, such as annuity plans and Individual Retirement Accounts (IRAs) that are not funded through a Simplified Employee Pension (SEP) plan, are considered to be your own investments. Distributions from these plans may be fully or partly taxable, depending on whether your IRAs include deductible or nondeductible contributions. See federal Publications 590-A and 590-B, and federal Form 8606, for more details.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as taxable, distributions out of the rollover IRA would be taxable as well.

Example - An individual received a lump sum distribution from an employer-funded profit-sharing plan upon separation from service before retirement. The individual did not contribute to the profit-sharing plan. The entire lump sum distribution was rolled over to an IRA. In 2024, the individual rolled over \$50,000 from the IRA to a Roth IRA. The entire amount rolled over to the Roth IRA represents the lump sum distribution received by the individual upon separation from service and earnings thereon. Since the lump sum distribution that the individual received upon separation from service does not qualify as a pension (the distribution is not paid upon retirement, disability, or death), the amount rolled over from the regular IRA to the Roth IRA also does not qualify as a pension. Therefore, the amount rolled over to the Roth IRA is taxable for Hawaii's income tax.

Hybrid Plans

If you received a distribution from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J to figure the taxable amount.

Lump-Sum Distributions

Note: *Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.*

If you received a lump-sum distribution from a pension plan and you are electing to use the special ten-year averaging method, attach Schedule J and Form N-152, Tax on Lump-Sum Distributions, to figure the taxable amount.

If your lump-sum distribution included capital gain amounts, you may be able to reduce your tax by including the capital gain amounts on Form N-152 and electing the capital gains treatment. See Form N-152 Instructions for more information.

To compute the taxable portion of your annuity or pension, use Schedule J.

For more information on the taxation of pensions, see sections 18-235-7-02 to 18-235-7-03, HAR, Tax Information Release No. 90-4, "Taxability of Benefit Payments from Pension Plan to Participants who Attain Age 70-1/2 as Required by the Internal Revenue Code (IRC) Section 401(a)(9)(C)," and Tax Information Release No. 96-5, "Taxation of Pensions Under the Hawaii Net Income Tax Law: Deferred Compensation Arrangements; Rollover IRAs; Sub-Accounts of Pension Plans; Social Security and Railroad Retirement Act Benefits; Limitation on Deductions for Contributions to a Nonqualified Plan."

Line 14

Social Security Benefits

Hawaii does not tax Social Security or first tier Railroad Retirement Act benefits. Enter the amount from federal Form 1040 or Form 1040-SR, line 6b.

Line 15

Military Reserve or Hawaii National Guard Duty Pay Exclusion

Hawaii does not tax the first \$8,082 received by each member of the reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such. If you qualify, enter the **smaller** of:

- \$8,082, or
- Your pay, as shown on Box 16 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 15.

Line 16

Payments to an Individual Housing Account

You may be able to deduct from your gross income up to \$5,000 paid in cash during the taxable year into a trust account which is established for saving for a down payment on your first principal residence. A deduction not to exceed \$10,000 shall be allowed for a married couple filing a joint return. No deduction shall be allowed on any amounts distributed less than 365 days from the date on which a contribution is made to the account. Any deduction claimed for a previous taxable year for

amounts distributed less than 365 days from the date on which a contribution was made shall be disallowed and the amount deducted shall be included in the previous taxable year's gross income and the tax reassessed. The account is to encourage first-time home buyers to save money for a down payment on a home.

The "first principal residence" means a residential property purchased with the payment or distribution from the individual housing account which shall be owned and occupied as the only home by an individual who did not have any previous interest in, individually, or if the individual is married, whose spouse did not own any interest in a residential property inside or outside of Hawaii within the last 5 years prior to opening the IHA.

The amounts paid in cash allowable as a deduction for all taxable years are limited to \$25,000, in the aggregate, excluding interest earned or accrued. This limitation also applies to married individuals having separate accounts; the sum of such separate accounts and the deduction shall not exceed \$25,000 in the aggregate, excluding interest income earned or accrued.

For more information, see section 18-235-5.5, HAR.

Line 17

Exceptional Trees Deduction

You may deduct up to \$3,000 per exceptional tree for qualified expenditures you made during the taxable year to maintain the tree on your private property. The tree must be designated as an exceptional tree by the local county arborist advisory committee under chapter 58, HRS. Qualified expenditures are those expenses you incurred to maintain the exceptional tree (excluding interest) that are deemed "reasonably necessary" by a certified arborist. No deduction is allowed in more than one taxable year out of every three consecutive taxable years.

An affidavit signed by a certified arborist stating that the amount of expenditures are deemed reasonably necessary must be attached to your tax return. The affidavit also must include the following information: (1) type of tree, (2) location of tree, and (3) description and amount of expenditures made in 2024 to maintain the tree. The affidavit must be notarized.

Line 18

Other Hawaii Subtractions From Federal AGI

This line is used to report other items that are taxed by the federal government but are not taxed by Hawaii, such as:

- Interest on federal obligations, including U.S. Savings Bonds.
- Differences in the taxable portion of the Hawaii tax refund.
- Interest earned on an Individual Housing Account.
- Compensation earned by patients with Hansen's disease.
- Expenses not allowed on your federal return because they were connected with federal credits.
- Unearned income of children that you included in your federal return, if the children are filing Hawaii returns.
- Benefits from or premiums paid to legal services plans.
- Differences in the deduction for student loan interest.

- Differences in the taxable portion of employer-provided adoption benefits.
- Certain income from a qualified high technology business.
- Contributions to and interest earned by an individual development account.
- Moving expenses.
- Qualified bicycle commuting reimbursement.
- Undistributed income earned by certain foreign corporations.
- Other adjustments.

These items are explained in more detail as follows.

Interest on Federal Obligations, Including U.S. Savings Bonds

If you reported for federal purposes any interest received on federal obligations, including Treasury bills and notes and U.S. Savings Bonds, enter the amount of that interest on line **a** of the *Hawaii Subtractions Worksheet* on page 31.

For more information about what kinds of obligations should be reported here, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations."

If you filed federal Form 8815: If you redeemed U.S. Savings Bonds to pay for higher education tuition and fees and excluded some or all of the interest for federal purposes, subtract the amount from Form 8815, line 14, before entering it on line **a**. That amount was already excluded on your federal return.

Taxable Refund of State Income Taxes

See the instructions for line 10, *Taxable Refund of State Income Taxes*, on page 11. In some cases, the worksheet may call for an adjustment to be made here.

Interest on an Individual Housing Account

If you have an Individual Housing Account, enter the interest earned by the account, as it appears on federal Form 1099-INT, on line **c** of the *Hawaii Subtractions Worksheet* on page 31.

Patients With Hansen's Disease

Hawaii does not tax compensation by Hawaii or the U.S. to a patient affected with Hansen's disease (also known as leprosy). Enter the amount of the qualifying compensation on line **d** of the *Hawaii Subtractions Worksheet* on page 31.

Expenses Disallowed Because They Were Connected with Federal Credits

If you are a business taxpayer; you claimed certain credits such as the work opportunity credit or the credit for qualified clinical testing expenses; and some of your business expenses were disallowed because you took the credits (IRC section 280C), enter the amount of the disallowed expenses on line **e** of the *Hawaii Subtractions Worksheet* on page 31. Hawaii does not have those credits, and does allow the expense deductions.

Children Having Unearned Income

If you filed federal Form 8814, Parents' Election To Report Child's Interest and Dividends, and you **are not** filing Form N-814 because your child will file a Hawaii tax return, enter the total amount from lines 9, 10, and 12 of federal Form(s) 8814 on line **f** of the *Hawaii Subtractions Worksheet* on page 31. Attach a copy of federal Form(s) 8814.

Legal Services Plans

If you received benefits from a qualified group legal services plan or if your employer contributed to a group legal services plan, and you reported these benefits or contributions as taxable income on your federal return, check with your plan to see that it qualifies under Hawaii standards. If it does, Hawaii will not tax these amounts. Enter the amount of federally taxable benefits or contributions on line **g** of the *Hawaii Subtractions Worksheet* on page 31.

Student Loan Interest Deduction

The student loan interest deduction may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income, and Hawaii's modified adjusted gross income ranges for phasing out the deduction will not be adjusted for inflation. Use the *Student Loan Interest Deduction Worksheet* on page 34 to determine if an adjustment needs to be made here.

Employer-Provided Adoption Benefits

The taxable portion of your employer-provided adoption benefits may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income, and Hawaii's exclusion amount and modified adjusted gross income limit will not be adjusted for inflation. Use the *Adoption Benefits Worksheet* on page 34 to determine if an adjustment needs to be made here.

Certain Income from a Qualified High Technology Business

- **Royalties and other income derived from patents, copyrights, and trade secrets.** 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. If you reported these amounts for federal purposes, include that amount on line **j** of the *Hawaii Subtractions Worksheet* on page 31.
- **Stock options income from qualified high technology business.** 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 qualified for the high technology business investment tax credit is excluded from income taxes. If you reported these amounts for federal purposes, include that amount on line **j** of the *Hawaii Subtractions Worksheet* on page 31.

Individual Development Accounts

If you have an individual development account, enter the amount of contributions you made to the account, and the amount of interest earned by the account (as it appears on federal Form 1099-INT) on line **k** of the *Hawaii Subtractions Worksheet* on page 31.

Moving Expenses

If a resident taxpayer leaves the State of Hawaii for other than temporary or transitory purposes and is not

domiciled in Hawaii, he or she ceases to be a resident; in such a case, as with a nonresident taxpayer, expenses incurred in moving to a new place of employment outside the State of Hawaii shall not be allowed.

Hawaii did not adopt the federal provisions that suspended (1) the deduction for moving expenses, and (2) the exclusion from gross income for qualified moving expense reimbursements for tax years 2018 through 2025. If you have moving expenses that were not deducted on your federal return, enter the amount of the deduction on line **l** of the *Hawaii Subtractions Worksheet* on page 31. If you have qualified moving expense reimbursements that were not excluded on your federal return, enter the amount of the exclusion on line **l** of the *Hawaii Subtractions Worksheet* on page 31. For more details, see Form N-139. Complete Form N-139 and attach it to your return.

Qualified Bicycle Commuting Reimbursement

Hawaii did not adopt the federal provision that suspended the exclusion from gross income and wages for qualified bicycle commuting reimbursements for tax years 2018 through 2025. If you have qualified bicycle commuting reimbursements that were not excluded on your federal return, enter the amount of the exclusion on line **m** of the *Hawaii Subtractions Worksheet* on page 31.

Owners of Certain Foreign Corporations

If you own an interest in a CFC, PFIC, or FPHC, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, see page 12 for further information. You may need to make an adjustment here.

Other Adjustments

Other adjustments to federal AGI include the following:

- Scholarship grants received by a student under the Nursing Scholars Program under section 304A-3304(d), HRS, is not subject to Hawaii income tax.
- The amount of payment stipend waived by Department of Education coaches and dispensed to the school for the benefit of the coach's team under section 302A-633.6, HRS, is not subject to Hawaii income tax.
- The capital loss carryover for qualified high technology businesses is 15 years.

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for Hawaii tax purposes (such as an IRC section 179 election) but does not make the same election for federal tax purposes. If you believe you are entitled to an additional subtraction to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line **n** of the *Hawaii Subtractions Worksheet* on page 31, write "X" on the dotted line next to line 18, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Line 19

Total Hawaii Subtractions from Federal AGI

Add the amounts on lines 13 through 18. Enter the result on this line.

Line 20

Hawaii Adjusted Gross Income

Subtract line 19 from line 12. Enter the result on this line. If line 19 is larger than line 12, you may have a net operating loss.

Net operating loss (NOL) carrybacks are eliminated (except for farming NOLs which are permitted a two-year carryback), and unused NOLs can be carried forward indefinitely for NOLs arising in tax years ending after December 31, 2017. Also, the NOL deduction is limited to 80% of taxable income for NOLs arising in tax years beginning after December 31, 2017.

If you carry back the farming NOL and are due a refund from the carryback, you may use Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss, to get a quick refund.

You may elect to carry the farming NOL forward instead of first carrying it back to prior years. If you make this election, then you can use your farming NOL only in the carryforward period.

To make this election, attach a statement to your original return filed by the due date (including extensions) for the farming NOL year. This statement must state that you are electing to waive the carryback period under section 235-7(d), HRS, and IRC section 172(b)(1)(B)(iv).

If you filed your original return on time but did not file the statement with it, you can make this election on an amended return filed within 6 months of the original due date of the return, but not including any extension. Attach a statement to your amended return, and write "Filed pursuant to 26 C.F.R. 301.9100-2" at the top of the statement. Also include the statement noted above that you are waiving the carryback period.

Once you elect to waive the carryback period, it cannot be changed later.

If you do not file this statement on time, the carryback period cannot be waived and you must first carry the farming NOL back before carrying it forward.

If the Hawaii AGI is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Deductions and Taxable Income Computation

Note: *If you can be claimed as a dependent on another person's return, fill in the oval above line 21. Complete the "Standard Deduction for Dependents" worksheet on page 20 and enter the appropriate amount on line 23 if you do not itemize your deductions.*

Lines 21a to 21f

Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 23.

You will fall into one of the following three classes:

- You MUST itemize deductions,

- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

You MUST Itemize Deductions

You must itemize deductions if:

- You are married, filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months because of a change in your annual accounting period.

You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a qualifying surviving spouse, and your itemized deductions are more than \$8,800.
- Married and filing a separate return, or Single, and your itemized deductions are more than \$4,400.
- Head of Household, and your itemized deductions are more than \$6,424.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

You Do Not Itemize

If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), go to line 23 and enter your standard deduction amount there (unless you MUST itemize as described earlier).

If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These deductions are explained on the pages that follow.

If you do itemize, complete *Worksheets A-1 through A-6* and enter the amounts on Form N-11, lines 21a to 21f.

Line 21a

Medical and Dental Expenses

Complete *Worksheet A-1* on page 32 to figure your deduction for medical and dental expenses.

Before you can figure your total deduction for medical and dental expenses, you must first figure your adjusted gross income.

You can deduct only the part of your medical and dental expenses that exceeds 7.5% of your Hawaii adjusted gross income.

On *Worksheet A-1*, line 1, include medical and dental bills you paid for:

- Yourself.
- Your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules explained on page 9 for *Children of divorced or separated parents*.
- Any person you could have claimed as a dependent on your return except that person received \$5,050 or more of gross income or filed a joint return.
- Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2024 return.

Example—You provided over half of your mother’s support but cannot claim her as a dependent because she received \$5,050 of wages during 2024. If part of your support was the payment of her medical bills, you can include that part in your medical expenses.

You should include all amounts you paid during 2024, but do not include amounts repaid to you, or paid to anyone else, by hospital, health or accident insurance, or by your employer, or paid through a medical savings account or health savings account.

Examples of Medical and Dental Payments You CAN Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts, subject to dollar limitations based on a person’s age. See the federal instructions to Form 1040 for the dollar limits.
- Prescription medicines or insulin.
- Acupuncturists, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- Diagnostic tests, such as a full-body scan, pregnancy test, or blood sugar test kit.
- Nursing help. If you paid someone to do both nursing and housework, you can deduct only the cost of nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Qualified long-term care services.
- The supplemental part of Medicare insurance (Medicare B).
- The premiums you pay for Medicare Part D insurance.
- The premiums you voluntarily paid for Medicare A coverage if you were 65 or over and not entitled to social security benefits.
- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.
- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Don’t deduct more than \$50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim 21 cents per mile. Add parking and tolls to the amount you claim under either method.

- Cost of breast pumps and supplies that assist lactation.
- Cosmetic surgery that was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.

Examples of Medical and Dental Payments You CANNOT Deduct

You cannot deduct the following:

- The cost of diet food.
 - Cosmetic surgery that was NOT necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- If expenses for cosmetic surgery are not deductible as medical expenses, then amounts paid for insurance coverage for such expenses are not deductible. Furthermore, if an employer health plan reimburses you for such expenses, the reimbursement must be included in your gross income.
- Life insurance or income protection policies.
 - The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
 - The basic cost of Medicare insurance (Medicare A).
 - Nursing care for a healthy baby. (You may qualify for the credit for child and dependent care expenses; see Schedule X, Part II.)
 - Illegal operations or drugs.
 - Imported drugs not approved by the U.S. Food and Drug Administration (FDA). This includes foreign-made versions of U.S.-approved drugs manufactured without FDA approval.
 - Nonprescription medicines, other than insulin (including nicotine gum and certain nicotine patches).
 - Travel your doctor told you to take for rest or a change.
 - Funeral, burial, or cremation costs.

Line 21b

Taxes

For tax years 2018 through 2025, Hawaii did not adopt the federal provision that limits the deduction for state and local taxes to \$10,000 (\$5,000 for a married taxpayer filing a separate return) but did adopt the federal provision that foreign real property taxes cannot be deducted.

If you claim a credit for income taxes paid to other states and countries, you cannot also claim those amounts as an itemized deduction for state and foreign income taxes paid to another state or foreign country. See Schedule CR Instructions for more information.

Taxpayers can claim a deduction for state and local, and foreign, income, war profits, and excess profits taxes (or state and local general sales taxes if an election is made to deduct state and local general sales taxes instead of state and local income taxes) if their federal adjusted gross income is less than \$100,000 and they are single or married filing separately; or less than \$150,000 and they are a head of household; or less than \$200,000 and they are married filing jointly or a qualifying surviving spouse.

Complete *Worksheet A-2* on page 32 to figure your deduction for taxes.

Taxes You CAN Deduct

Note: You can elect to deduct state and local general sales taxes instead of state and local income taxes. You cannot deduct both.

State and Local Income Taxes

If you will deduct state and local income taxes, check box a on line 5 of *Worksheet A-2*.

Include on this line:

- State and local income taxes withheld from your salary (as shown on your federal Form W-2) and withheld from your unemployment compensation (as shown on your federal Form 1099-G);
- State and local income taxes paid in 2024 for a prior year, such as taxes paid with your 2023 state or local income tax return;
- State and local estimated tax payments made during 2024, including any part of a prior year refund that you chose to have credited to your 2024 state or local income taxes; and
- The NET amount of taxes withheld from the sale of Hawaii real property interests.

If you are a federal employee receiving a Cost Of Living Allowance (COLA), not all of your Hawaii income taxes are deductible for federal purposes. See IRS Revenue Ruling 74-140, 1974-1 C.B. 50, for more information. Enter on line 5a of *Worksheet A-2* on page 32 the **entire** amount of state and local income taxes you paid in 2024, even if you reported a different amount on federal Form 1040, Schedule A.

Do not reduce your deduction by any:

- State or local income tax refund or credit you expect to receive for 2024, or
- Refund of, or credit for, prior year state and local income taxes you actually received in 2024. Instead, see the instructions for Form N-11, line 10.

For more information about the treatment of taxes withheld from the sale of real property interests, see Tax Facts 2010-1, “*Understanding HARPTA*,” and Tax Information Release No. 2017-01, “*Withholding of State Income Taxes on the Disposition of Hawaii Real Property*.”

State and Local General Sales Taxes

For purposes of the deduction for state and local general sales taxes, Hawaii’s general excise tax will qualify as a “sales tax.”

If you elect to deduct state and local general sales taxes, check box b on line 5 of *Worksheet A-2*. To figure your deduction, you can use either your actual expenses or the optional sales tax tables.

Actual Expenses. You must keep your actual receipts showing general sales taxes paid to use this method.

Generally, you can deduct the actual state and local general sales taxes (including compensating use taxes) you paid in 2024 if the tax rate was the same as the general sales tax rate. However, sales taxes on food, clothing, medical supplies, and motor vehicles are deductible as a general sales tax even if the tax rate was less than the general sales tax rate. If you paid sales tax on a motor vehicle at a rate higher than the general sales tax rate, you can deduct only the amount of tax that you would have paid at the general sales tax rate on that vehicle. Motor vehicles include cars, motorcycles, motor homes, recreational vehicles, sport utility vehicles, trucks, vans, and off-road vehicles. Also include any state and local general sales taxes paid for a leased motor vehicle. Do

not include sales taxes paid on items used in your trade or business.

Refund of general sales taxes. If you received a refund of state or local general sales taxes in 2024 for amounts paid in 2024, reduce your actual 2024 state and local general sales taxes by this amount. If you received a refund of state or local general sales taxes in 2024 for prior year purchases, do not reduce your 2024 state and local general sales taxes by this amount. But if you deducted your actual state and local general sales taxes in the earlier year and the deduction reduced your tax, you may have to include the refund in income on line 10 (if not already included on line 7). See Recoveries in federal Publication 525 for details.

Optional Sales Tax Tables. Instead of using your actual expenses, you can use the tables in the instructions for federal Schedule A (Form 1040 or 1040-SR) to figure your state and local general sales tax deduction. You may also be able to add the state and local general sales taxes paid on certain specified items.

To figure your state and local general sales tax deduction using the tables, see the instructions for federal Schedule A (Form 1040 or 1040-SR).

Real Estate Taxes

For tax years 2018 through 2025, foreign real property taxes cannot be deducted.

Include taxes you paid on real estate you own that was not used for business.

If your mortgage payments include your real estate taxes, you can deduct only the amount the mortgage company actually paid to the taxing authority in 2024.

Personal Property Taxes

Hawaii does not have a personal property tax. However, you may include personal property taxes you paid to other states.

Include personal property taxes you paid, but only if the taxes were based on value alone and were imposed on a yearly basis.

Other Taxes

If you had any deductible tax not listed on *Worksheet A-2*, lines 5, 6, or 7 (such as foreign income taxes), write the amount on *Worksheet A-2*, line 8.

Taxes You CANNOT Deduct

- Federal income tax.
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Social security tax (FICA).
- Medicare tax.
- Federal unemployment tax (FUTA).
- Railroad retirement tax (RRTA).
- Customs duties.
- Federal estate and gift taxes.
- Certain state and local taxes, including:
 - a. Tax on gasoline.
 - b. Hawaii motor vehicle registration fees, including car inspection fees.
 - c. Assessments for sidewalks or other improvements to your property.
 - d. Tax you paid for someone else.
 - e. License fees. (marriage, driver's, dog, hunting, auto, etc.)
 - f. Tax on liquor, beer, wine, cigarettes, and tobacco.
 - g. Inheritance tax.

h. Taxes paid for your business or profession. (These business taxes are deducted elsewhere.)

- Foreign real property taxes.

Line 21c

Interest You Paid

Hawaii did not adopt the federal provisions that (1) suspends the deduction for interest paid on home equity loans, and (2) lowers the dollar limit on mortgages qualifying for the home mortgage interest deduction for tax years 2018 through 2025.

Complete *Worksheet A-3* on page 32 to figure your deduction for interest.

You should show on *Worksheet A-3* interest on non-business items only. Business-related interest is deducted elsewhere.

Except for certain mortgage interest, the amount of your personal interest expense (such as credit card interest) is **not** allowed as an itemized deduction on *Worksheet A-3*.

Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A home can be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.

Limit on home mortgage interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See the 2017 federal Publication 936 to figure your deduction if either (1) or (2) next applies. If you had more than one home at the same time, the dollar amounts in (1) and (2) apply to the total mortgages on both homes. Additional limits may apply if the total amount of all mortgages is more than the fair market value of the home.

1. You, or your spouse if filing jointly, took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2024. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.

2. You, or your spouse if filing jointly, took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2024. The limit is \$500,000 if married filing separately.

Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Interest for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business are deductible.

Complete and attach Form N-158, Investment Interest Expense Deduction, to figure your deduction.

Exception. You do not have to file Form N-158 if ALL of the following apply:

- Your investment interest expense is not more than your investment income from interest and ordinary dividends.
- You have no other deductible investment expenses.
- You have no disallowed investment interest expense from 2023.

For more details, see federal Publication 550, Investment Income and Expenses.

Interest Expense You CANNOT Deduct

Do not include the interest you paid for—

- Personal interest (interest on car loans and finance charges on credit cards).
- Service charges.
- Annual fees for credit cards.
- Loan fees.
- Credit investigation fees.
- Interest to purchase or carry tax-exempt securities

Line 21d

Gifts to Charity

Hawaii adopted the federal provisions that increases the adjusted gross income limitation on cash contributions from 50% to 60%, effective for contributions made in tax years 2018 through 2025.

Complete *Worksheet A-4* on page 32 to figure your deduction for charitable contributions.

Contributions You CAN Deduct

You may deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. An organization that tells you it is a "501(c)(3) organization" is telling you that it falls into this category.

Examples of these organizations are:

- Churches, mosques, synagogues, temples, etc.
- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit hospitals and medical research organizations.
- Most nonprofit educational organizations, such as colleges, but only if your contribution is not a substitute for tuition or other enrollment fees.
- Federal, state, and local governments if the gifts are solely for public purposes.

Contributions can be in cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drove to and from the volunteer work, you can take 14 cents a mile or the actual

cost of gas and oil. Add parking and tolls to the amount you claim under either method. But don't deduct any amounts that were repaid to you.

Gifts from which you benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may deduct only the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40, you may deduct only \$30.

If you do not know whether you can deduct what you gave to an organization, check with that organization.

Gifts of \$250 or More. You can deduct a gift of \$250 or more only if you have received a statement from the charitable organization by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return, instead keep it for your records. The statement must show the following information:

- The amount of any money contributed and a description (but not value) of any property donated.
- Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See federal Publication 526 if you made a separate gift of \$250 or more through payroll deduction.

Limit on the amount you can deduct. See federal Publication 526 to figure the amount of your deduction if **any** of the following applies:

- Your cash contributions, or contributions of ordinary income property, are more than 30% of your Hawaii adjusted gross income.
- Your gifts of capital gain property are more than 20% of your Hawaii adjusted gross income.
- You gave gifts of property that increased in value, or gave gifts of the use of property.

Contributions You CANNOT Deduct

- An amount paid to or for the benefit of a college or university in exchange for the right to purchase tickets to an athletic event in the college or university's stadium.
- Travel expenses (including meals and lodging) while away from home performing donated services, unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally until the entire interest has been transferred).

- Gifts to:
 - a. Individuals and groups that are run for personal profit.
 - b. Foreign organizations.
 - c. Organizations engaged in certain political activities that are of direct financial interest to your trade or business.
 - d. Groups whose purpose is to lobby for changes in the law.
 - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization.
- Cost of tuition.

Gifts by Cash or Check

On *Worksheet A-4*, line 15, enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Recordkeeping. For any contribution made in cash, regardless of the amount, you must maintain as a record of the contribution a bank record (such as a canceled check or credit card statement) or a written record from the charity. The written record must include the name of the charity, date, and amount of the contribution. If you made contributions through payroll deduction, see federal Publication 526 for information on the records you must keep. Do not attach the record to your tax return. Instead, keep it with your other tax records.

Other Than by Cash or Check

On *Worksheet A-4*, line 16, enter the total contributions you made other than by cash or check. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. For more details on determining the value of donated property, see federal Publication 561.

If the amount of your deduction is more than \$500, you must complete and attach federal Form 8283. For this purpose, the "amount of your deduction" means your deduction before applying any income limits that could result in a carryover of contributions. If you deduct more than \$500 for a contribution of a motor vehicle, boat, or airplane, you must also attach a statement from the charitable organization to your return. If your total deduction is over \$5,000 (\$500 for certain contributions of clothing and household items), you may also have to get appraisals of the values of the donated property. See federal Form 8283 and its instructions for more information.

Contributions of clothing and household items. A deduction for these contributions will be allowed only if the items are in good used condition or better. However, this rule does not apply to a contribution of any single item for which a deduction of more than \$500 is claimed and for which you include a qualified appraisal and federal Form 8283 with your tax return.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.

- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

Line 21e

Casualty and Theft Losses

Hawaii did not adopt the federal provision that (1) limits the personal casualty loss deduction for property losses (not used in connection with a trade or business or transaction entered into for profit) to apply only to losses incurred as a result of federally-declared disasters for losses arising in tax years 2018 through 2025, and (2) waives the requirement that casualty losses from qualified disasters exceed 10% of adjusted gross income to be deductible, and that such losses must exceed \$500.

Complete *Worksheet A-5* on page 32 to figure your deduction for casualty and theft losses.

Use line 21e to report casualty or theft loss(es) of property that is not used in a trade or business, or for income-producing purposes. Complete the 2017 federal Form 4684, Casualties and Thefts, to figure your loss. Write the amount from the 2017 federal Form 4684, line 16 on line 19 of *Worksheet A-5* on page 32, fill in *Worksheet A-5*, and attach a copy of the 2017 federal Form 4684 to Form N-11.

Losses You CAN Deduct

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes; car, boat, and other accidents; and corrosive drywall. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

If your property is covered by insurance, you must file a timely insurance claim for reimbursement of your loss. Otherwise, you cannot deduct the loss as a casualty or theft loss. However, the part of the loss that is not covered by insurance is still deductible. You can deduct personal casualty or theft losses only to the extent that:

- a. The amount of EACH separate casualty or theft loss is more than \$100, and
- b. The total amount of ALL losses during the year (reduced by the \$100 limit) is more than 10% of your adjusted gross income.

Corrosive drywall losses. If you paid for repairs to your personal residence or household appliances because of corrosive drywall, you may be able to deduct those amounts paid. See federal Publication 547 for details.

Use *Worksheet A-6*, line 25, to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

Losses You CANNOT Deduct

- Money or property misplaced or lost.
- Accidental breaking of articles such as glassware or china under normal conditions.
- Damage due to progressive deterioration (steady weakening of a building due to normal wind and weather conditions; termite or moth damage; damage or destruction of trees, shrubs, or other plants by a fungus, disease, insects, worms, or similar pests).

Line 21f

Miscellaneous Deductions

Hawaii did not adopt the federal provision that suspends all miscellaneous itemized deductions that are subject to the 2% floor for tax years 2018 through 2025.

Complete *Worksheet A-6* on page 32 to figure your miscellaneous deductions.

In General

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 23). The limit also applies to tax preparation fees (line 24) and certain expenses you paid to produce or collect taxable income or certain tax-exempt income (line 25).

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on line 30. Gambling losses (to the extent of winnings) and certain job expenses of handicapped employees can be deducted on line 30. See the 2017 federal Publication 529, *Miscellaneous Deductions*, for more information.

Expenses Subject to the 2% Limit

Employee Business Expenses

Note: *The 2024 standard mileage rate for business use of your vehicle is 67 cents a mile.*

On *Worksheet A-6*, line 23, report job expenses you paid for which you were not reimbursed. Complete the 2017 federal Form 2106 or 2106-EZ and attach it to Form N-11 if:

1. You claim any travel, transportation, meal, or entertainment expenses for your job; or
2. Your employer paid you for any of your job expenses reportable on *Worksheet A-6*, line 23.

Examples of expenses to include on line 23 of *Worksheet A-6* are:

- Travel, transportation, meal, or entertainment expenses.
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Certain business use of part of your home, but only if you use that part regularly and exclusively for business purposes and for the convenience of your employer. For details, including limits that apply, see the 2017 federal Publication 587, *Business Use of Your Home*.
- Certain education expenses you paid that meet at least one of the following two tests.

1. The education is required by your employer or the law to keep your present salary, status, or job. The

required education must serve a bona fide business purpose of your employer.

2. The education maintains or improves skills needed in your present work.

Some education expenses are not deductible. See *Expenses You MAY NOT Deduct* on this page.

Tax Preparation Fees

On *Worksheet A-6*, line 24, enter the fees you paid for preparation of your federal and Hawaii tax return, including fees paid for filing your return electronically.

Other Expenses

On *Worksheet A-6*, line 25, enter the total amount you paid to produce or collect taxable income and certain tax-exempt income, and manage or protect property held for earning income. But **do not** include any personal expenses. Attach a statement showing the type and amount of each expense to Form N-11. Examples of these expenses are:

- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g., trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see the 2017 federal Publication 529.
- Casualty and theft losses of property used in performing services as an employee.
- Deduction for repayment of amounts under a claim of right over \$3,000. See *Repayments* in the 2017 federal Publication 525, *Taxable and Nontaxable Income*, for more information.
- Convenience fee charged by the card processor for paying your income tax (including estimated tax payments) by credit or debit card. The deduction is claimed for the year in which the fee was charged to your card.
- Expenses for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business.

Expenses NOT Subject to the 2% Limit

Other Deductions

List only the following expenses on *Worksheet A-6*, line 30:

- Gambling losses, but only to the extent of gambling winnings reported on federal Schedule 1 (Form 1040 or 1040-SR), line 8.
 - **Note:** *Hawaii adopted the federal provision that defines losses from wagering transactions to include any otherwise allowable deduction incurred in carrying on wagering transactions (e.g., traveling to and from a casino) for tax years 2018 through 2025.*
- Casualty and theft losses of income-producing property.
- Hawaii estate and transfer tax.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Certain unrecovered investment in an annuity (IRC section 72(b)(3)). For details, see the 2017 federal Publication 575, *Pension and Annuity Income*.

- Impairment-related work expenses of a disabled person.
- Deduction for repayment of amounts under a claim of right of \$3,000 or less. See *Repayments* in the 2017 federal Publication 525, *Taxable and Nontaxable Income*, for more information.

List the type and amount of each expense and attach a copy of the list to your return. Enter one total in the amount space for line 30. For more information on these expenses, see the 2017 federal Publication 529, *Miscellaneous Deductions*.

Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions.
- Legal expenses for personal matters that do not produce taxable income.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Commuting expenses.
- Travel expenses for employment away from home if that period of employment exceeds one year.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues.
- Expenses of adopting a child.
- Fines and penalties.
- Expenses of producing tax-exempt income, except for expenses for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business.
- Education that:
 1. Is needed to meet the minimum educational requirements of your present trade or business, or
 2. Is part of a program of study that will qualify you for a new trade or business.

Line 22

Total Itemized Deductions Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), fill in the oval above line 21. If you are claiming the standard deduction, see *Standard Deduction for Dependents* on page 20 to figure your standard deduction.

Itemized Deductions

Hawaii did not adopt the federal provision that suspends the overall limitation on itemized deductions for tax years 2018 through 2025.

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 21a to 21f.

Add lines 21a through 21f, and enter the result on line 22 if the amount on line 20 (Hawaii adjusted gross income) is \$166,800 or less (\$83,400 if married filing separately).

You may not be able to deduct all of your itemized deductions if the amount on line 20 (Hawaii adjusted gross income) is more than \$166,800 (\$83,400 if married filing separately).

Use the *Total Itemized Deductions Worksheet* on page 32 to figure the amount you may deduct.

Line 23

Standard Deduction

Hawaii did not adopt the federal provision that increases the standard deduction amounts for tax years 2018 through 2025.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is as follows:

Filing Status	Standard Deduction
Single	\$4,400
Married filing jointly	8,800
Married filing separately	4,400
Head of Household	6,424
Qualifying Surviving Spouse	8,800

Standard Deduction for Dependents. If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an individual who can be claimed as a dependent on the tax return of another taxpayer is computed as follows:

- Enter your earned income (defined below). If none, enter zero **A.** _____
- Minimum amount **B.** 500.00
- Compare** the amounts on lines A and B above. Enter the LARGER of the two amounts here..... **C.** _____
- Maximum amount. Enter the full standard deduction for your filing status, shown in the chart above, here..... **D.** _____
- Compare** the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-11, line 23 **E.** _____

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amounts you reported on federal Form 1040 or Form 1040-SR, line 1 (wages), federal Schedule 1 (Form 1040 or 1040-SR), lines 3 (business income) and 6 (farming income), minus the amount, if any, on federal Schedule 1 (Form 1040 or 1040-SR), line 15 (deduction for self-employment tax).

Line 24

Line 20 minus line 22 or 23, whichever applies. This line MUST be filled in. If line 24 is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Line 25

Exemptions

Caution: If you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.

Hawaii did not adopt the federal provision that suspends the deduction for personal exemptions for tax years 2018 through 2025.

Regular Exemptions

Residents are allowed \$1,144 for each exemption they can claim. Multiply \$1,144 by the total number of exemptions you claimed on line 6e.

Blind, Deaf, or Totally Disabled — Definition, Certification, and Exemptions

Fill in the appropriate oval(s) on line 25 if you are blind, deaf or totally disabled and your impairment has been certified. You **must** submit a completed Form N-172 **prior** to filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

“Blind” means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

“Deaf” means a person whose average loss in the speech frequencies (500-2000 Hertz) in the better ear is 82 decibels, A.S.A., or worse.

“Person totally disabled” means a person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. It is presumed that a person whose earned income exceeds \$30,000 for the taxable year is engaged in a substantial, gainful business or occupation.

The impairment of sight, deafness or disability shall be certified on the basis of a written report on an examination performed by a qualified ophthalmologist, qualified optometrist or a qualified otolaryngologist, licensed audiologist, or a qualified physician, as the case may be, on Form N-172.

A blind, deaf or totally disabled person who qualifies, may be allowed a Disability Exemption of \$7,000. The Disability Exemption is in lieu of the regular personal exemption of \$1,144. If you claim the Disability Exemption, you will not be able to claim the additional exemptions for your children or other dependents, or for being 65 or older. The following maximum exemptions are allowed:

One Individual (any filing status) — Taxpayer and Spouse (non-disabled spouse <i>under</i> 65) —	\$7,000
Taxpayer and Spouse (non-disabled spouse age 65 or over) —	8,144
Taxpayer and Spouse (<i>both</i> disabled) —	14,000

For more information, see Tax Information Release No. 89-3, “*State Tax Benefits Available to Persons with Impaired Sight, Impaired Hearing, or Who are Totally Disabled,*” and Tax Information Release No. 2022-01, “*State Tax Benefits Available to Individuals Who are Blind, Deaf, or Totally Disabled.*”

Also, see the administrative rules relating to substantial gainful business or occupation (section 18-235-1.14(d), HAR).

Line 26

Taxable Income

Line 24 minus line 25, but not less than zero.

Hawaii did not adopt the federal provision that allows a deduction for qualified business income from a partnership, S corporation, or sole proprietorship for tax years 2018 through 2025.

Tax Computation

Line 27

Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use, and fill in the appropriate oval on line 27 if you use the tax table, tax rate schedules, or alternative tax on capital gains. Fill in the oval for tax from the applicable forms if you use Form N-168 or Form N-615. Then, go to the *Tax Computation Worksheet* on page 32.

Tax Table

If your taxable income is less than \$100,000, you MUST use the Tax Table on pages 36 through 47 or at tax.hawaii.gov/forms/ to find your tax. Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount. There is an example at the beginning of the table to help you find the correct tax.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 48 to figure your tax if your taxable income is \$100,000 or more.

Form N-168

An individual engaged in a farming or fishing business may elect to average their farming or fishing income over a three-year period. See Form N-168 for more information.

Form N-615

If a child under age 14 has unearned income of more than \$1,000, use Form N-615, Computation of Tax for Children Under Age 14 Who Have Unearned Income of More than \$1,000, 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. See Form N-615 for more information.

Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce your tax using the *Tax on Capital Gains Worksheet* on page 33 if your taxable income is over \$48,000 (\$24,000 for Single, and Married Filing Separately; or \$36,000 for Head of Household classifications). If your taxable income is \$48,000 (\$24,000 for Single, and Married Filing Separately; or \$36,000 for Head of Household classifications) or under, do not use the *Tax on Capital Gains Worksheet* on page 33.

Some taxpayers will have Hawaii gain adjustments. Before filling in the worksheet, determine whether you have adjustments from the *Hawaii Additions Worksheet* on page 31, e (gain adjustment), or j (other adjustments); from the *Hawaii Subtractions Worksheet* on

page 31, **j** (certain income from a qualified high technology business), or **n** (other adjustments); or from Form N-152 (lump sum distribution from a pension plan). If you do, separate the adjustments into **long-term** gain adjustments for assets held for more than a year, and **short-term** adjustments for assets held for a year or less.

Total Tax Liability

Use the *Tax Computation Worksheet* on page 32 to figure your total tax liability.

Refundable Credits

IMPORTANT! If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you *carefully* read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

Line 28

Refundable Food/Excise Tax Credit

If your federal adjusted gross income was less than \$60,000 (less than \$40,000 if your filing status is Single), you may qualify for this credit.

If you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes, you do not qualify for this credit.

For more information, see Form N-311, Refundable Food/Excise Tax Credit.

To claim this credit. Complete Form N-311 and attach it to your return.

Deadline for claiming this credit. If you are a calendar year taxpayer, the deadline to claim the credit, including amended claims, is December 31, 2025. If you are a fiscal year taxpayer, 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.

Line 29

Credit for Low-Income Household Renters

If you occupy and pay rent for real property within the State as your residence, your Hawaii adjusted gross income was less than \$30,000, and the rent you paid during 2024 was more than \$1,000, you may qualify for this credit.

If you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes, you do not qualify for this credit.

See the instructions for Schedule X, Part I, on page 26, for more information.

To claim this credit. Complete Schedule X, Part I, and attach it to your return.

Deadline for claiming this credit. If you are a calendar year taxpayer, the deadline to claim the credit, including amended claims, is December 31, 2025. If you are a fiscal year taxpayer, 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.

Line 30

Credit for Child and Dependent Care Expenses

Certain payments made for child and dependent care (including payments made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due.

If you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes, you do not qualify for this credit.

See the instructions for Schedule X, Part II, on page 27, for more information.

To claim this credit. Complete Schedule X, Part II, and attach it to your return.

Line 31

Credit for Child Passenger Restraint System

Each taxpayer who files an individual income tax return for the taxable year may claim a tax credit of \$25 for 2024 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards. This credit is \$25 **per return** regardless of the cost or the number of restraint systems purchased.

To claim this credit. Enter \$25 in line 31, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

Your claim for this credit may be rejected if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

- 1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.
- 2) If the invoice has somebody else's name on it, you must attach an explanation.

Deadline for claiming this credit. If you are a calendar year taxpayer, the deadline to claim the credit, including amended claims, is December 31, 2025. If you are a fiscal year taxpayer, 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.

Line 32

Total Refundable Tax Credits from Schedule CR

If you are claiming any refundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total refundable tax credits claimed. Complete Part I of Schedule CR, and enter the amount from Schedule CR, line 10, on line 32. Attach Schedule CR directly behind Form N-11. See Instructions for Schedule CR for more information.

Other Credits

Pro Rata Share of Taxes Withheld and Paid by a Partnership or S Corporation on the Sale of Hawaii Real Property Interests

If the tax was withheld by a partnership or S corporation, and you are taxable on a pro rata share of the en-

ty's gain on the sale, include **ONLY** the amount of your pro rata share of any net income taxes withheld and paid by the partnership or S corporation on Schedule CR, line 9a, and attach a copy of the Schedule K-1 issued to you by the partnership, estate, trust, or S corporation.

If the partnership or S corporation filed a Form N-288C, Application for Tentative Refund of Withholding on Dispositions by Nonresident Persons of Hawaii Real Property Interests, you **may not** claim this credit for your share of the amount being refunded to the entity.

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by IRC section 852(b)(3)(D) is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on Schedule CR, line 9b, and attach an explanation.

Credit for Repayment of Amounts Included in Income From Earlier Years

Act 56, SLH 2023, conforms to IRC section 1341, which allows a taxpayer to claim a credit when an item of income reported in an earlier tax year at a higher tax rate is returned in a subsequent year at a lower tax rate if it is determined that the taxpayer did not have an unrestricted right to the item of income when reported. If this credit applies to you, include the amount on Schedule CR, line 9c, and attach an explanation.

Line 34

Adjusted Tax Liability

Line 27 minus line 33. Enter the result on this line.

If line 34 is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Nonrefundable Credits

If you are using nonrefundable credits to offset your adjusted tax liability (line 34), the total of the nonrefundable credits used cannot be greater than your adjusted tax liability. If line 34 is zero or less, nonrefundable tax credits may not be used. Even if you are not able to use the nonrefundable tax credits, complete the forms for any tax credits you qualify for, and attach the forms to your Form N-11. If the forms are not attached, no claim for the tax credit has been made, and you will lose the carryover of your unused tax credits.

Line 35

Total Nonrefundable Tax Credits from Schedule CR

Note: If line 34 is zero or less, no tax credit may be used. Enter zero on line 35.

If you are claiming any nonrefundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total nonrefundable tax credits claimed. Complete Part II of Schedule CR, and enter the amount from Schedule CR, line 32, on line 35. Attach Schedule CR directly behind Form N-11. See Instructions for Schedule CR for more information.

Line 36

Line 34 minus line 35. Enter the result on this line.

If line 36 is a negative number, shade the minus (-) in the box to the left of the amount boxes.

Tax Already Paid

Line 37

Total Hawaii Income Tax Withheld

Note: If taxes were withheld on the sale of Hawaii real property, report this amount on **line 38**, "2024 Estimated Tax Payments."

Add the Hawaii income tax withheld as shown on federal Form(s) W-2 and 1099-G (unemployment compensation), State Form N-2, and any other forms that show Hawaii income tax withheld. Enter the total on this line. Attach a copy of federal Form(s) W-2 and 1099-G, and Form N-2 showing the withholding. If not attached, the withholding may be disallowed.

Line 38

2024 Estimated Tax Payments

Note: If taxes were withheld on the sale of Hawaii real property, attach a copy of the Form(s) N-288A showing the withholding.

Enter on this line your estimated Hawaii income tax payments made on Form N-200V for 2024. Do not include your 2023 overpayment you requested to have applied to your 2024 estimated tax (this amount is to be reported on line 39).

Also include on this line the amount of taxes withheld on the sale of Hawaii real property computed as follows:

1. Amount of taxes withheld as shown on Form(s) N-288A, "Statement of Withholding on Dispositions by Nonresident Persons of Hawaii Real Property Interests" _____
2. Amount of refund you already applied for on Form(s) N-288C, "Application for Tentative Refund of Withholding on Dispositions by Nonresident Persons of Hawaii Real Property Interests" _____
3. Line 1 minus line 2. Include this amount on Form N-11, line 38..... _____

If the tax was withheld for you through a partnership or S corporation, see the Instructions for *Pro Rata Share of Taxes Withheld and Paid by a Partnership or S Corporation on the Sale of Hawaii Real Property Interests* on page 21.

If you made estimated tax payments on Forms N-200V or had tax withheld on the sale of Hawaii real property on Forms N-288A for yourself and your spouse under your social security number but are now filing separate returns, you can enter the total amount paid with Forms N-200V or Forms N-288A on either of your separate returns or you and your spouse can divide the payments in any agreed amount. Use Form L-12, Request for Allocation of Tax Amounts for Individuals, to allocate the Forms N-200V or Forms N-288A payments between you and your spouse. Also, enter the social security numbers of both spouses on the separate returns.

If you and your spouse each filed separate Forms N-200V or have separate Forms N-288A but are now filing

a joint return, enter the total paid with both Forms N-200V or Forms N-288A on your joint return.

Follow the above instructions even if your spouse died during the year.

Line 39

2023 Overpayment Applied to 2024 Estimated Tax

Enter on this line any overpayment from your 2023 return that you applied to your 2024 estimated tax.

Line 40

Amount Paid with Extension

If you made an extension payment with Form N-200V, enter the amount you paid on this line.

If you made an extension payment for yourself and your spouse under your social security number on Form N-200V but are now filing separate returns, you can enter the total amount paid with Form N-200V on either of your separate returns or you and your spouse can divide the payment in any agreed amount. Use Form L-12, Request for Allocation of Tax Amounts for Individuals, to allocate the Form N-200V payment between you and your spouse. Also, enter the social security numbers of both spouses on the separate returns.

If you and your spouse each filed separate Forms N-200V but are now filing a joint return, enter the total paid with both Forms N-200V on your joint return.

Line 41

Total Payments

Add lines 37 through 40. Enter the amount on this line.

Refund or Balance Due

Line 42

Amount Overpaid

If line 41 is larger than line 36, and line 36 is zero or more, subtract line 36 from line 41 and show the difference on line 42. This is the amount overpaid.

However, if line 36 is less than zero, complete the following worksheet:

1. Amount from line 36 (enter as a positive number). _____
2. Amount from line 41. _____
3. Add line 1 and line 2. _____

Enter the amount from line 3 of the worksheet on line 42. This is the amount overpaid.

If you have an underpayment of estimated tax penalty on line 50, do not include the penalty amount on this line. Your overpayment will be reduced automatically by the amount of the penalty.

Line 43a

Contribution to the Hawaii Schools Repairs and Maintenance Fund

The Hawaii School-Level Minor Repairs and Maintenance Special Fund provides moneys for school-level minor repairs and maintenance. If you have an overpayment of at least \$2 (\$4 if married and filing a joint return), you can choose to contribute to the Hawaii

School-Level Minor Repairs and Maintenance Special Fund.

Fill in the appropriate oval(s) if you want to contribute \$2 to the Hawaii School-Level Minor Repairs and Maintenance Special Fund (or \$4 if you are filing a joint return and your spouse also wants to contribute). No other amounts can be accepted. Your contribution will reduce your refund. Once made, the contribution cannot be revoked.

Line 43b

Contribution to the Hawaii Public Libraries Fund

The Hawaii Public Libraries Special Fund provides moneys to support the operations of the library system. If you have an overpayment of at least \$5 (\$10 if married and filing a joint return), you can choose to contribute to the Hawaii Public Libraries Special Fund.

Fill in the appropriate oval(s) if you want to contribute \$5 to the Hawaii Public Libraries Special Fund (or \$10 if you are filing a joint return and your spouse also wants to contribute). No other amounts can be accepted. Your contribution will reduce your refund. Once made, the contribution cannot be revoked.

Line 43c

Contribution to the Domestic and Sexual Violence / Child Abuse and Neglect Funds

The Hawaii Children's Trust Fund provides moneys for the award of grants for primary and secondary prevention activities to prevent child abuse and neglect. The Domestic Violence and Sexual Assault Special Fund provides moneys for programs and grants or purchases of service that support or provide domestic violence and sexual assault intervention or prevention. The Spouse and Child Abuse Special Accounts provide moneys for staff programs, and grants or purchases of service that support or provide spouse or child abuse intervention or prevention. If you have an overpayment of at least \$5 (\$10 if married and filing a joint return), you can choose to contribute to these funds.

Fill in the appropriate oval(s) if you want to contribute \$5 to the Hawaii Children's Trust Fund, the Domestic Violence and Sexual Assault Special Fund, and the Spouse and Child Abuse Special Accounts (or \$10 if you are filing a joint return and your spouse also wants to contribute). No other amounts can be accepted. Your contribution will reduce your refund. Once made, the contribution cannot be revoked.

Line 46

Applied to 2025 Estimated Tax

Caution: Unless otherwise requested, the Department will apply all joint payments to the first claim on a tax return by any party to the joint payment. To request the allocation of joint payments to each of your and your spouse's individual tax accounts, complete Form L-12, Request for Allocation of Tax Amounts for Individuals, and attach it to your 2024 individual tax return.

Enter the amount from line 45 that you want applied to your estimated tax for 2025.

If you have an underpayment of estimated tax penalty on line 50, do not include the penalty amount on this line. The amount applied to your 2025 estimated tax will be reduced automatically by the amount of the penalty.

If you and your spouse filed a joint return for 2024 but will file separate returns for 2025, you can request that the 2025 estimated tax be applied to either of your separate returns or you and your spouse can divide the estimated tax to be applied in any agreed amount. Use Form L-12, Request for Allocation of Tax Amounts for Individuals, to allocate the estimated tax to be applied between you and your spouse. Also, enter the social security numbers of both spouses on the separate returns.

Line 47a

Refund

Note: Refunds may be delayed without a valid social security number or ITIN provided on your return.

Line 45 minus line 46. This is the amount that will be refunded to you.

If you have an underpayment of estimated tax penalty on line 50, do not include the penalty amount on this line. The amount of your refund will be reduced automatically by the amount of the penalty.

If you are filing your return after the prescribed due date, the refund shown may be limited or disallowed due to the statute of limitations. In general, a claim for refund or credit for overpaid income taxes must be filed within three years after the return is filed for the taxable year, within three years of the due date for filing the return, or within two years from when the tax is paid, whichever is later. For purposes of determining whether a refund or credit is allowed, taxes paid on or before the due date of the return (e.g., taxes withheld from an employee's pay, or estimated tax payments) are considered paid on the due date of the return, without considering an extension of time to file the return.

Lines 47b Through 47d

If the ultimate destination of your refund is to a foreign (non-U.S.) bank account, fill in the oval under line 47a. Due to rules for international ACH transactions, direct deposit of refunds into foreign (non-U.S.) bank accounts will not be available. A check will be sent to you instead.

If you are filing a Hawaii income tax return for the first time, direct deposit of refunds will not be available. A check will be sent to you instead.

If you owe certain past-due debts, such as child support, and all or part of the overpayment on line 42 is used (offset) to pay the past-due amount, direct deposit of refunds will not be available. A check will be sent to you instead.

Direct Deposit of Refund

Complete lines 47b through 47d if you want the Department to directly deposit the amount shown on line 47a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

Why Use Direct Deposit?

- You get your refund fast – even faster if you e-file!
- Payment is more secure – there is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

You can check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The Department is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 47b through 47d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The Department is not responsible if a financial institution rejects a direct deposit.

Routing Number

The routing number **must** be **nine** digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead.

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **do not** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on line 47b.

Type of Account

On line 47c, fill in the applicable oval to indicate whether you want your refund deposited into your checking or savings account.

Account Number

Contact your financial institution for the correct account number to enter on line 47d. The account number can be up to 17 characters (both numbers and letters). Omit spaces, hyphens, and special symbols. Enter the number from left to right and leave any unused boxes blank. Be sure **not** to include the check number.

Line 48

Balance Due

If line 36 is larger than line 41, the difference is your balance due.

Do not include any penalty and/or interest amounts on this line. Also, if you have an underpayment of estimated tax penalty on line 50, do not include the penalty on this line.

Line 49

Payment Amount

Enter the amount of your payment, including any penalty and interest. If you are including penalty and interest in the payment amount, identify and enter the penalty and/or interest amounts on a separate sheet of paper and attach it to the Form N-11.

You can pay online at hitax.hawaii.gov or by check or money order payable to "Hawaii State Tax Collector." Write your social security number, daytime phone number, and "2024 Form N-11" on your check or money order, and attach it to the front of Form N-11.

If you cannot pay the full amount you owe, you can request to enter a payment agreement **after** you receive the billing notice. Please be aware that penalty and interest continue to accrue on the unpaid tax amount even though you have not received the billing notice. Payments will be accepted and applied to your tax liability;

however, to ensure your payments are applied correctly, your check or money order must have: (1) your name clearly printed on the check as it is printed on the tax return (if filing a joint return, also print your spouse's name), (2) your social security number (if filing a joint return, also write your spouse's social security number), (3) your daytime phone number, and (4) the tax year and form number you filed (e.g., 2024 N-11).

Line 50

Estimated Tax Penalty

See the instructions for *Penalties and Interest* on page 25 and Form N-210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, to see if you owe a penalty for the underpayment of estimated taxes. If you owe a penalty, enter the penalty amount on Form N-11, line 50. Do not include the penalty amount on lines 42, 46, 47a, or 48. If you have an overpayment, your overpayment (and the amount applied to your 2025 estimated tax or the amount of your refund) will be reduced automatically by the amount of the penalty. If you have any taxes due, include the amount of the penalty on line 49.

Fill in the oval at line 50 if Form N-210 is attached.

If you are a farmer or fisherman, you may receive a penalty notice for underpaying estimated tax even though you filed your return on time, attached Form N-210, and met the gross income from farming or fishing requirement. If you receive a penalty notice and you think it is in error, write to the address on the notice and explain why you think the notice is in error. Include a computation showing that you met the gross income from farming or fishing requirement.

Amended Returns

If you are filing an amended return, fill in the amended return oval at the top of Form N-11. Complete your amended return using corrected amounts through line 50. Attach Schedule AMD, Explanation of Changes on Amended Return, to the income tax return Form N-11. Also attach all forms and statements required to file a complete return. If you are claiming any tax credits, remember to attach the required forms, such as Schedule CR and Schedule X, even if you claimed the credits on the original return.

If you are filing an amended return due to a farming net operating loss carryback, also fill in the NOL Carryback oval and attach a copy of your original federal income tax return for the loss year.

If you are filing an amended return due to an IRS adjustment, also fill in the IRS Adjustment oval.

See page 26 of the instructions for more information.

Line 51

Amount Paid (Overpaid) on Original Return

Enter on line 51 the amount paid on your original 2024 Form N-11, line 48 (plus the amount of estimated tax penalty on line 50, if any); or the amount overpaid on your original 2024 Form N-11, line 42 (less the amount of estimated tax penalty on line 50, if any). If the amount is an overpayment, shade the minus (-) in the box to the left of the amount boxes.

Attach Schedule AMD, Explanation of Changes on Amended Return. Also attach all forms and statements required to file a complete return. If you are claiming any tax credits, remember to attach the required forms,

such as Schedule CR and Schedule X, even if you claimed the credits on the original return.

Line 52

Balance Due (Refund) With Amended Return

If no amount was entered on line 51, enter on line 52 the amount, if any, from line 47a (less the amount of estimated tax penalty on line 50, if any) or line 48 (plus the amount of estimated tax penalty on line 50, if any) of the amended return.

If there is an amount on line 51, complete one of the worksheets below. When completing the worksheet, enter all amounts as positive numbers.

If there is an amount on line 51 and that amount is:

a. A payment and there is an amount on line 42, complete the following worksheet:

1. Amount from line 42 (less the amount of estimated tax penalty on line 50, if any)..... _____
2. Amount from line 51 _____
3. Add line 1 and line 2..... _____

Enter the amount from line 3 of the worksheet on line 52. This is the amount of your overpayment on your amended return. Shade the minus (-) in the box to the left of the amount boxes.

b. A payment and there is an amount on line 48, complete the following worksheet:

1. Amount from line 48 (plus the amount of estimated tax penalty on line 50, if any)..... _____
2. Amount from line 51 _____
3. Line 1 minus line 2..... _____

Enter the amount from line 3 of the worksheet on line 52.

If the amount on line 1 of the worksheet is larger than the amount on line 2 of the worksheet, this is the amount you owe on your amended return.

If the amount on line 2 of the worksheet is larger than the amount on line 1 of the worksheet, this is the amount of your overpayment on your amended return. Shade the minus (-) in the box to the left of the amount boxes.

c. An overpayment and there is an amount on line 42, complete the following worksheet:

1. Amount from line 42 (less the amount of estimated tax penalty on line 50, if any)..... _____
2. Amount from line 51 _____
3. Line 1 minus line 2..... _____

Enter the amount from line 3 of the worksheet on line 52.

If the amount on line 1 of the worksheet is larger than the amount on line 2 of the worksheet, this is the amount of your overpayment on your amended return. Shade the minus (-) in the box to the left of the amount boxes.

If the amount on line 2 of the worksheet is larger than the amount on line 1 of the worksheet, this is the amount you owe on your amended return.

d. An overpayment and there is an amount on line 48, complete the following worksheet:

1. Amount from line 48 (plus the amount of estimated tax penalty on line 50, if any)..... _____
2. Amount from line 51 _____

3. Add line 1 and line 2..... _____

Enter the amount from line 3 of the worksheet on line 52. This is the amount you owe on your amended return.

If you have an overpayment on your amended return, you may contribute to the (1) Hawaii Schools Repairs and Maintenance Fund (line 43a) if line 43a on your original return was blank, (2) Hawaii Public Libraries Fund (line 43b) if line 43b on your original return was blank, and/or (3) Domestic and Sexual Violence/Child Abuse and Neglect Funds (line 43c) if line 43c on your original return was blank.

Subtract the amount contributed to the above funds from the amount of overpayment available and enter the difference on line 52. Shade the minus (-) in the box to the left of the amount boxes. Be sure that the sum of the amounts entered on lines 43a, 43b, 43c, and 52 is not more than the overpayment available.

If you have an amount due on your amended return, send your payment to the Department by attaching your check or money order to the front of Form N-11. Write your social security number, daytime phone number, and "2024 Amended Form N-11" on your check or money order.

Attach Schedule AMD, Explanation of Changes on Amended Return. Also attach all forms and statements required to file a complete return. If you are claiming any tax credits, remember to attach the required forms, such as Schedule CR and Schedule X, even if you claimed the credits on the original return.

Taxpayer Questionnaire

All taxpayers *MUST* complete lines 53, 54, and 55.

Line 53

Schedule C

If you filled in Schedule C for federal Form 1040 (for taxpayers receiving income from operating a business or practicing a profession as a sole proprietorship), check "Yes." If you checked "No," go on to line 54.

Hawaii Gross Receipts

Enter your Hawaii gross receipts or sales, net of returns and allowances. This will be the Hawaii amount from Schedule C, line 3. If you do not have any Hawaii gross receipts or sales, enter zero (0).

If you filed more than one Schedule C, enter the total of your Hawaii gross receipts.

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Also, enter the business product or service. For example, business activity: wholesale, business product: groceries; or business activity: retail, business product: hardware.

Hawaii Tax Identification Number

If you are operating a business or practicing a profession as a sole proprietorship in Hawaii, enter your Hawaii Tax Identification Number for this activity. If you are not operating a business or practicing a profession as a sole proprietorship in Hawaii, and do not have a Hawaii Tax Identification Number for this activity, leave the boxes blank.

If more than one identification number applies, enter the identification number that accounted for the most gross income included here. On a separate sheet, list the other identification number(s), along with the Hawaii gross receipts, main business activity, and main business product relating to that identification number(s).

Line 54

Rents on Schedule E

If you received rental income and reported it on Schedule E, federal Form 1040, check "Yes." If you checked "No," go on to line 55.

Hawaii Gross Receipts

Enter your Hawaii gross rents. In most cases, this will be the Hawaii amount from Schedule E, line 3. If you do not have any Hawaii gross rents, enter zero (0).

If you filed more than one Schedule E, enter the total of your Hawaii gross rents.

Hawaii Tax Identification Number

If you received rental income from property located in Hawaii, enter your Hawaii Tax Identification Number for this activity, even if you wrote the same number down on line 53. If you did not receive rental income from property located in Hawaii, and do not have a Hawaii Tax Identification Number for this activity, leave the boxes blank.

If more than one identification number applies, enter the identification number that accounted for the most gross rents included here. On a separate sheet, list the other identification number(s), along with the Hawaii gross rents relating to that identification number(s).

Line 55

Schedule F

If you completed Schedule F for federal Form 1040 (for those receiving farming income), check "Yes." If you checked "No," go to Step 7 on page 25.

Hawaii Gross Receipts

Enter your Hawaii gross receipts or sales, net of returns and allowances. This will be the Hawaii amount from Schedule F, line 9. If you do not have any Hawaii gross receipts or sales, enter zero (0).

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Also, enter the business product or service. For example, business activity: ranching, business product: cattle.

Hawaii Tax Identification Number

If you are operating a farm in Hawaii, enter your Hawaii Tax Identification Number for this activity, even if you wrote the same number down on line 53 or 54. If you are not operating a farm in Hawaii, and do not have a Hawaii Tax Identification Number for this activity, leave the boxes blank.

If more than one identification number applies, enter the identification number that accounted for the most gross income included here. On a separate sheet, list the other identification number(s), along with the Hawaii gross receipts, main business activity, and main business product relating to that identification number(s).

Now continue with Step 7 below.

Step 7

Check your return to make sure it is correct.

Step 8

Third Party Designee

Note: This designation is not a full power of attorney and does not replace Form N-848.

If you want to authorize the Department to discuss the processing of your tax return with a person that you designate, enter the name of your third party designee, telephone number, and identification number. You are authorizing the Department to call your third party designee to answer any questions that may arise during the processing of your tax return. This designation does not allow your third party designee to call the Department for information about the processing of your return or for other issues relating to your return.

Step 9

Hawaii Election Campaign Fund (For Hawaii State and County Elections)

This Fund supports the Hawaii Campaign Spending Commission, a watchdog agency that works to ensure that all campaign donations and expenditures are made public and comply with campaign finance laws to prevent corruption in politics. The Fund also supports the public financing of political campaigns which makes qualified candidates less dependent on private special interest donors to fund their campaigns.

If you have a tax liability of at least \$3 (\$6 if married and filing a joint return), you can choose to contribute to the Hawaii Election Campaign Fund. If you fill in the "Yes" oval, \$3 will go to the Hawaii Election Campaign Fund. If you are filing a joint return, and your spouse wants \$3 to go to the Fund, fill in the second "Yes" oval.

Filling in "Yes" will not increase your tax or reduce your refund.

Once made, the designation cannot be revoked for this taxable year.

See the Hawaii Campaign Spending Commission website at hawaii.gov/campaign or call 808-586-0285 for more information.

Step 10

Sign and date your return.

Form N-11 is not considered a valid return unless you sign it. If you are unable to sign the return (due to disease or injury, etc.), you can appoint an agent to sign your return. A return signed by an agent must have a power of attorney attached that authorizes the agent to sign for you. You can use Form N-848, Power of Attorney.

Be sure to date your return. If you have someone else prepare your return, you are still responsible for the correctness of the return.

Joint Return. Your spouse must also sign Form N-11 if it is a joint return. If your spouse cannot sign because of disease or injury and tells you to sign, you can sign your spouse's name in the proper space on the return fol-

lowed by the words "By (your name), Spouse." Be sure to also sign in the space provided for your signature. Attach a dated statement, signed by you, to the return. The statement should include the form number of the return you are filing, the tax year, and the reason your spouse cannot sign, and that your spouse has agreed to your signing for him or her.

If you are the guardian of your spouse who is mentally incompetent, you can sign the return for your spouse as guardian.

If your spouse is unable to sign the return because he or she is serving in a combat zone, and you do not have a power of attorney or other statement, you can sign for your spouse. Attach a signed statement to your return that explains that your spouse is serving in a combat zone.

If your spouse cannot sign the joint return for any other reason, you can sign for your spouse only if you are given a valid power of attorney. Attach the power of attorney to your tax return.

If you are filing a joint return as the surviving spouse, see *Death of Taxpayer* on page 6.

Child's Return. If your child cannot sign the return, sign your child's name in the space provided. Then, add "By (your signature), parent for minor child."

Occupation. Write your occupation in the space provided. If married and filing a joint return, also write your spouse's occupation in the space provided.

Step 11

Did you have someone else prepare your return?

If you fill in your own return, the Paid Preparer's space should remain blank. If someone prepares your return and does not charge you, that person should not sign your return.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Information area of your return. The preparer may furnish his or her alternative identifying number for income tax return preparers (PTIN) instead of his or her social security number.

If you have questions about whether a preparer is required to sign your return, please contact our Taxpayer Services staff.

The preparer required to sign your return MUST complete the required preparer information and:

- Sign it in the space provided for the preparer's signature.
- Give you a copy of your return in addition to the copy to be filed with the Department.

Hawaii conforms to Internal Revenue Service Notice 2004-54 which authorizes paid tax return preparers to sign tax returns by means other than by hand.

For more information, see Department of Taxation Announcement No. 2009-33, "Conformity to Internal Revenue Service Notice 2004-54, Relating to Alternative Methods of Signatures for Paid Tax Return Preparers."

Step 12

Attachments

Reminder: Federal Schedules C, E, and F are not required to be attached to Form N-11. However, keep

these schedules with your records until the statute of limitations runs out for that return.

Attach a copy of your Form(s) HW-2 and N-2, or federal Form(s) W-2 and 1099-G (unemployment compensation), to the front of Form N-11 in the area designated. To the back of your return attach, in the following order:

- Schedule CR.
- Any other schedules, in alphabetical order.
- Other Hawaii – series forms, in numerical order.
- Any other federal forms, in numerical order, used as a substitute for state forms (see *Related Federal/Hawaii Tax Forms* on page 3).
- Any other required statements.

A return without the required forms and statements is incomplete. You must file a complete return on time to avoid paying penalties and interest for late filing.

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to send your payment to the Department by attaching your check or money order to the front of Form N-11.

Reminders

Processing of Your Tax Return

In general, refunds due to you are issued within eight weeks from the date your return is filed with the Department. However, it may take additional time if you filed your return close to the April 20 filing deadline, if errors were made in completing your return, or you moved and did not change your address with the Department by completing Form ITPS-COA, Change of Address Form.

You may check your refund status through the Department's website. You may also call our Taxpayer Services Branch to obtain automated information about your individual income tax refunds 24 hours a day, 7 days a week. Automated refund information should be available four to six weeks after your return is filed with the Department. See page 6 for the Department's website address and telephone numbers.

Penalties and Interest

Late Filing of Return. The penalty for failure to file a return on time is assessed on the tax due at a rate of 5% per month, or part of a month, up to a maximum of 25%.

Interest. Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on a Saturday, Sunday, or legal holiday.

Failure to pay tax after filing timely returns. The penalty for failure to pay the tax after filing a timely return is 20% of the tax unpaid within 60 days of the prescribed due date.

Failure to timely pay by EFT. The penalty for failure to timely pay by EFT is 2% of the total tax as shown on line 27.

Underpayment of estimated taxes. You may be subject to a penalty for not paying enough estimated tax if

the total of your withholding and timely estimated tax payments were less than the smaller of:

1. 60% of your 2024 tax, or
2. 100% of your 2023 tax. Your 2023 tax return must cover a 12-month period.

There are special rules for farmers and fishermen.

For more information, see Form N-210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts.

Change of Address

If your mailing address has changed, you must notify the Department of the change by completing Form ITPS-COA, Change of Address Form, or log in to your Hawaii Tax Online account at hitax.hawaii.gov. Failure to do so may prevent your address from being updated, any refund due to you from being delivered (the U.S. Postal Service is not permitted to forward your State refund check), and delay important notices or correspondence to you regarding your return.

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your tax return, as well as any worksheets you used, until the statute of limitations runs out for that return. Usually this is three years from the date the return was due or filed, whichever is later. Also keep copies of your filed tax returns and any federal Forms W-2 or 1099 you received as part of your records. You should keep some records longer. For example, property records (including those on your home) should be kept as long as they are needed to figure the basis of the original or replacement property.

Amended Return

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, you may file an amended return on Form N-11 to change the Form N-11 you already filed. **Use the Form N-11 for the year you are amending.** (You cannot file a 2023 amended return on a 2024 Form N-11.) Fill in the amended return oval at the top of Form N-11, and fill in the return with all of the correct information. Attach Schedule AMD, Explanation of Changes on Amended Return, to Form N-11. Also attach all forms and statements required to file a complete return. If you are claiming any tax credits, remember to attach the required forms, such as Schedule CR and Schedule X, even if you claimed the credits on the original return.

If you contributed to the Hawaii Schools Repairs and Maintenance Fund, Hawaii Public Libraries Fund, and/or Domestic and Sexual Violence/Child Abuse and Neglect Funds on your original return, your contribution(s) cannot be revoked, and you must make the same designation(s) on your amended return.

If you did not contribute to the Hawaii Schools Repairs and Maintenance Fund, Hawaii Public Libraries Fund, and/or Domestic and Sexual Violence / Child Abuse and Neglect Funds on your original return, you may contribute to these funds on an amended return filed within twenty months and ten days after the due date for the original return for such taxable year. Once made, the contribution cannot be revoked.

If you are filing an amended return due to a farming net operating loss carryback, also fill in the NOL Carryback oval and attach a copy of your original federal income tax return for the loss year.

If you are filing an amended return due to an IRS adjustment, also fill in the IRS Adjustment oval. See *Change in Federal Taxable Income*, below.

See the instructions for Form N-11, lines 51 and 52.

For information on the statute of limitation periods within which you may file an amended return to claim a refund or credit of overpaid taxes, see the instructions for Form N-11, line 47a (Refund) on page 23.

You can get prior year forms from our website, by calling our Taxpayer Services Branch, and at any district tax office. See page 6 for the Department's website address and for the phone number to request the forms you need.

If your original return was filed on an incorrect form, file an original return on the correct form. For example, if you filed an original return on Form N-11 and should have filed Form N-15, file an original return on Form N-15.

Change in Federal Taxable Income

In general, a change to your federal return, whether it is made by you (on federal Form 1040X) or by the Internal Revenue Service, must be reported to the State of Hawaii.

- 1) Section 235-101(b), HRS, requires a report (an amended return) to the Director of Taxation if the amount of IRC taxable income is changed, corrected, adjusted or recomputed as stated in (3).
- 2) This report must be made:
 - a) Within 90 days after a change, correction, adjustment or recomputation is finally determined.
 - b) Within 90 days after an amended federal return is filed.
- 3) A report within the time set out in (2) is required if:
 - a) The amount of taxable income (including the federal earned income credit) as returned to the United States is changed, corrected, or adjusted by an officer of the United States or other competent authority.
 - b) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.
 - c) A recomputation of the income tax imposed by the United States under the Internal Revenue Code results from any cause.
 - d) An amended income tax return is made to the United States.
- 4) The report referred to above shall be in the form of an amended Hawaii income tax return.
- 5) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report shall not expire before the expiration of one year from the date the Department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report in writing. Before the expiration of this one-year period, the Department and the taxpayer may agree in writing to the extension of this period. The period so agreed upon may be further extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Protective Claim

A protective refund claim is a claim filed to protect a taxpayer's right to a potential refund based on a contingent event for a taxable period for which the statute of limitations is about to expire. A protective claim is usually based on contingencies such as pending litigation or an ongoing federal income tax audit or an audit in another state. For more information see tax Facts 2021-2.

Instructions for Schedule X — Tax Credits

Purpose

Use Schedule X to claim the credit for low-income household renters and the credit for child and dependent care expenses. **You may qualify to claim these credits, and receive a refund, even if you have no taxable income. If you claim any of the tax credits, both pages of Schedule X must be attached to your Form N-11.**

Part I

Credit for Low-Income Household Renters

Each resident taxpayer who occupies and pays rent for real property within the State as his or her residence and who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim a tax credit of \$50 per **qualified exemption** (see Line 8, Qualified Exemptions, on page 27), including the additional exemption for taxpayers age 65 or over, provided the following four conditions are met:

- The taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer;
- The taxpayer has adjusted gross income of less than \$30,000; and
- The taxpayer has paid more than \$1,000 in rent during the taxable year.
- The rented property is NOT exempt from real property tax. Rent paid for property which is partially or fully exempt from real property tax will not qualify for the credit. For example, county or State low-income housing projects, military housing, dormitories in schools, residential real property owned by a nonprofit organization, and homes in which the owner occupies a portion of the property, may have been granted real property tax exemptions by the county. If such exemptions, whether partial or full exemptions, have been granted, the rent paid for such properties will not qualify for the credit. To verify if real property tax exemptions have been granted on the rented property, please inquire with either the landlord, rental agent, or the Real Property Tax Office in the county in which the property is located.

A **"residence"** is defined as the dwelling place that constitutes the principal residence of the taxpayer or his or her immediate family in this State.

"Rent" means the amount paid in cash in any taxable year for the occupancy of a residence. Rent does not include:

- Charges for utilities, parking stalls, storage of goods, yard services, furniture, furnishings, and the like;
- Rental claimed as a deduction from gross income or adjusted gross income for income tax purposes;
- Ground rental paid for use of land only; and
- Rental allowances or rental subsidies received (i.e., housing allowance received from the armed forces or the Hawaii Housing Authority.).

Line 1

Adjusted Gross Income

If the adjusted gross income (Form N-11, line 20) shown on your return is \$30,000 or more, **stop here**; you cannot take this credit.

Married filing separately. If you are married filing separately, you must add your spouse's adjusted gross income to your own. If you are married filing separately and your spouse is a nonresident, you need to determine your spouse's adjusted gross income from all sources, within and outside of Hawaii, and add that amount to your own adjusted gross income. If the **total** is \$30,000 or more, you cannot claim this credit.

Line 2

Resident for More Than Nine Months

If you are a resident who has not been physically present in Hawaii for more than nine months in 2024, **stop here**; you cannot take this credit.

Line 3

Dependent of Another Taxpayer

If you can be claimed as a dependent on another person's return, **whether or not** that person claims you, **stop here**; you cannot take this credit.

Line 4

Your Addresses

List your most recent address. Fill in all of the required information. If you lived in more than one location during 2024, attach a separate sheet listing the same information for the other locations.

Do not list any location that was partly or wholly exempt from real property tax, such as:

- County or State low-income housing projects;
- Military housing;
- Dormitories in schools;
- Residential real property owned by a nonprofit organization; or
- Homes in which the owner occupies a portion of the property.

Line 5

Rent You Paid

Enter the total amount of rent **you paid** during 2024 to all of the locations listed on line 4. If you are sharing or were sharing the rent with somebody else, list only your share of the rent here.

Line 6

Exclusions

Enter that portion of the amount on line 5 which:

- Is for ground rent, utilities, goods, or services;
- You claimed as a deduction anywhere on your tax return; or
- You were reimbursed, through a rental allowance or rental subsidy from any source.

Line 7

Line 5 minus line 6. If this amount is \$1,000 or less, **stop here**; you cannot take this credit.

Line 8

Qualified Exemptions

On line 8, enter the names of the qualified exemptions. Start with yourself. Enter your spouse's name if you are married and filing a joint return or married and filing separately where your spouse is not filing a Hawaii return, had no income, and was not the dependent of someone else. Then list your dependents and enter the dependent's relationship to you. Include minor children receiving more than half of their support from public agencies (State Department of Human Services, Social Security benefits, and the like) which you can claim as dependents.

If married filing separately, only one spouse may claim the dependents.

Enter the number of qualified persons on line 8.

Line 12

Amount of the Credit

Line 11 times \$50. Enter this amount on Form N-11, line 29.

Deadline for claiming this credit. If you are a calendar year taxpayer, the deadline to claim the credit, including amended claims, is December 31, 2025. If you are a fiscal year taxpayer, 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.

Part II

Credit for Child and Dependent Care Expenses

If you maintain a household that included a child under age 13 or a dependent or spouse incapable of self-care, you may be allowed this credit for expenses you paid during the taxable year to care for your dependent so you could work.

Who May Claim the Credit

If you are a resident taxpayer who files an individual income tax return for a taxable year, you are not claimed or eligible to be claimed as a dependent on another taxpayer's federal or Hawaii income tax return, and you maintain a household which includes one or more qualifying persons (as defined on this page), you may be allowed a credit against your income tax. The credit ranges from 15% to 25% of employment-related expenses (up to certain limitations) PAID during the taxable year in order to enable you to work either full or part time for an employer or as a self-employed individual.

Maintaining a Household

You will be treated as maintaining a household for any period only if you furnish over half the cost of maintaining the household for that period. If you are married during that time, you and your spouse must provide over half the maintenance cost for the period.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges,

upkeep and repairs, property insurance, and food consumed on the premises. They do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

Qualifying Person

A qualifying person is any one of the following persons:

- a. Any person under age 13 whom you claim as a dependent (but see Special Rule (3) on page 28, Children of Divorced or Separated Parents).
- b. Your disabled spouse who is mentally or physically unable to care for himself or herself.
- c. Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent (as a qualifying relative) except that he or she had income of \$5,050 or more.

Employment-related Expenses

Employment-related expenses are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) *Expenses for Household Services.* Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualifying person. For example, payment for services of a domestic maid or cook ordinarily will be considered expenses for household services if performed at least partially for the benefit of the qualifying person.

(2) *Expenses for the Care of a Qualifying Person.* Expenses will be considered for the care of one or more qualifying persons if their main purpose was to assure that individual's well-being and protection. You can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and cannot be separated from the total cost.

You may NOT include any amount paid for services outside your household at a camp where the qualifying person stays overnight.

Do not include services outside your household as employment-related expenses for your spouse or a dependent age 13 or older. However, services outside your household are employment-related expenses for a dependent who has not reached his or her 13th birthday or for an individual who regularly spends at least eight hours each day in your household.

You may include expenses incurred for qualified dependent care centers as employment-related expenses. The dependent care center must comply with all applicable laws, rules, and regulations of Hawaii if the center is located within Hawaii. If the center is located outside Hawaii, the center must comply with all applicable laws, rules, and regulations of the state or country in which the center is located. Furthermore, these centers must provide care for more than six individuals (other than individuals who reside at the center), and must receive a fee, payment, or grant providing services for any of the individuals (regardless of whether such center is operated for profit).

Note: *Payments made to the State of Hawaii A+ Program qualify for the credit.*

Medical Expenses

Some dependent care expenses may qualify as medical expenses. If you cannot use all the medical expenses to qualify for this credit because of the dollar limit or

earned income limit (explained later), you can take the rest of these expenses as an itemized deduction for medical expenses. But if you deduct the medical expenses first on Worksheet A-1, you cannot use any part of these expenses on Schedule X.

Special Rules

(1) *Married Persons Filing Separately.* Generally, married persons must file a joint return to claim the credit. If your filing status is married filing separately and all of the following apply, you are considered unmarried for purposes of claiming the credit for child and dependent care expenses.

- You lived apart from your spouse during the last 6 months of 2024.
- Your home was the qualifying person's main home for more than half of 2024.
- You paid more than half of the cost of keeping up that home for 2024.

(2) *Marital Status.* If you are legally separated from your spouse under a decree of divorce or separate maintenance, you are not considered married.

(3) *Children of Divorced or Separated Parents.* If you were divorced, legally separated, or lived apart from your spouse during the last six months of 2024, you may be able to claim the credit even if your child is not your dependent. Even if you cannot claim your child as a dependent, he or she is treated as your qualifying person if:

- The child was under age 13 or was not physically or mentally able to care for himself or herself, and
- You were the child's custodial parent. The custodial parent is the parent with whom the child lived for the greater number of nights in 2024. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. For details and an exception for a parent who works at night, see federal Publication 501.

The noncustodial parent cannot treat the child as a qualifying person even if that parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents.

(4) *Payments to a Related Individual.* You can count work-related expenses you pay to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to:

1. A dependent for whom you (or your spouse if you are married) can claim an exemption, or
2. Your child who is under age 19 at the end of the year, even if he or she is not your dependent.

Married Persons Filing Separately Checkbox

If your filing status is married filing separately and you meet the requirements to claim the credit for child and dependent care expenses, complete the statement under Part II on Schedule X by checking the checkbox, confirming you meet those requirements listed, earlier, under *Married Persons Filing Separately*.

Line 1

Care Providers

Complete columns (a) through (e) for each person or organization that provided the care. If you do not give the information asked for in each column, or if the information you give is not correct, your credit and, if ap-

plicable, the exclusion of employer-provided dependent care benefits may be disallowed.

You can use **Form HW-16**, Dependent Care Provider's Identification and Certification, to get the correct information from the care provider. (This form is available at our website, by calling our Taxpayer Services Branch, and at any district tax office.) If the provider does not comply with your request to certify the information, complete the entries you can, such as the provider's name and address. Write "See attached" in the columns for which you do not have the provider's certification of information. Attach a statement that you requested the information from the care provider, but the provider did not comply with your request. You must keep records to show that you exercised due diligence in attempting to provide the required information. For more details, including what is considered "due diligence," see federal Publication 503.

Columns (a) and (b). Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a), write "See W-2" in column (b), and leave columns (c) through (e) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (e).

Column (c). If the care provider is an individual, enter his or her social security number (SSN). If the individual is an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN. For other than an individual, enter provider's federal employer identification number (FEIN). If the provider is a tax-exempt organization, write "Tax-Exempt" in column (c).

Column (d). Enter the care provider's Hawaii Tax I.D. Number. If the provider is a tax-exempt charitable organization (IRC section 501(c)(3)), enter "Tax-Exempt."

Column (e). Enter the total amount you *actually paid* during the taxable year to the care provider. Also include amounts your employer paid on your behalf to a third party. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Line 2

Dependent Care Benefits

If you received dependent care benefits from an employer (you have a federal form W-2 that has an amount in Box 10), enter the amount shown in Box 10 of your W-2 form(s).

If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.

Line 4

Amount Forfeited or Carried Over to 2025

If you participated in an employee plan in which the amount you contributed to an employer-paid dependent care benefit plan was deducted from your income, and you did not receive the full benefit from this plan, you may be entitled to deduct the amount forfeited on this line. See your employer for the forfeited amount you are allowed to deduct.

Also include on this line any amount you did not receive but are permitted by your employer to carry forward and use in the following year during a grace period.

Line 8

Your Earned Income

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information, see the instructions to lines 23 and 24.

Line 9

Spouse's Earned Income

If your filing status is Married Filing Jointly, enter your spouse's earned income on this line.

If your filing status is Married Filing Separately, see *Married Persons Filing Separately* discussed earlier. If you are considered unmarried under that rule, enter your earned income (from line 8) on this line. If you are **not** considered unmarried under that rule, enter your spouse's earned income on line 9.

If your spouse was a student or disabled in 2024, see *If You or Your Spouse Was a Student or Disabled*.

All other taxpayers should enter the amount on line 8.

Line 16

Taxable Benefits

The taxable portion of employer-paid dependent care benefits for federal income tax purposes is included in your federal AGI. If the taxable portion of employer-paid dependent care benefits is the same for federal and Hawaii income tax purposes, no additional adjustment needs to be made. If the taxable portion of employer-paid dependent care benefits is different for federal and Hawaii income tax purposes, an adjustment needs to be made to arrive at Hawaii AGI.

Line 21

Qualifying Person(s)

Complete columns (a) through (e) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information. Be sure to put your name and social security number on the statement. Also, write "See attached" on the dotted line next to line 22.

Column (a). Enter each qualifying person's name.

Column (b). Enter the qualifying person's date of birth.

Column (c). Enter the qualifying person's grade level as of December 31, 2024. Enter preschool, including pre-K and junior kindergarten, through grade 12. If the qualifying person is not in school, enter "N/A" for not applicable.

Column (d). Enter the qualifying person's social security number.

Column (e). Enter the qualified expenses you incurred and paid in 2024 for the person listed in column (a). Do not include in column (e) qualified expenses:

- You incurred in 2024 but did not pay until 2025. You may be able to use these expenses to increase your 2025 credit.

- You incurred in 2023 but did not pay until 2024. Instead, see the instructions for line 28 on this page.
- You prepaid in 2024 for care to be provided in 2025. These expenses may only be used to figure your 2025 credit.

Lines 23 and 24

Earned Income Limit

The amount of your qualified expenses cannot be more than your earned income or, if married filing a joint return, the smaller of your earned income or your spouse's earned income.

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment.

Unmarried taxpayers. If you are unmarried at the end of 2024 or are treated as being unmarried at the end of the year, enter your earned income on line 23.

Married Taxpayers. If you are married filing a joint return, figure each spouse's earned income separately and disregard community property laws. Enter your earned income on line 23 and your spouse's earned income on line 24.

If You or Your Spouse Was a Student or Disabled. Your spouse's earned income. Your spouse was a full-

time student if he or she was enrolled as a full-time student at a school for some part of each of five calendar months during 2024. The months need not be consecutive. A school does not include an on-the-job training course, correspondence school, or a school offering courses only through the Internet. Your spouse was disabled if he or she was not physically or mentally capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month or part of a month your spouse was a student or was disabled, he or she is considered to have worked and earned income. His or her earned income for each month is considered to be at least \$200 (\$400 if more than one qualifying person was cared for in 2024). If your spouse also worked during that month, use the higher of \$200 (or \$400) or his or her actual earned income for that month.

For any month that your spouse was not a student or disabled, use your spouse's actual earned income if he or she worked during the month.

Your earned income. These rules for a spouse who was a student or disabled also apply to you if you were a student or disabled. For each month or part of a month you were a student or disabled, your earned income is considered to be at least \$200 (\$400 if more than one qualifying person was cared for in 2024). If you also

worked during that month, enter the higher of \$200 (or \$400) or your actual earned income for that month.

Both spouses were students or disabled. If, in the same month, both you and your spouse were either students or disabled, only one of you can be treated as having earned income in that month under these rules.

Self-employment Income. You must reduce your earned income by any loss from self-employment. If you only have a loss from self-employment, or your loss is more than your other earned income, you cannot take the credit.

Line 28

Amount of the Credit

If you had qualified expenses for 2023 that you did not pay until 2024, you may be able to increase the amount of credit you can take in 2024. To do this, multiply the 2023 expenses you paid in 2024 by the applicable percentage from the table on line 27 that applies to your 2023 adjusted gross income. Your 2023 expenses must be within the 2023 limits. Attach a computation showing how you figured the increase. If you can take a credit for your 2023 expenses, write "PYE" and the amount of the credit on the dotted line next to line 28. Enter the total amount of the credit on line 28. Also enter this amount on Form N-11, line 30.



Missing Child Center-Hawaii
 Department of the Attorney General
 Phone: (808) 586-1449
 Email: hawaiimissingkids@hawaii.gov
 Website: http://ag.hawaii.gov/cpja/mcch/

Hawaii's Missing & Endangered Children

MISSING SINCE September 29, 2015



AGE MISSING 16 yrs
 HGT 5 ft. 9 in.
 WGT 140 lbs.
 HAIR Brown, Short & Straight
 EYES Brown
 RACE Caucasian & Filipino
 HPD 15-389355

Noah Montemayor

MISSING FROM: Hawaii Kai, Hawaii

Noah was last seen at his home in Hawaii Kai. Noah has deep dimples on both cheeks and a small beauty mark above his upper lip.

If Seen, Please Call 911
 or National Center for Missing & Exploited Children
 1-800-THE-LOST (1-800-843-5678)

MISSING SINCE June 22, 1990



AGE MISSING 5 yrs
 HGT 3 ft.
 WGT 45 lbs.
 HAIR Blonde
 EYES Hazel
 RACE Caucasian
 HPD 90-754011



Age Progressed

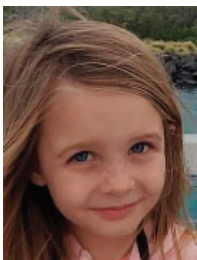
Therese Vanderheiden-Walsh to Age 32

MISSING FROM: Kailua, Hawaii

She has pierced ears and moles on her back and shoulders. She was abducted by her non-custodial mother.

If Seen, Please Call 911
 or National Center for Missing & Exploited Children
 1-800-THE-LOST (1-800-843-5678)

MISSING SINCE December 25, 2021



AGE MISSING 4 yrs
 HGT 3 ft. 5 in.
 WGT 35 lbs.
 HAIR Straight Blonde
 EYES Blue
 RACE Caucasian
 HPD 22-047953



Age Progressed to Age 7

Solenne Grimes

MISSING FROM: Kailua-Kona, Hawaii

Solenne has a thin build, and faint scar under nose. She may be on the island of Hawaii or may have traveled outside the State of Hawaii.

If Seen, Please Call 911
 or National Center for Missing & Exploited Children
 1-800-THE-LOST (1-800-843-5678)

MISSING SINCE October 18, 1995



AGE MISSING 15 yrs
 HGT 5 ft. 1 in.
 WGT 110 lbs.
 HAIR Ash Blonde/Wavy
 EYES Blue/Green/Grey
 RACE Caucasian
 MPD 95-62173
 NCIC M182648360



Age Progressed to Age 32

Noquisi-Ama Blossom

Nicknames: Quis or Daisia

MISSING FROM: Makawao, Hawaii

Noquisi-Ama may have left Hawaii. She has a pierced nose, a scar on her left index finger, and a scar above her right eye.

If Seen, Please Call 911
 or National Center for Missing & Exploited Children
 1-800-THE-LOST (1-800-843-5678)

Worksheets

Form N-11 – State Tax Refund Worksheet

1. Enter your State tax overpayment (line 42) from your 2023 Form N-11 return. Do not enter more than the amount of your state and local income taxes shown on your 2023 Itemized Deduction Worksheet A-2, line 5..... _____
2. Enter from your 2023 Form N-11 the following:
 - a. Refundable food/excise tax credit (line 28) _____
 - b. Credit for low-income household renter (line 29) _____
 - c. Credit for child and dependent care expenses (line 30).. _____
 - d. Credit for child passenger restraint system(s) (line 31)... _____
 - e. Carryover of the residential construction and remodeling tax credit (Sch. CR, line 18)..... _____
3. Add lines 2a through 2e..... _____
4. Line 1 minus line 3. If zero or less, enter "0" here and on line 8, skip lines 5-7; otherwise continue on to line 5..... _____
5. Enter amount from your 2023 Form N-11, line 22..... _____
6. Enter the amount shown below for the filing status you claimed on your 2023 Form N-11 _____

Single or married filing separately—	\$2,200
Head of household—	3,212
Married filing jointly or qualifying surviving spouse—	4,400
7. Line 5 minus line 6. Enter the result, but not less than zero..... _____
8. Compare the amounts on lines 4 and 7 above and enter the SMALLER of the two amounts here _____
9. Enter the taxable part of your refund reported on your **2024** federal Schedule 1 (Form 1040 or 1040-SR), line 1. If this amount is blank, enter zero here _____
10. If line 8 is LARGER than line 9, subtract line 9 from line 8. Enter the result here and on line **b** of the *Hawaii Additions Worksheet* **OR** If line 8 is SMALLER than line 9, subtract line 8 from line 9. Enter the result here and on line **b** of the *Hawaii Subtractions Worksheet* **OR** If line 8 EQUALS line 9, enter zero and stop here _____

Hawaii Additions Worksheet

- a Taxable amount relating to Individual Housing Account.. _____
- b Hawaii tax refund adjustment _____
- c Peace Corps compensation _____
- d Depreciation adjustment..... _____
- e Gain adjustment..... _____
- f Excluded income earned outside the U.S. _____
- g Student loan interest deduction _____
- h Employer-provided adoption benefits _____
- i Qualified tuition program distributions for elementary and secondary school expenses _____
- j Other adjustments (attach separate explanation to Form N-11)..... _____
- k Add lines **a** to **j**. Enter here and on Form N-11, line 10 _____

Hawaii Subtractions Worksheet

- a Interest on federal obligations. But subtract the amount from line 14 of federal Form 8815 _____
- b Hawaii tax refund adjustment _____
- c Interest earned by an Individual Housing Account..... _____
- d Qualifying compensation to Hansen's disease patient... _____
- e Expenses connected with federal credits _____
- f Child's interest and dividend income on federal Form 8814 that is **not** reported on Form N-814 _____
- g Premiums on and benefits from prepaid legal services plans..... _____
- h Student loan interest deduction _____
- i Employer-provided adoption benefits _____
- j Certain income from a qualified high technology business _____
- k Individual development accounts _____
- l Moving expenses..... _____
- m Qualified bicycle commuting reimbursement _____
- n Other adjustments (attach separate explanation to Form N-11) _____
- o Add lines **a** to **n**. Enter here and on Form N-11, line 18.. _____

Worksheets (continued)

Itemized Deductions Worksheet

WORKSHEET A-1— Medical and Dental Expenses

1. Enter amount of medical and dental expenses (see page 15 of Instructions)
2. Enter the amount from Form N-11, line 20 (**Hawaii AGI**)
3. Multiply line 2 by 7.5% (.075). If zero or less, enter zero
4. Line 1 minus line 3. If zero or less, enter zero. Enter the result here and on Form N-11, line 21a

WORKSHEET A-2 – Taxes You Paid

5. State and local (**check only one box**):
 - a Income taxes, or b General sales taxes

Note: You can only claim this deduction if your federal AGI is less than \$100,000 and you are single or married filing separately; or less than \$150,000 and you are a head of household; or less than \$200,000 and you are married filing jointly or a qualifying surviving spouse
6. Real estate taxes
7. Personal property taxes
8. Other taxes
9. Add lines 5 through 8. Enter the total here and on Form N-11, line 21b

WORKSHEET A-3 – Interest You Paid

10. Home mortgage interest and points reported to you on federal Form 1098
11. Home mortgage interest not reported to you on federal Form 1098
12. Points not reported to you on federal Form 1098 (see instructions for federal Schedule A (Form 1040 or 1040-SR))
13. Investment interest (attach Form N-158)
14. Add lines 10 through 13. Enter the total here and on Form N-11, line 21c

WORKSHEET A-4—Gifts to Charity

15. Enter amount of gifts by cash or check (if any gift of \$250 or more, see page 18 of Instructions)
16. Other than by cash or check (if any gift of \$250 or more, see page 18 of Instructions) (attach federal Form 8283 if over \$500)
17. Carryover from prior year
18. Add lines 15 through 17. Enter total here and on Form N-11, line 21d

WORKSHEET A-5—Casualties and Thefts

19. Total casualty and theft loss(es) from the 2017 federal Form 4684, line 16 (see instructions on page 18)
20. Enter the amount from Form N-11, line 20 (**Hawaii AGI**)
21. Multiply line 20 by 10% (.10). If zero or less, enter zero
22. Line 19 minus line 21. If zero or less, enter zero. Enter the result here and on Form N-11, line 21e

WORKSHEET A-6—Miscellaneous Deductions

23. Unreimbursed employee business expenses—job travel, union dues, job education (attach the 2017 federal Form 2106 or Form 2106-EZ if required)
24. Tax preparation fees
25. Other expenses (investment, safe deposit box, etc.) (list type and amount, and attach the list to your return)
26. Add lines 23 to 25
27. Enter the amount from Form N-11, line 20 (**Hawaii AGI**)
28. Multiply line 27 by 2% (.02). If zero or less, enter zero
29. Line 26 minus line 28. If zero or less, enter zero
30. Other deductions not subject to 2% AGI limit (see instructions on page 19) (list type and amount, and attach the list to your return)
31. Add lines 29 and 30. Enter total here and on Form N-11, line 21f
32. **Total itemized deductions.** Add lines 4, 9, 14, 18, 22, and 31

Total Itemized Deductions Worksheet

Note: If your Hawaii adjusted gross income is above a certain amount, you may not be able to deduct all of your itemized deductions. See Line 22, Total Itemized Deductions, on page 19 of the Instructions.

1. Enter the amount from line 32 of the Itemized Deductions Worksheet
2. Enter from the Itemized Deductions Worksheet the following:
 - a. Medical and dental expenses (Worksheet A-1, line 4)
 - b. Investment interest (Worksheet A-3, line 13)
 - c. Casualty and theft losses (Worksheet A-5, line 22)
 - d. Any gambling and casualty or theft losses included in Worksheet A-6, line 30
3. Add lines 2a through 2d
4. Is the amount on line 3 less than the amount on line 1?
 - No.** Your deduction is not limited. Enter the amount from line 1 of this worksheet on Form N-11, line 22. Do not complete the rest of this worksheet.
 - Yes.** Line 1 minus line 3
5. Multiply line 4 by 80% (.80)
6. Enter the amount from Form N-11, line 20 (**Hawaii AGI**)
7. Enter \$166,800 (\$83,400 if married filing separately)
8. Is the amount on line 7 less than the amount on line 6?
 - No.** Your deduction is not limited. Enter the amount from line 1 of this worksheet on Form N-11, line 22. Do not complete the rest of this worksheet.
 - Yes.** Line 6 minus line 7
9. Multiply line 8 by 3% (.03)
10. Enter the **smaller** of line 5 or line 9
11. **Total itemized deductions.** Line 1 minus line 10. Enter the result here and on Form N-11, line 22

Tax Computation Worksheet

Enter the tax amount calculated from **a** or **b**.

- a Tax Table, Tax Rate Schedule, or Tax on Capital Gains Worksheet
- b Form N-168 or Form N-615
- c Enter any additional tax from Form N-2, Distribution from an Individual Housing Account
- d Enter any additional tax from Form N-103, Sale of Your Home
- e Enter any additional tax from Form N-152, Tax on Lump-Sum Distributions
- f Enter any additional tax from Form N-312, Recapture of Capital Goods Excise Tax Credit
- g Enter any additional tax from Form N-325, Recapture of Historic Preservation Income Tax Credit
- h Enter any additional tax from Form N-338, Tax Credit for Flood Victims
- i Enter any additional tax from Form N-344, Recapture of Important Agricultural Land Qualified Agricultural Cost Tax Credit
- j Enter any additional tax from Form N-348, Recapture of Capital Infrastructure Tax Credit
- k Enter any additional tax from Form N-405, Tax on Accumulation Distribution of Trusts
- l Enter any additional tax from Form N-586, Recapture of Tax Credit for Low-Income Housing
- m Enter any additional tax from Form N-814, Parent's Election to Report Child's Interest and Dividends
- n Add lines **a** or **b**, and **c** through **m**. This is your **total tax**. Enter the result here and on Form N-11, line 27

Note: If you entered any amount in lines **b** through **m**, fill in the oval before "... if tax from Forms ... is included." on Form N-11, line 27.

Worksheets (continued)

Tax on Capital Gains Worksheet

Note: If your taxable income is \$48,000 (\$24,000 for Single, and Married Filing Separately; or \$36,000 for Head of Household classifications) or under, **do not** use this worksheet.

1. Enter your taxable income from Form N-11, line 26..... _____
2. Enter your net long-term capital gain (federal Sch. D (Form 1040 or 1040-SR), line 15; or federal Form 1040 or 1040-SR, line 7 if Sch. D is not required)..... _____
3. Combine your Hawaii long-term adjustments, if any, and enter the total here (see page 20 of the Instructions) _____
4. Combine lines 2 and 3. This is your Hawaii net long-term capital gain _____
5. Enter your net capital gain (federal Sch. D (Form 1040 or 1040-SR), line 16; or federal Form 1040 or 1040-SR, line 7 if Sch. D is not required) _____
6. Combine your Hawaii short-term adjustments, if any, and enter the total here (see page 20 of the Instructions)..... _____
7. Combine lines 3, 5, and 6. This is your Hawaii net capital gain _____
8. Enter the **smaller** of line 4 or line 7 _____
9. If you are filing Form N-158, enter the amount from line 4e of Form N-158 _____
10. Line 8 minus line 9 (If this amount is zero or less, **stop here**; you **cannot** use this worksheet to figure your tax.)..... _____
11. Line 1 minus line 10 _____
12. Enter the amount shown below for the filing status you claimed..... _____

Single or Married filing separately—	\$24,000
Head of household—	36,000
Married filing jointly or qualifying surviving spouse—	48,000
13. Enter the **greater** of line 11 or line 12..... _____
14. Line 1 minus line 13. This is the amount of net capital gains eligible for alternative tax. _____
15. Compute the tax on the amount on line 13 using the Tax Table or Tax Rate Schedules, whichever applies _____
16. Multiply line 14 by 7.25% (.0725) and enter the result.... _____
17. Line 15 plus line 16. _____
18. Compute the tax on the amount on line 1 using the Tax Table or Tax Rate Schedules, whichever applies _____
19. Enter the smaller of line 17 or line 18 here and on line **a** of the *Tax Computation Worksheet* on page 32. If line 17 is smaller, enter the amount from line 14 in the space provided beside Form N-11, line 27a..... _____

Other State and Foreign Tax Credit Worksheet

Note: If you claim a credit for income taxes paid to other states and countries, you cannot also claim those amounts as an itemized deduction for state and foreign income taxes paid to another state or foreign country.

1. Enter taxable income from Form N-11, line 26..... _____
2. Enter amount of long-term capital gain from the space provided beside Form N-11, line 27a..... _____
3. Enter the amount of your out-of-state income, **including** capital gains. Do **not** include any income that is exempt in Hawaii such as employer-funded pensions _____
4. Enter the amount of long-term capital gains from sources outside the State _____
5. Enter the amount of tax you paid to **other States**, except for tax paid on income that is exempt in Hawaii (attach a copy of the tax return(s) from the other state(s))..... _____
6. Enter the amount of tax you paid to **foreign countries** or to U.S. possessions, except for tax paid on income that is exempt in Hawaii (attach a copy of federal Form(s) 1116, or federal Form(s) 1099-DIV or 1099-INT if federal Form(s) 1116 is not required)..... _____
7. Enter the amount of the federal foreign tax credit you were allowed to take this year. Do not include amounts carried over to other years, or amounts from prior years that were carried forward to this year _____
8. Line 6 minus line 7 _____
9. Line 5 plus line 8. This is the total amount of out-of-state tax eligible for the credit..... _____
10. Line 1 minus line 3. This is your Hawaii source income. _____
11. Line 2 minus line 4. This is your Hawaii source long-term capital gain. If line 4 exceeds line 2, enter zero here _____
12. Line 10 minus line 11. This is your Hawaii ordinary income _____
13. Enter your tax amount from line **a** or line **b** of the *Tax Computation Worksheet* on page 32..... _____
14. Figure the Hawaii tax on the amount on line 12. Use the Tax Table or Tax Rate Schedules _____
15. Multiply the amount on line 11 by 7.25% (0.0725) _____
16. Add lines 14 and 15 _____
17. Line 13 minus line 16 _____
18. Enter the **smaller** of line 9 or line 17. _____
19. Enter the amount from Form N-11, line 34 _____
20. Enter the **smaller** of line 18 or line 19 here and on Schedule CR, line 11. Any excess **cannot** be carried forward..... _____

Worksheets (continued)

Adoption Benefits Worksheet

Caution: See the federal instructions to Form 8839, Qualified Adoption Expenses, before completing this worksheet.

	Child 1	Child 2
1. Maximum exclusion per child	\$10,000	\$10,000
2. Did you receive employer-provided adoption benefits for a prior year for the same child? No. Enter -0-. Yes. See the federal instructions for the amount to enter.	_____	_____
3. Subtract line 2 from line 1.....	_____	_____
4. Employer-provided adoption benefits you received in 2024. This amount should be shown in box 12 of your 2024 Form(s) W-2 with code T	_____	_____
5. Add the amounts on line 4.....	_____	_____
6. Enter the smaller of line 3 or line 4. But if the child was a child with special needs and the adoption became final in 2024, enter the amount from line 3	_____	_____
7. Enter your Hawaii modified adjusted gross income*	_____	_____
8. Is line 7 more than \$150,000? No. Skip lines 8 - 9 and enter -0- on line 10. Yes. Subtract \$150,000 from line 7	_____	_____
9. Divide line 8 by \$40,000. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	_____	_____
10. Multiply each amount on line 6 by line 9.....	_____	_____
11. Excluded benefits. Subtract line 10 from line 6.....	_____	_____
12. Add the amounts on line 11	_____	_____
13. Taxable benefits. Is line 12 more than line 5? No. Subtract line 12 from line 5. Yes. Subtract line 5 from line 12. Enter the result as a negative number.....	_____	_____
14. Enter the taxable adoption benefits as reported on your 2024 federal return	_____	_____
15. If line 13 is LARGER than line 14, subtract line 14 from line 13. Enter the result here and on line h of the <i>Hawaii Additions Worksheet</i> on page 31 OR If line 13 is SMALLER than line 14, subtract line 13 from line 14. Enter the result here and on line i of the <i>Hawaii Subtractions Worksheet</i> on page 31	_____	_____

***Hawaii modified adjusted gross income** is your Hawaii adjusted gross income before subtracting any deduction for student loan interest, plus the amount of employer-provided adoption benefits from the *Adoption Benefits Worksheet*, line 5.

Student Loan Interest Deduction Worksheet

1. Enter the total interest you paid in 2024 on qualified student loans. Do not enter more than \$2,500.	_____
2. Enter your Hawaii modified adjusted gross income**	_____
Note: If line 2 is \$65,000 or more if single, head of household, or qualifying surviving spouse OR \$130,000 or more if married filing jointly, you cannot take the deduction. Skip lines 3-6 and enter -0- on line 7.	
3. Enter: \$50,000 if single, head of household, or qualifying surviving spouse; \$100,000 if married filing jointly	_____
4. Is the amount on line 2 more than the amount on line 3? No. Skip lines 4 and 5, enter -0- on line 6, and go to line 7. Yes. Subtract line 3 from line 2.	_____
5. Divide line 4 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000.....	_____
6. Multiply line 1 by line 5.	_____
7. Student loan interest deduction. Subtract line 6 from line 1. Enter the result here.	_____
8. Enter the student loan interest deduction as reported on your 2024 federal return.	_____
9. If line 7 is LARGER than line 8, subtract line 8 from line 7. Enter the result here and on line h of the <i>Hawaii Subtractions Worksheet</i> on page 31 OR If line 7 is SMALLER than line 8, subtract line 7 from line 8. Enter the result here and on line g of the <i>Hawaii Additions Worksheet</i> on page 31.....	_____

****Hawaii modified adjusted gross income** is your Hawaii adjusted gross income before subtracting any deduction for student loan interest.

2024 TAX TABLES

**Tax Table Must Be Used By Persons With Taxable
Income Of Less Than \$100,000**

Hawaii Tax Table

Based on Taxable Income
For persons with taxable
incomes of less than
\$100,000

Example: Mr. & Mrs. Brown are filing a joint return. Their taxable income is \$23,275. First, they find the \$23,250 - 23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$1,010. This is the tax amount they must write on their return.

At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
23,250	23,300	1,301	1,010	1,136
23,300	23,350	1,305	1,013	1,139
23,350	23,400	1,309	1,016	1,143

If taxable income is —		And you are —			If taxable income is —		And you are —			If taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
0	50	0	0	0	2,500	2,550	38	35	35	5,000				
50	100	1	1	1	2,550	2,600	40	36	36	5,000	5,050	122	74	96
100	150	2	2	2	2,600	2,650	41	37	37	5,050	5,100	125	76	97
150	200	2	2	2	2,650	2,700	43	37	37	5,100	5,150	128	77	99
200	250	3	3	3	2,700	2,750	44	38	38	5,150	5,200	131	79	100
										5,200	5,250	133	81	102
250	300	4	4	4	2,750	2,800	46	39	39					
300	350	5	5	5	2,800	2,850	48	40	40	5,250	5,300	136	82	104
350	400	5	5	5	2,850	2,900	49	40	40	5,300	5,350	139	84	105
400	450	6	6	6	2,900	2,950	51	41	41	5,350	5,400	142	85	107
450	500	7	7	7	2,950	3,000	52	42	42	5,400	5,450	144	87	108
					3,000					5,450	5,500	147	89	110
500	550	7	7	7	3,000	3,050	54	42	42	5,500	5,550	150	90	112
550	600	8	8	8	3,050	3,100	56	43	43	5,550	5,600	153	92	113
600	650	9	9	9	3,100	3,150	57	44	44	5,600	5,650	155	93	115
650	700	9	9	9	3,150	3,200	59	44	44	5,650	5,700	158	95	116
700	750	10	10	10	3,200	3,250	60	45	45	5,700	5,750	161	97	118
750	800	11	11	11	3,250	3,300	62	46	46	5,750	5,800	164	98	120
800	850	12	12	12	3,300	3,350	64	47	47	5,800	5,850	166	100	121
850	900	12	12	12	3,350	3,400	65	47	47	5,850	5,900	169	101	123
900	950	13	13	13	3,400	3,450	67	48	48	5,900	5,950	172	103	124
950	1,000	14	14	14	3,450	3,500	68	49	49	5,950	6,000	175	105	126
1,000										6,000				
1,000	1,050	14	14	14	3,500	3,550	70	49	49	6,000	6,050	177	106	128
1,050	1,100	15	15	15	3,550	3,600	72	50	50	6,050	6,100	180	108	129
1,100	1,150	16	16	16	3,600	3,650	73	51	51	6,100	6,150	183	109	131
1,150	1,200	16	16	16	3,650	3,700	75	51	52	6,150	6,200	186	111	132
1,200	1,250	17	17	17	3,700	3,750	76	52	54	6,200	6,250	188	113	134
1,250	1,300	18	18	18	3,750	3,800	78	53	56	6,250	6,300	191	114	136
1,300	1,350	19	19	19	3,800	3,850	80	54	57	6,300	6,350	194	116	137
1,350	1,400	19	19	19	3,850	3,900	81	54	59	6,350	6,400	197	117	139
1,400	1,450	20	20	20	3,900	3,950	83	55	60	6,400	6,450	199	119	140
1,450	1,500	21	21	21	3,950	4,000	84	56	62	6,450	6,500	202	121	142
					4,000					6,500	6,550	205	122	144
1,500	1,550	21	21	21	4,000	4,050	86	56	64	6,550	6,600	208	124	145
1,550	1,600	22	22	22	4,050	4,100	88	57	65	6,600	6,650	210	125	147
1,600	1,650	23	23	23	4,100	4,150	89	58	67	6,650	6,700	213	127	148
1,650	1,700	23	23	23	4,150	4,200	91	58	68	6,700	6,750	216	129	150
1,700	1,750	24	24	24	4,200	4,250	92	59	70					
										6,750	6,800	219	130	152
1,750	1,800	25	25	25	4,250	4,300	94	60	72	6,800	6,850	221	132	153
1,800	1,850	26	26	26	4,300	4,350	96	61	73	6,850	6,900	224	133	155
1,850	1,900	26	26	26	4,350	4,400	97	61	75	6,900	6,950	227	135	156
1,900	1,950	27	27	27	4,400	4,450	99	62	76	6,950	7,000	230	137	158
1,950	2,000	28	28	28	4,450	4,500	100	63	78					
2,000														
2,000	2,050	28	28	28	4,500	4,550	102	63	80					
2,050	2,100	29	29	29	4,550	4,600	104	64	81					
2,100	2,150	30	30	30	4,600	4,650	105	65	83					
2,150	2,200	30	30	30	4,650	4,700	107	65	84					
2,200	2,250	31	31	31	4,700	4,750	108	66	86					
2,250	2,300	32	32	32	4,750	4,800	110	67	88					
2,300	2,350	33	33	33	4,800	4,850	111	68	89					
2,350	2,400	33	33	33	4,850	4,900	114	69	91					
2,400	2,450	35	34	34	4,900	4,950	117	71	92					
2,450	2,500	36	35	35	4,950	5,000	120	73	94					

*This column must also be used by qualifying widow(er)

Continued on next page

Table with 15 columns: If taxable income is, And you are (Single or Married filing separately/jointly/Head of a household), and Your tax is. Rows are grouped by income brackets from 25,000 to 33,950.

*This column must also be used by qualifying surviving spouse

Hawaii Tax Table (Continued)

Table with columns for 'If taxable income is' and 'And you are' (Single or Married filing separately, Head of a household). It contains tax rate data for various income brackets from 79,000 to 89,500.

*This column must also be used by qualifying surviving spouse

If taxable income is —		And you are —			If taxable income is —		And you are —			If taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
		Your tax is —					Your tax is —					Your tax is —		
97,000					98,000					99,000				
97,000	97,050	7,259	6,512	6,885	98,000	98,050	7,341	6,594	6,967	99,000	99,050	7,424	6,677	7,050
97,050	97,100	7,263	6,516	6,889	98,050	98,100	7,345	6,598	6,971	99,050	99,100	7,428	6,681	7,054
97,100	97,150	7,267	6,520	6,893	98,100	98,150	7,349	6,602	6,975	99,100	99,150	7,432	6,685	7,058
97,150	97,200	7,271	6,524	6,897	98,150	98,200	7,353	6,606	6,979	99,150	99,200	7,436	6,689	7,062
97,200	97,250	7,275	6,528	6,901	98,200	98,250	7,358	6,611	6,984	99,200	99,250	7,440	6,693	7,066
97,250	97,300	7,279	6,532	6,905	98,250	98,300	7,362	6,615	6,988	99,250	99,300	7,444	6,697	7,070
97,300	97,350	7,283	6,536	6,909	98,300	98,350	7,366	6,619	6,992	99,300	99,350	7,448	6,701	7,074
97,350	97,400	7,287	6,540	6,913	98,350	98,400	7,370	6,623	6,996	99,350	99,400	7,452	6,705	7,078
97,400	97,450	7,292	6,545	6,918	98,400	98,450	7,374	6,627	7,000	99,400	99,450	7,457	6,710	7,083
97,450	97,500	7,296	6,549	6,922	98,450	98,500	7,378	6,631	7,004	99,450	99,500	7,461	6,714	7,087
97,500	97,550	7,300	6,553	6,926	98,500	98,550	7,382	6,635	7,008	99,500	99,550	7,465	6,718	7,091
97,550	97,600	7,304	6,557	6,930	98,550	98,600	7,386	6,639	7,012	99,550	99,600	7,469	6,722	7,095
97,600	97,650	7,308	6,561	6,934	98,600	98,650	7,391	6,644	7,017	99,600	99,650	7,473	6,726	7,099
97,650	97,700	7,312	6,565	6,938	98,650	98,700	7,395	6,648	7,021	99,650	99,700	7,477	6,730	7,103
97,700	97,750	7,316	6,569	6,942	98,700	98,750	7,399	6,652	7,025	99,700	99,750	7,481	6,734	7,107
97,750	97,800	7,320	6,573	6,946	98,750	98,800	7,403	6,656	7,029	99,750	99,800	7,485	6,738	7,111
97,800	97,850	7,325	6,578	6,951	98,800	98,850	7,407	6,660	7,033	99,800	99,850	7,490	6,743	7,116
97,850	97,900	7,329	6,582	6,955	98,850	98,900	7,411	6,664	7,037	99,850	99,900	7,494	6,747	7,120
97,900	97,950	7,333	6,586	6,959	98,900	98,950	7,415	6,668	7,041	99,900	99,950	7,498	6,751	7,124
97,950	98,000	7,337	6,590	6,963	98,950	99,000	7,419	6,672	7,045	99,950	100,000	7,502	6,755	7,128

**100,000 OR OVER —
You MUST use the tax rate schedules.**

*This column must also be used by qualifying surviving spouse

2024 Tax Rate Schedules

CAUTION – If your taxable income is less than \$100,000, you MUST use the Tax Table.

Schedule I

SINGLE TAXPAYERS AND MARRIED FILING SEPARATE RETURNS

	If taxable income is:	Your tax is:
Use this schedule if you filled in Filing Status Oval 1 or 3 on Form N-11	Not over \$2,400	1.40% of taxable income
	Over \$2,400 but not over \$4,800	\$ 34 plus 3.20% over \$2,400
	Over \$4,800 but not over \$9,600	\$ 110 plus 5.50% over \$4,800
	Over \$9,600 but not over \$14,400	\$ 374 plus 6.40% over \$9,600
	Over \$14,400 but not over \$19,200	\$ 682 plus 6.80% over \$14,400
	Over \$19,200 but not over \$24,000	\$ 1,008 plus 7.20% over \$19,200
	Over \$24,000 but not over \$36,000	\$ 1,354 plus 7.60% over \$24,000
	Over \$36,000 but not over \$48,000	\$ 2,266 plus 7.90% over \$36,000
	Over \$48,000 but not over \$150,000	\$ 3,214 plus 8.25% over \$48,000
	Over \$150,000 but not over \$175,000	\$ 11,629 plus 9.00% over \$150,000
	Over \$175,000 but not over \$200,000	\$ 13,879 plus 10.00% over \$175,000
	Over \$200,000	\$ 16,379 plus 11.00% over \$200,000

Schedule II

MARRIED TAXPAYERS FILING JOINT RETURNS AND QUALIFYING SURVIVING SPOUSES

	If taxable income is:	Your tax is:
Use this schedule if you filled in Filing Status Oval 2 or 5 on Form N-11	Not over \$4,800	1.40% of taxable income
	Over \$4,800 but not over \$9,600	\$ 67 plus 3.20% over \$4,800
	Over \$9,600 but not over \$19,200	\$ 221 plus 5.50% over \$9,600
	Over \$19,200 but not over \$28,800	\$ 749 plus 6.40% over \$19,200
	Over \$28,800 but not over \$38,400	\$ 1,363 plus 6.80% over \$28,800
	Over \$38,400 but not over \$48,000	\$ 2,016 plus 7.20% over \$38,400
	Over \$48,000 but not over \$72,000	\$ 2,707 plus 7.60% over \$48,000
	Over \$72,000 but not over \$96,000	\$ 4,531 plus 7.90% over \$72,000
	Over \$96,000 but not over \$300,000	\$ 6,427 plus 8.25% over \$96,000
	Over \$300,000 but not over \$350,000	\$ 23,257 plus 9.00% over \$300,000
	Over \$350,000 but not over \$400,000	\$ 27,757 plus 10.00% over \$350,000
	Over \$400,000	\$ 32,757 plus 11.00% over \$400,000

Schedule III

UNMARRIED HEADS OF HOUSEHOLD

	If taxable income is:	Your tax is:
Use this schedule if you filled in Filing Status Oval 4 on Form N-11	Not over \$3,600	1.40% of taxable income
	Over \$3,600 but not over \$7,200	\$ 50 plus 3.20% over \$3,600
	Over \$7,200 but not over \$14,400	\$ 166 plus 5.50% over \$7,200
	Over \$14,400 but not over \$21,600	\$ 562 plus 6.40% over \$14,400
	Over \$21,600 but not over \$28,800	\$ 1,022 plus 6.80% over \$21,600
	Over \$28,800 but not over \$36,000	\$ 1,512 plus 7.20% over \$28,800
	Over \$36,000 but not over \$54,000	\$ 2,030 plus 7.60% over \$36,000
	Over \$54,000 but not over \$72,000	\$ 3,398 plus 7.90% over \$54,000
	Over \$72,000 but not over \$225,000	\$ 4,820 plus 8.25% over \$72,000
	Over \$225,000 but not over \$262,500	\$ 17,443 plus 9.00% over \$225,000
	Over \$262,500 but not over \$300,000	\$ 20,818 plus 10.00% over \$262,500
	Over \$300,000	\$ 24,568 plus 11.00% over \$300,000

STATE OF HAWAII—DEPARTMENT OF TAXATION
HAWAII TAXPAYER BILL OF RIGHTS

MESSAGE FROM THE DIRECTOR

This publication explains some of your most important rights as a taxpayer.

Hawaii taxpayers have many rights. Some are based on laws, and others are based on our commitment to administer Hawaii's tax laws in a fair and equitable manner. The Hawaii Taxpayer Bill of Rights compiles these rights for your easy reference.

Taxpayer rights are at the heart of good tax administration — a pledge that the tax laws will be administered with fairness, uniformity, courtesy, and common sense. In our commitment to this pledge, we invite your suggestions for improving the services provided by the Department of Taxation.

HAWAII TAXPAYER BILL OF RIGHTS

I. Protection of Taxpayer Rights

Taxpayers are entitled to be informed about their rights and responsibilities and to be assured that their rights will be protected throughout their contact with the Department of Taxation (Department).

II. Tax Information

Taxpayers have a right to tax information written in plain language.

Taxpayers have a right to examine their own tax records, audit files, and collection files.

Taxpayers have a right to request copies of their own tax returns and return information, if available, subject to copying fees.

Taxpayers have a right to obtain explanations regarding billings and assessments.

III. Professional and Courteous Service

Taxpayers have a right to prompt, courteous, and accurate responses to all questions and requests for tax assistance.

Taxpayers have a right to be assured that no civil service employee of the Department will be paid, promoted, or in any way rewarded based on the amount of assessments made or taxes collected.

Taxpayers have a right to be free from harassment and inappropriate contact by Department personnel in matters relating to the collection of delinquent taxes and during the course of audits.

IV. Privacy and Confidentiality

Taxpayers have a right to be assured that their dealings with the Department will be kept confidential.

Taxpayers have a right to be assured that their tax returns and tax return information will not be disclosed, except as provided by law.

V. Time Limitations

Taxpayers are entitled to seek a refund if they have overpaid their taxes. A claim for refund must be filed within the applicable statute of limitations.

The Department may assess a taxpayer additional taxes if the assessment is made within the applicable statute of limitations. There is no time limit on the assessment of taxes in the case of a false or fraudulent return or failure to file a return.

Taxpayers may extend the period of limitations for the assessment or refund of taxes by signing a written agreement with the Department.

If the Department is notified by the Internal Revenue Service or a taxpayer of any changes, corrections, or adjustments to the taxpayer's Federal tax return, the statute of limitations is automatically extended.

VI. Audits and Assessments

Taxpayers have a right to a Proposed Notice of Assessment except in the case of a jeopardy assessment. A Proposed Notice of Assessment is mailed to the taxpayer's last known address and: (1) explains the basis for the assessment of taxes, penalties, and interest; (2) informs taxpayers of their right to request clarification or to object to the tax assessment within 30 days from the date the Proposed Notice of Assessment was mailed; and (3) informs taxpayers that the proposed tax assessment will become final after the expiration of 30 days from the mailing of the Proposed Notice of Assessment.

Taxpayers have a right to a Final Notice of Assessment, issued after the expiration of 30 days from the mailing of the Proposed Notice of Assessment, that provides the basis for the tax assessment, and informs the taxpayer of the procedures for appealing the assessment.

Taxpayers have a right to request a meeting with the auditor or collector, their supervisor, or senior management to discuss a Proposed or Final Notice of Assessment if they do not agree with the tax assessment.

Taxpayers have a right to request that the Department consider a closing agreement to reduce a Proposed or Final Notice of Assessment. Closing agreements are final.

VII. Tax Appeals/Payment Under Protest

Taxpayers have a right to information regarding procedures for appealing a tax assessment or a denial of a claim for refund.

Tax Appeals. Taxpayers have a right to appeal an assessment or a denial of a claim for refund to the board of review or to the tax appeal court. Taxpayers also have a right to appeal an assessment to our Administrative Appeals Office. In order to appeal to the Administrative Appeals Office, an appeal application must be filed within 20 days from the mailing date of the Proposed Notice of Assessment or within 30 days from the mailing date of the Final Notice of Assessment. The assessment does not need to be paid in order to appeal to the Administrative Appeals Office. An appeal to the board of review or to the tax appeal court must be filed within 30 days from the date the Final Notice of Assessment was mailed.

If the appeal is filed directly with the tax appeal court, a court-stamped copy of the notice of appeal must also be served on the Director of Taxation within 30 days from the date the Final Notice of Assessment was mailed by delivery to:

Civil Legal Complaints/Legal Process

Director of Taxation
Department of Taxation
830 Punchbowl Street, Room 221
Honolulu, HI 96813-5094

If the appeal is filed with the board of review, the decision of the board may be appealed to the tax appeal court within 30 days after the filing of the board of review decision. A court-stamped copy of the notice of appeal must also be served on the Director of Taxation at the above address within 30 days after the filing of the board of review decision.

If the appeal is filed with the tax appeal court, the decision of the tax appeal court may be appealed within 30 days to the Intermediate Appellate Court.

The first appeal to either the board of review or to the tax appeal court may be made without payment of the tax assessed. However, the assessed tax must be paid together with interest when the taxpayer appeals the decision by the board or the tax appeal court or the decision by the board in favor of the Department is not appealed. In addition, a taxpayer who prevails before the board of review does not have to pay the assessed tax prior to an appeal by the Department to the tax appeal court. Similarly, a taxpayer who prevails before the board of review and the tax appeal court does not have to pay the assessed tax prior to an appeal by the Department to the Intermediate Appellate Court.

The tax appeal court may allow an individual taxpayer to appeal an income tax assessment without prior payment of the tax where the total tax liability does not exceed \$50,000 and the taxpayer shows that the payment of the tax would cause irreparable harm.

Payment Under Protest. In lieu of filing an appeal or if an appeal is not filed with the board of review, with the tax appeal court, or with the Administrative Appeals Office within 30 days from the date the Final Notice of Assessment was mailed, the taxpayer may pay the disputed tax assessment under written protest and seek to recover the taxes by filing an action in tax appeal court within 30 days from the date of payment.

VIII. Representation

Taxpayers have a right to represent themselves or have another person accompany or represent them (with proper written authorization) when dealing with the De-

partment on any tax matter, including audits, collections, and appeals.

IX. Taxpayer Advocate

Taxpayers have a right to seek the assistance of our Taxpayer Advocate to resolve any tax-related problem after all other means for resolving the problem have been exhausted, or if they feel that their rights as a taxpayer have been abridged, except in the case of a criminal tax investigation.

X. Installment Agreements, Waivers, and Compromises

Installment Agreements. Taxpayers have a right to request that the Department consider an installment payment agreement to allow taxpayers to pay their delinquent taxes over time. The Department will evaluate a request for an installment payment agreement based on the financial condition of the taxpayer. Taxpayers will be notified before collection action is taken on any outstanding tax liability if the installment payment agreement is not in good standing. Interest will continue to accrue on the outstanding tax and penalty until paid in full. The Department may offset any outstanding tax liability with any credits due to the taxpayer from other taxes.

Waiver of Penalties and Interest. Taxpayers have a right to request that the Department waive penalties and interest added to any tax if the taxpayer can show that failure to file a return or pay a tax on time was due to reasonable cause, i.e., not due to the taxpayer's own carelessness, neglect, or willful disregard of the law, but due to circumstances beyond the taxpayer's control.

Compromise Offers. Taxpayers have a right to request that the Department consider a compromise offer to reduce any tax claim arising under the tax laws administered by the Department based on doubt as to liability or collectibility, subject to the Governor's approval. If the tax liability excluding penalties and interest is \$50,000 or less, the Director may approve the offer in compromise without the Governor's approval after the offer in compromise has been posted on the Department's website for five calendar days.

Any offer in compromise submitted to the Department must be accompanied by 20% of the amount of the offer in cases of a lump-sum offer in compromise, or the first proposed payment in the case of a periodic payment offer in compromise. Individual taxpayers who meet the low-income certification guidelines published by the Internal Revenue Service for the period in which the offer in compromise has been submitted will not be required to submit a payment with an offer in compromise submission. In cases where an offer in compromise is rejected, the payment amount will be applied to the tax liability of the taxpayer that was first assessed.

XI. Collections

Taxpayers have a right to be informed in writing to the taxpayer's last known address of possible collection actions that may be taken on delinquent taxes, including referral to a collection agency.

Taxpayers have a right to be notified of any cost recovery fee associated with any collection action.

Taxpayers have a right to have collection actions put on hold in the case of hardship or while discussing their situation with the collector, supervisor, or senior management, understanding that interest continues to accrue.

Taxpayers have a right to a prompt release of a lien upon payment of a tax delinquency and all filing fees.

Taxpayers have a right to have an incorrect lien corrected or released and to have a letter of clarification sent to a credit reporting company.

Taxpayers have a right to have all other collection actions exhausted before a seizure of a taxpayer's assets takes place, unless the Department determines that the interests of the State are in jeopardy.

Taxpayers have a right to have the following property exempt from levy: wearing apparel; school books; fuel; provisions; furniture; personal effects; books and tools of a trade, business, or profession; unemployment benefits; and undelivered mail.

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