

Note: The Capital Infrastructure Tax Credit expired on December 31, 2019. You may claim the credit only if (1) you received a distributive share of the capital infrastructure costs from a partnership, trust, estate, or S corporation whose fiscal year ended in 2020, or (2) you have a carryover of the tax credit from a previous year.

GENERAL INSTRUCTIONS

The capital infrastructure tax credit under section 235-17.5, Hawaii Revised Statutes, helps tenants who were displaced by the Kapalama container terminal project, is effective for taxable years beginning after December 31, 2013. The credit will not be available for taxable years beginning after December 31, 2019.

The tax credit is the lesser of 50% of the capital infrastructure costs paid or incurred by a qualified infrastructure tenant during the taxable year or \$2,500,000.

This credit may not be claimed if the capital infrastructure costs are used to claim another credit.

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

Credit Requirements

To claim this credit, you must complete and attach to your Hawaii income tax or franchise tax return (1) Form N-348; (2) Schedule CR (Forms N-11, N-15, N-30, N-40 and N-70NP) and (3) Schedule K-1 (if reporting your distributive share).

Even if you are not able to use this credit because your tax liability on line 6 is zero, file the forms listed above with your Hawaii tax return to claim and carryover your unused credit. If the forms are not attached you will lose your claim of the distributive share and lose any carryover of your unused credit.

Recapture of the Tax Credit

Any credit claimed shall be recaptured following the close of the taxable year for which the credit is claimed if:

- (1) Within three years:
 - (A) The qualified infrastructure tenant fails to continue the line of business it conducted as of July 1, 2014; or
 - (B) The interest in the qualified infrastructure tenant, whether in whole or in part, has been sold, exchanged, withdrawn, or otherwise disposed of by the taxpayer claiming a credit; or
- (2) The qualified infrastructure tenant fails to relocate from the former Kapalama military reservation site to another location, pursuant to a lease with the Department of Transportation, within 90 days of the execution of the lease.

The recapture shall be equal to 100% of the amount of the total tax credit claimed in the preceding five taxable years, and shall be added to the taxpayer's tax liability for the taxable year in which the recapture occurs.

SPECIFIC INSTRUCTIONS

Part I, Tax Credit Received from a Flow-Through Entity

Line 1 — Enter your share of the capital infrastructure tax credit from a partnership, S corporation, estate, or trust. Also enter the name and federal employer identification number of any flow-through entity who has passed the tax credit through to you. If additional space is needed, include the information on an attached schedule.

Form N-20 filers, enter the amount on line 1 on Form N-20, Schedule K; skip lines 2 through 8; and continue to Parts III and IV. Form N-35 filers, enter the amount on line 1 on Form N-35, Schedule K; skip lines 2 through 8; and continue to Parts III and IV. Form N-40 filers, enter the distributive share amount on Form N-40, Schedule K-1, for each beneficiary, otherwise, continue to line 2. All others, continue to line 2.

Part II, Applied Tax Credit for 2020 and Carryover Computation

Line 2 — This line is for the carryover of unused capital infrastructure tax credit from the prior year.

Line 3 — Add lines 1 and 2. This is your tentative current year capital infrastructure tax credit.

Line 5 — The law requires that certain other credits offset a taxpayer's tax liability before allowing a capital infrastructure tax credit. If you are claiming other nonrefundable credits, complete the **Credit Worksheet** in these

instructions and enter the result on line 5. If you are not claiming other non-refundable credits, enter zero.

Part III, Recapture of the Tax Credit

Line 1 — The recapture is 100% of the amount of the total tax credit claimed in the preceding five taxable years.

Line 2 — Enter the total amount of recapture of the credit reported on all Schedule K-1(s) issued to you.

Part IV, Flow-Through Entities Allocating the Credit to its Partners, Shareholders, or Beneficiaries

Line 1 — Enter the amount from Part III, line 3, to be distributed to partners, S corporation shareholders, or beneficiaries.

Line 2 — Column (b) – Partner, S corporation shareholder, or beneficiary's name and address.

Column (c) – Partner, S corporation shareholder, or beneficiary's identifying number. For each partner, S corporation shareholder, or beneficiary, enter the social security number (SSN) for individuals, or the federal employer identification number (FEIN) for all other entities. For those partners, S corporation shareholders, or beneficiaries who file a joint return, enter the spouse's SSN.

Column (d) – Amount of the capital infrastructure tax credit allocated to partner, S corporation shareholder, or beneficiary.

Line 3 — If you are allocating the capital infrastructure tax credit to more than 5 partners, S corporation shareholders, or beneficiaries, list the additional partners, S corporation shareholders, or beneficiaries on an attached sheet that follows the format of line 2. Enter on line 3 the total from the attached sheet(s).

Line 4 — Total the amounts in line 2, column (d), and line 3. This amount must equal the amount entered in Part IV, line 1.

CAPITAL INFRASTRUCTURE TAX CREDIT WORKSHEET	
Tax Credit	Amount
a. Income Taxes Paid to Another State or Foreign Country	_____
b. Enterprise Zone Tax Credit	_____
c. Carryover of the Energy Conservation Tax Credit.....	_____
d. Credit for Employment of Vocational Rehabilitation Referrals	_____
e. Carryover of the Individual Development Account Contribution Tax Credit	_____
f. Credit for School Repair and Maintenance	_____
g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009).....	_____
h. Renewable Energy Technologies Income Tax Credit (Nonrefundable) ..	_____
i. Cesspool Upgrade, Conversion or Connection Income Tax Credit	_____
j. Earned Income Tax Credit	_____
k. Healthcare Preceptor Tax Credit	_____
l. Low-Income Housing Tax Credit	_____
m. Carryover of the High Technology Business Investment Tax Credit	_____
n. Carryover of the Technology Infrastructure Renovation Tax Credit ..	_____
o. Carryover of the Residential Construction and Remodeling Tax Credit.....	_____
p. Carryover of the Hotel Construction and Remodeling Tax Credit.....	_____
q. Add lines a through p. Enter the amount here and on Part II, line 5.....	=====