LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

March 20, 2008

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2008-03

RE: Certifications for High Technology Business Investment Tax Credit and Tax Credit for Research Activities

This is a reminder that Forms N-318A, "Certified Statement of Investment in a Qualified High Technology Business (QHTB) and Claim of the High Technology Business Investment Tax Credit (Credit)", and Forms N-319A, "Certified Statement of Research and Development Costs Incurred By a Qualified High Technology Business (QHTB) and Claim of the Tax Credit for Research Activities", for certification of the high technology business investment tax credit and tax credit for research activities provided by HRS sections 235-110.9 and 235-110.91 are due on March 30th of the year following the close of the taxable year for which an investment in a qualified high technology business (QHTB) was made or for which qualified research and development activity by a QHTB was conducted.

The March 30th due date is applicable to the first layer of investors with tax years ending on December 31st. The first layer of investors are the investors who directly invested in the QHTB. Fiscal year filers would file on the day before the last day of the third month following the close of the taxable year. For example, taxpayers with tax year beginning on July 1, 2007 and ending on June 30, 2008 would file their certification by September 29, 2008. Also, investors at the second or upper layers (investors who have invested in any entity that directly invested in a QHTB) can file their certifications after the March 30th due date provided that the first layer of investors filed timely.

Any Form N-318A submitted after the due date will not be certified for the year in which the due date has passed. For tax year 2007 investment credit, certification Form N-318A is due on March 31, 2008 for first layer calendar year filers. Because March 30, 2008 is a Sunday, the due date for tax year 2007 is March 31, 2008. If certification is submitted after the due date, the Department will not certify the 2007 credit claim and will only certify the credit claims for 2008 to 2011, the remaining four years. The Department will not consider any Form N-318A filed after the due date by the first layer filer.

Any Form N-319A submitted after the due date will not be certified. For tax year 2007 research credit, certification Form N-319A is due on March 31, 2008 for first layer calendar year filers. Because March 30, 2008 is a Sunday, the due date for tax year 2007 is March 31, 2008. The Department will not consider any Form N-319A filed after the due date by the first layer filer.

In addition, taxpayers must claim the tax credit by attaching the certification Form N-318A and Form N-318, "High Technology Business Investment Tax Credit", for the high technology investment credit, and the certification Form N-319A and Form N-319, "Tax Credit for Research Activities", for the research activities credit and file the return on or before the end of the twelfth month following the close of the taxable year for which the credit maybe claimed.

For more information, please contact the Rules Office at 808-587-1577.



KURT KAWAFUCHI
Director of Taxation