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March 23, 2011

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2011-02

RE: Form G-79 and Act 91, Session Laws of Hawaii (SLH) 2010, Relating to General Excise Tax Exemptions for Operators of a Timeshare Plan and Suboperators Of Hotels and Timeshare Plans Added by Act 239, SLH 2009

Pursuant to Tax Information Release (TIR) No. 2010-08, "Act 91, Session Laws of Hawaii 2010, Relating to General Excise Tax", taxpayers who are eligible for the exemptions subject to the cap for calendar year 2010 must apply after December 31, 2010, and on or before March 15, 2011 with the Department to determine what portion of the taxpayer's gross receipts will be covered by the exemption on Form G-79, "Hotel Operator/Suboperator Deduction Certificate".

This Announcement is to inform the taxpaying public that the deadline of March 15, 2011, has passed and the Department has determined the total of all tax, including the county surcharge, on gross receipts from activities covered by the exemption subject to the cap for all taxpayers who have timely submitted the Form G-79.

The exemptions calculated are based on the percentage of the $400,000 tax cap amount to each taxpayer that is the percentage of that particular taxpayer's tax, including county surcharge, for the gross receipts from activities covered by the exemption subject to the cap, compared to the total tax, including county surcharge, for the gross receipts from activities covered by the exemption subject to the cap, for all taxpayers applying for the exemption. Those who receive the approved Form G-79 from the Department, please see the Instruction for Form G-79 on how to report the exemption.

The Department has relied on the taxpayers' reporting of their gross receipts on the Form G-79 as accurate and will NOT allow any subsequent adjustments to a taxpayer's gross receipts to cause a readjustment of the allocation of the exemption amounts under the cap. Form G-79 will NOT be accepted for calendar year 2010 going forward.

If you have any questions regarding Act 91, SLH 2010, that are not discussed in TIR No. 2010-08, or have any questions regarding Form G-79, please contact the Technical Section via email at tax.technical.section@hawaii.gov or by telephone at 808-587-1577.

Frederick D Pablo

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