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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2011-26

RE: Information Reporting Under Act 105, Session Laws of Hawaii 2011

Act 105, Session Laws of Hawaii 2011, temporarily suspends certain general excise tax and use tax exemptions for the period from July 1, 2011 through June 30, 2013. The suspension means that the transactions will no longer be exempt from the general excise tax or use tax. See Department of Taxation Announcement No. 2011-09.

In order to provide comprehensive information for determining the impact of Act 105 on businesses, this new law requires the Department of Taxation ("Department") to gather information from all taxpayers who have exemptions or deductions from the general excise and use tax.

The Act provides some exceptions to the information reporting requirement. There will be no information reporting on amounts exempt under section 237-24(1) through (7), which includes amounts received from certain types of insurance, gifts, compensatory tort damages, employee wages, and alimony.

The Department will issue a new form, Schedule GE-1, Survey of General Excise Tax Exemptions and Deductions, to meet this new reporting requirement.

Who Must File

Schedule GE-1 must be filed by **any** taxpayer claiming exemptions or deductions under Chapters 237 and 238 for tax years 2010, 2011, and 2012. However, nonprofit organizations who have applied for and received from the Department an exemption from the general excise tax will not be subject to this information reporting requirement and will not have to file a Schedule GE-1. See Tax Information Release 2011-04 for more information on nonprofit organization general excise tax filing obligations.

Where and How to File

In order to have the response from the business community electronically compiled and timely available for the start of the next Legislative Session, this form is to be filed exclusively by means of electronic filing at **www.ehawaii.gov/efile.** To file this form, a taxpayer must first

register and create an account at ehawaii.gov. If the taxpayer already has an account at ehawaii.gov, select Schedule GE-1 to file.

A separate form **must** be filed for each Hawaii Tax Identification Number. If the taxpayer has multiple Hawaii Tax Identification Numbers for General Excise and Use Tax, a separate Schedule GE-1 must be filed for each tax account number.

Information Needed to File Schedule GE-1

The following provides a general description of the information needed to complete the Schedule GE-1:

Company Profile

- Name of Company
- Hawaii Tax Identification Number
- Federal Employer Identification Number or Social Security Number
- Address, Contact Person, Phone Number, and E-mail Address

Business Activity

- North American Industry Classification System (NAICS) six digit code *(as reported on business registration form BB-1 and/or on income tax return) (NAICS website: http://www.census.gov/epcd/naics07/naics07-6.xls)*
- Number of years the company has been in business
- Amount of the world-wide gross proceeds or gross income received by the company for the tax year *(from your Federal income tax return)*
- Amount of gross proceeds or gross income received by the company from its activities in Hawaii for the tax year *(from your Form G-49)*

Hawaii Workforce

- Total number of full-time and part-time permanent employees in Hawaii during the week that includes December 12th of the tax year
- Average annual wage for all full-time permanent employees
- Number of full-time and part-time permanent employees reported above into the appropriate wage bands, as computed on an annualized basis, such as:
  - Less than $30,000
  - $30,000 - $59,999
  - $60,000 - $99,999
  - $100,000 or more
- Total number of temporary or seasonal workers used by the company in Hawaii during the tax year
- Duration of employment of temporary or seasonal workers
  - 0 – 30 days
  - 31 – 60 days
  - 61 – 90 days
  - 91 days or more

General Excise Tax Exemption and Deductions

- Total amount of the exemptions and deductions the company claimed on Form G-49 (Line 36) for the tax year
- Amount of exemption or deduction claimed under each section of the law

Period Covered

The Schedule GE-1 is for tax years ending in 2010, 2011, and 2012.

Form Due Date

For any tax year ending on or **before July 31, 2011**, the due date is **December 1, 2011**. For tax years ending **after July 31, 2011**, this form will be due when Form G-49 (Annual Return and Reconciliation of General Excise/Use Tax Return) is due.

Act 105 takes effect July 1, 2011 and is repealed June 30, 2013.

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

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