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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2017-05

RE: Schedule GE (Form G-45/G-49) and Form G-75 required with periodic and annual general excise tax filings

This Tax Announcement describes when Schedule GE and Form G-75 must accompany general excise tax (GET) returns filed with the Department of Taxation (Department).

I. Schedule GE (Form G-45/G-49) required.

For periods beginning on or after July 1, 2017, the Department will enforce the requirement that a completed Schedule GE accompany any periodic and annual GET return that is filed with the Department. If a taxpayer makes no claim for any GET exemptions, deductions, or other benefits reported on Schedule GE, then a completed Schedule GE is not required with the return.

Penalty for Failure to Comply

If a taxpayer fails to file a completed Schedule GE with the periodic or annual GET return, any exemptions, deductions, or other benefits claimed by the taxpayer will be denied by the Department. Thus, any Schedule GE filed with a GET return must properly report the amount of each deduction, exemption, or other benefit claimed by the taxpayer on that GET return.

If an exemption, deduction or other benefit is denied the tax liability will be recalculated and penalties and interest will be assessed when applicable.

II. Form G-75 required.

Part V (Schedule of Assignment of Taxes by District) of Forms G-45 and G-49 must be completed by all taxpayers. Any Form G-45 or G-49 of which Part V is not completed will not be accepted by the Department.

For periods beginning on or after July 1, 2017, the Department will also enforce the requirement that a completed Form G-75 accompany any GET return which reports income assigned to more than one district. When income is assigned to more than one district, the

"MULTI" oval in Part V of Form G-45 or G-49 must be shaded. If a taxpayer does business in only one district in any period, and thus does not shade the "MULTI" oval, then a completed Form G-75 will not be required with the return.

Penalties for Failure to Comply

Section 237-8.6(f), Hawaii Revised Statutes (HRS) requires taxpayers to summarize the amount of taxes assigned to each taxation district with each periodic and annual GET return that is filed. Section 237-8.6(g), HRS, imposes the penalty for failure to file a return imposed by section 231-39, HRS, to any failure to file the summary schedule required by section 237-8.6(f), HRS. Section 237-8.6(g), HRS, also imposes a penalty of ten percent on the tax and surcharge due if the schedule required by section 237-8.6(f), HRS, is not filed or is filed but incorrectly assigns tax among the taxation districts.

Thus, failure to complete Part V of the G-45 and G-49 or failure to include a completed Form G-75 with periodic and annual GET returns will result in the imposition of a failure to file penalty as defined in section 231-39, HRS, as well as an additional penalty as defined in section 237-8.6(g), HRS.

Tax forms and instructions are available on the Department's website at tax.hawaii.gov. For additional information please contact the Technical Section by phone at (808) 587-1577 or by email at tax.technical.section@hawaii.gov.

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HRS sections explained: §§ 231-3, 231-39, 237-8.6