Clear Form

FORM
N-756
(Rev. 2005)

STATE OF HAWAII — DEPARTMENT OF TAXATION
ENTERPRISE ZONE TAX CREDIT
SEE INSTRUCTIONS BEFORE COMPLETING THIS FORM.
Or fiscal year beginning _____ , 20 _____ , and ending _____ , 20 _____

20__

ATTACH THIS SCHEDULE TO FORM N-11, N-12, N-15, N-30, or N-70NP

Name	SSN OR FEIN

NOTE: If you are claiming the Ethanol Facility Tax Credit, no other credit can be claimed for the taxable year.
Complete Parts I, II and IV if your 7-year cycle began at the **start** of your taxable year.
Complete Parts I, III and IV if your 7-year cycle began **during** your taxable year rather than at the start of your taxable year.
In order to claim the enterprise zone tax credit, **ALL** of the following MUST be attached to your tax return:
1. Form N-756, Enterprise Zone Tax Credit
2. Form N-756A, Information Statement, if you are a partner of a partnership, a shareholder of an S corporation, or a member of an LLC
3. A copy of the certification issued by the Department of Business, Economic Development & Tourism

Part I - Computation of Tax and Unemployment Insurance Premiums Attributable to Zone Activity

1. Total tax liability			**1**	
2. a. Total gross income from trade or business within the zone	**2a**			
b. Total gross income required to be reported to Hawaii	**2b**			
c. Percentage of business within the zone. Divide line 2a by line 2b			**2c**	
3. Multiply line 1 by line 2c			**3**	
4. Total unemployment insurance premiums paid for employees employed within Hawaii			**4**	
5. a. Total payroll for employees employed within the zone	**5a**			
b. Total payroll for employees employed within Hawaii	**5b**			
c. Percentage of unemployment insurance premiums paid on the payroll of employees employed within the zone. Divide line 5a by line 5b			**5c**	
6. Multiply line 4 by line 5c			**6**	
7. Add lines 3 and 6			**7**	

Part II - Computation of Tax Credit When the 7-Year Cycle Began at the Start of the Taxable Year

8. Enter the cycle year _____

9. Enter the percentage from the table below that applies to your cycle year **9**

Cycle Year	Applicable Percentage	Cycle Year	Applicable Percentage
1	80%	5	40%
2	70%	6	30%
3	60%	7	20%
4	50%		

10. Maximum enterprise zone tax credit allowable for the year. Multiply line 7 by line 9. Enter this amount on Part IV, line 19. ..... **10**

Part III - Computation of Tax Credit When the 7-Year Cycle Began During the Taxable Year

11. Enter the 2 cycle years contained in the taxable year. (**Note**: *If the taxable year contains only your first or last cycle year,* you only need to complete lines 11a, 12a-12e, and 14.)

a. Cycle year _____ **b.** Cycle year _____

12. Cycle year referred to on line 11a				
a. Enter the number of months during the taxable year attributable to the cycle year referred to on line 11a	**12a**			
b. Divide line 12a by 12	**12b**			
c. Enter the percentage applicable to the cycle year referred to on line 11a. (See line 9 for percentage table)	**12c**			
d. Multiply line 12b by line 12c	**12d**			
e. Multiply line 7 by line 12d			**12e**	
13. Cycle year referred to on line 11b				
a. Enter the number of months during the taxable year attributable to the cycle year referred to on line 11b	**13a**			
b. Divide line 13a by 12	**13b**			
c. Enter the percentage applicable to the cycle year referred to on line 11b. (See line 9 for percentage table)	**13c**			
d. Multiply line 13b by line 13c	**13d**			
e. Multiply line 7 by line 13d			**13e**	
14. Maximum enterprise zone tax credit allowable for the year. Add lines 12e and 13e. Enter this amount on Part IV, line 19.			**14**	

15. Are you claiming the ethanol facility tax credit (Form N-324) for this taxable year?		
a. ☐ No, go to line 16.		
b. ☐ Yes, you may not claim any other Hawaii income tax credit for this taxable year. Enter -0- on line 20.		
16. Enter your total tax liability (from Part I, line 1) here.	16	
17. Are you claiming the credit for income taxes paid to another state or foreign country?		
a. ☐ No, enter -0- on this line and go to line 18		
b. ☐ Yes, enter the amount of the credit for income taxes paid to another state or foreign country you are claiming on this line…	17	
18. Subtract line 17 from line 16. Enter the difference here. If line 17 is larger than line 16, enter -0- here and on line 20.	18	
19. Enter the amount from Part II, line 10 or Part III, 14.	19	
20. Enter the smaller of line 18 or line 19. This is the amount of your enterprise zone tax credit. Enter this amount on Schedule CR, line 3.	20	

GENERAL INSTRUCTIONS

A qualified business which has received certification from the Department of Business, Economic Development & Tourism may claim the enterprise zone tax credit.

A business that has been certified is entitled, subject to the apportionment provisions, to an enterprise zone tax credit against Hawaii income tax under chapter 235, Hawaii Revised Statutes (HRS), according to the following formula:

First year	80% of tax due
Second year	70% of tax due
Third year	60% of tax due
Fourth year	50% of tax due
Fifth year	40% of tax due
Sixth year	30% of tax due
Seventh year	20% of tax due

In addition, a business that has been certified is entitled, subject to the apportionment provisions, to an enterprise zone tax credit against Hawaii income tax under chapter 235, HRS, in an amount equal to a percentage of unemployment insurance premiums paid on the payroll of all the business' employees employed in the enterprise zone, according to the following formula:

First year	80% of premiums paid
Second year	70% of premiums paid
Third year	60% of premiums paid
Fourth year	50% of premiums paid
Fifth year	40% of premiums paid
Sixth year	30% of premiums paid
Seventh year	20% of premiums paid

If the enterprise zone tax credit exceeds the taxpayer's tax liability, the excess of credit over liability shall not be refunded to the taxpayer, nor shall it be carried over or carried back to another tax period.

The enterprise zone tax credit shall apply only to the extent that a qualified business conducts trade or business within the zone. A business which has income taxable both within and outside Hawaii shall apportion and allocate the business' net income under sections 235-21 to 235-39, HRS, prior to calculating the enterprise zone tax credit.

"Trade or business" means all business activity by a qualified business within an enterprise zone, whereby 1) tangible personal property is sold at wholesale and the sale takes place within the zone, 2) a qualified business engages in a service business within the zone, or 3) value is added to materials or products that are manufactured within the zone. "Trade or business" also includes engaging in producing agricultural products where the business is a producer as defined in section 237-5; engaging in research, development, sale or production of all types of genetically-engineered medical, agricultural, or maritime biotechnology products; and engaging in producing electric power from wind energy for sale primarily to a public utility company for resale to the public.

" Service business" means any corporation, partnership, or sole proprietorship that repairs ships, aircraft, or assistive technology equipment, provides telecommunication services, information technology design and production services, medical and health care services, or education and training services as defined in Chapter 209E, HRS.

Tangible personal property shall be sold at wholesale at an establishment of a qualified business located within an enterprise zone. The transfer of title to the buyer of the tangible personal property shall take place in the same enterprise zone in which the tangible personal property is sold.

Services shall be sold at an establishment of a qualified business engaged in a service business within an enterprise zone and the services shall be delivered in the same enterprise zone in which the services are sold. Where the service business, in the same transaction, engages in both the sale of tangible property and services, the service business shall segregate the sale of services from the sale of tangible personal property.

Value must be added to materials or products that are manufactured within the enterprise zone.

Each partner, S corporation shareholder, or LLC member (member) of a business that has been certified shall separately determine for the member's taxable year within which the business' taxable year ends, the member's share of the credit. The member's share of the entity's net income or loss and unemployment insurance credit shall be determined in accordance with the ratio in which the members divide the profits and losses of the partnership, S corporation, or LLC respectively.

Note: ***ALL*** *of the following* ***must*** *be attached to your tax return in order to claim the enterprise zone tax credit:*

1. Form N-756, Enterprise Zone Tax Credit
2. Form N-756A, Information Statement, if you are a partner of a partnership or a shareholder of an S corporation
3. A copy of the certification issued by the Department of Business, Economic Development & Tourism

SPECIFIC INSTRUCTIONS

PART I

Line 1. — Enter the total tax liability from Form N-11, line 27; Form N-12, line 42; Form N-15, line 44; Form N-30, Schedule J, line 21; or Form N-70NP, line 14; whichever is applicable. (**Note:** For Forms N-11, N-12, and N-15, do not include the separate tax from Forms N-2, N-103, N-152, N-312, N-318, N-405, N-586, or N-814 in your total tax liability.)

Line 2a. — Enter the total gross income of the qualified business from trade or business within the zone during the taxable year. Gross income from trade or business within the zone is received when tangible personal property is sold at wholesale to business firms, a qualified business engages in a service business, or value is added to materials or products that are manufactured by a qualified business.

For an individual operating as a sole proprietorship, enter the amount of the business' net income which is attributable to the conduct of trade or business within the zone. This is calculated by multiplying the business' net income by a fraction; the numerator being the total gross receipts of the trade or business within the zone and the denominator being the total gross receipts of the business within Hawaii.

Members should enter the amount from Form N-756A, line 2e.

Line 2b. — Enter the total gross income of the qualified business within Hawaii during the taxable year, including sales within and outside the enterprise zone. A business is taxable outside the enterprise zone if the business has: 1) income from business activity within the zone which does not fall within the definition of trade or business, or 2) income from business activity conducted outside the zone. This term includes work that a business located within a zone subcontracts to a business located outside the zone and the work is delivered outside the zone.

For an individual, enter the total gross income required to be reported to Hawaii, including your business's net income (if operating as a sole proprietorship), salary, interest income, dividend income, etc.

Members should include in the total amount reported on line 2b, the amount from Form N-756A, line 2a.

Line 4. — Enter the total amount of unemployment insurance premiums paid on the payroll of all the business' employees employed in Hawaii.

Members claiming their share of the entity's unemployment insurance premiums paid within the zone should skip lines 4, and 5a-5c; and enter the amount from Form N-756A, line 3e, on line 6. On the dotted line next to line 6, write "From Form N-756A."

Line 5a. — Enter the total payroll for employees employed within the zone during the taxable year. An employee is employed within the zone if: 1) the individual's service is performed entirely within the zone, or 2) the individual's service is performed both within and without the zone, but the service performed without the zone is incidental to the individual's service within the zone.

Line 5b. — Enter the total payroll for all employees within Hawaii.

Part II should be completed if your 7-year cycle began at the start of your taxable year.

Part III should be completed if your 7-year cycle began during your taxable year rather than at the start of your taxable year.

Part IV must be completed by all taxpayers claiming this credit.