

HOW TO COMPLETE YOUR PERIODIC TRANSIENT ACCOMMODATIONS TAX RETURN (FORM TA-1)

INTRODUCTION

These instructions will assist you in filling out your periodic Transient Accommodations Tax (TAT) returns (Form TA-1) correctly.

The transient accommodations tax is levied at the rate of 7.25% on the gross rental or gross rental proceeds derived from furnishing transient accommodations.

A "transient accommodation" is an apartment, house, condominium, beach house, hotel room or suite, or similar living accommodation furnished to a transient person for less than 180 consecutive days in exchange for payment in cash, goods, or services.

"Gross rental or gross rental proceeds" includes amounts paid to you in the form of cash, goods, or services as compensation for furnishing a transient accommodation without any deductions for costs incurred in the operation of the transient accommodation.

To properly enter the necessary information into our computer system, the periodic tax returns must be filled in completely and accurately.

If a payment is being made with Form TA-1, make your check or money order payable to "Hawaii State Tax Collector." Write "TA", the filing period, and your Hawaii Tax I.D. No. on the check. Also complete the tax payment voucher (Form VP-1T) located at the bottom of your Form TA-1 (CAUTION: do not submit a photocopy of Form VP-1T; if you are not using Form VP-1T, complete Form VP-1). Attach your check or money order and your tax payment voucher where indicated on the front of Form TA-1.

IMPORTANT!!!

The TAT returns (Form TA-1) must be filed on a periodic basis depending on the amount of TAT you have to pay during the year.

- You must file monthly if you will pay more than \$4,000 in TAT per year.
- You may file quarterly if you will pay \$4,000 or less in TAT per year.
- You may file semiannually if you will pay \$2,000 or less in TAT per year.

When changing your filing period, please complete Form GEW-TA-RV-5.

Write "TA", the filing period, and your Hawaii Tax I.D. No. on your check so that it may be properly credited to your account. **If you do not have any gross rental or gross rental proceeds and the result is no transient accommodations tax liability, enter "0" on Line 5. This periodic return must be filed.**

If you have questions, please contact the customer service staff of our Taxpayer Services Branch at:

Voice: 808-587-4242
1-800-222-3229 (Toll-Free)

Telephone for the Hearing Impaired:
808-587-1418
1-800-887-8974 (Toll-Free)

Fax: 808-587-1488

E-mail: Taxpayer.Services@hawaii.gov

Mail: Taxpayer Services Branch
P.O. Box 259
Honolulu, HI 96809-0259

Follow the example presented in *italics* in the sample form. The circled numbers on the sample form correspond to the steps in the instructions.

Example: ABC Resort (ABC), with Hawaii Tax I.D. No. W12345678-01, files its January return. ABC has one resort on Oahu and one on Maui.

THE TOP OF THE TAX RETURN *(fig. 2.0)*

STEP 1 — Write your name (taxpayer’s name) in the area provided.

STEP 2 — Write your Hawaii Tax I.D. No. in the area provided.

STEP 3 — Place an “X” in the appropriate box to indicate the filing period (Month, Quarter, or Semiannual Period) for which the tax return is being filed. Also, write in the month, quarter, or semiannual period and year covered by the return.

ABC files monthly returns, so an “X” was placed in the box labeled “MONTH” and ABC wrote “January 1, 2008” and “January 31, 2008” as the “Beginning” and “Ending” dates, respectively, for the period that the return covers.

STEP 4 — Write the last 4 digits of your FEIN or SSN in the area provided.

FORM TA-1 (REV. 2005)	STATE OF HAWAII — DEPARTMENT OF TAXATION TRANSIENT ACCOMMODATIONS TAX RETURN	DO NOT WRITE IN THIS AREA 20
NAME: 1 ABC Resort		
3 <input checked="" type="checkbox"/> Month <input type="checkbox"/> Quarter <input type="checkbox"/> Semiannual Period		
Beginning <u>January 1, 2008</u> and Ending <u>January 31, 2008</u>		2
<small>(Do not combine your income for more than one filing period on this return.)</small>		
4 Last 4 Digits of Your FEIN or SSN: <u>1 2 3 4</u>	HAWAII TAX I.D. NO. W <u>1 2 3 4 5 6 7 8 - 0 1</u>	

fig 2.0

COMPUTING THE TAXES *(fig. 2.3)*

STEP 5 — Column a, Lines 1 through 4. Enter the total gross rental or gross rental proceeds during the period for all transient accommodations furnished.

Please note that if you have transient accommodations in more than one taxation district, you must report the total transient accommodations furnished separately according to the taxation district in which the transient accommodations are located. For example, if you have transient accommodations on the island of Oahu and on the island of Maui, the total gross rental or gross rental proceeds on Oahu must be reported on Line 1, and the total gross rental or gross rental proceeds from the transient accommodations on Maui must be separately reported on Line 2.

For Column a, Line 1 (total gross rental proceeds on Oahu), ABC has entered \$10,000. For Column a, Line 2 (total gross rental proceeds on Maui), ABC has entered \$20,000.

STEP 6 — Turn to the reverse side of Form TA-1, “LIST DETAILS CONCERNING ‘EXEMPTIONS’ AND/OR ‘DEDUCTIONS’ CLAIMED”. Fill in the amount and description of the exemptions or deductions being claimed for each taxation district. Each exemption or deduction must be separately listed. If you do not have any exemptions or deductions, enter a zero (0) *(fig. 2.1)*. Also, enter the total amount of exemptions or deductions being claimed in column b of the front page. Refer to the “SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS, AND DEDUCTIONS” in these instructions for further information.

ABC enters zero in the “TOTAL EXEMPTIONS and/or DEDUCTIONS” lines for Districts 1 and 2 on the reverse side of the form and in column b on the front of the form because there are no exemptions or deductions being claimed.

ABC has multiplied \$10,000 (taxable proceeds for Oahu) by .0725 (the tax rate) to get \$725, which is entered in Column d, Line 1. ABC has also multiplied \$20,000 (taxable proceeds for Maui) by .0725 (the tax rate) to get \$1,450, which is entered in Column d, Line 2.

FORM VP-1T HERE •	DISTRICT	GROSS RENTAL OR GROSS RENTAL PROCEEDS a		EXEMPTIONS/DEDUCTIONS (EXPLAIN ON REVERSE SIDE) b		TAXABLE PROCEEDS c		RATE d	TAXES			
1	TAXATION DISTRICT 1 (OAHU)	5	10,000 00		6	0 00	8	10,000 00	.0725	9	725 00	1
2	TAXATION DISTRICT 2 (MAUI, MOLOKAI, LANAI)		20,000 00			0 00		20,000 00	.0725		1,450 00	2
3	TAXATION DISTRICT 3 (HAWAII)								.0725			3

fig 2.3

FINISHING THE TAX RETURN (fig. 2.4)

STEP 10 — Add Lines 1 through 4 of Column d, and enter the total on Line 5. This is the total tax due. **CAUTION: LINE 5 MUST BE FILLED IN.** If you do not have any gross rental proceeds and have no tax due, enter a zero (0) on Line 5.

ABC has added \$725 and \$1,450 for a total of \$2,175 which is entered on Line 5.

STEP 11 — Late Filing of Return—The penalty for failure to file a return of time is assessed on the tax due at a rate of 5% a month, or part of a month, from the due date to the filing date, to a maximum of 25%.

Interest—Interest at the rate of 2/3 of 1% a month, or part of a month, shall be assessed on the unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on a Saturday, Sunday, or legal holiday.

After computing the penalty and interest amounts, enter the penalty on Line 6a and the interest on Line 6b. If you are unable to compute the penalty and interest, leave Lines 6a and 6b blank. The Department will compute it for you and send you a bill.

STEP 12 — Add the amounts on Lines 5, 6a, and 6b, and enter the sum on Line 7. This is the amount of your total payment due, including any penalty and interest. If you are not making a payment, enter a zero (0).

STEP 13 — Sign your tax return. The sole proprietor, a partner or member, corporate officer, or an authorized agent must sign and date the tax return, state his/her title, and write the date the return is signed.

• ATTACH CHECK OR MONEY ORDER AND	4	TAXATION DISTRICT 4 (KAUAI)						.0725			4	
	5	IF YOU DO NOT HAVE ANY GROSS RENTAL OR GROSS RENTAL PROCEEDS, AND THE RESULT IS NO TAX DUE, ENTER "0" IN EACH COLUMN FOR THE APPLICABLE TAX DISTRICT(S) AND ON LINES 5 AND 8.					5	TOTAL TAXES DUE (ADD LINES 1 thru 4 of column d, AND ENTER HERE)		10	2,175 00	5
	FOR LATE FILING ONLY →						6a	PENALTY →		11		6a
							6b	INTEREST →				6b
	7	ATTACH YOUR CHECK OR MONEY ORDER PAYABLE TO "HAWAII STATE TAX COLLECTOR" IN U.S. DOLLARS DRAWN ON ANY U.S. BANK AND FORM VP-1T TO FORM TA-1. WRITE "TA", THE FILING PERIOD, AND YOUR HAWAII TAX I.D. NO. ON YOUR CHECK OR MONEY ORDER.					7	TOTAL PAYMENT (ADD LINES 5, 6a, and 6b; ENTER AMOUNT HERE)		12	2,175 00	7
	8	GRAND TOTAL EXEMPTIONS/DEDUCTIONS FROM BACK OF FORM					8	7 0 00				
	I declare, under the penalties set forth in section 231-36, HRS, that this is a true and correct return, prepared in accordance with the provisions of the Transient Accommodations Tax Law, Chapter 237D, HRS and the rules issued thereunder.											
	A CORPORATION OR PARTNERSHIP TAX RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT OF SUCH ENTITY.											
13 Henry Aloha			President			2/28/08						

fig 2.4

SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS, AND DEDUCTIONS
(NOTE: ALL SECTION REFERENCES ARE TO THE HAWAII REVISED STATUTES)

Section 237D-1: Gross rental or gross rental proceeds do not include:

- (1) The amount of transient accommodations taxes passed-on, collected, and received from the consumer.
- (2) The amount of general excise taxes passed-on, collected, and received from the consumer.
- (3) Charges for guest amenities, including meals, beverages, telephone calls, laundry, and service charges.
- (4) Accounts charged off as worthless for income tax purposes by an accrual basis taxpayer.

Division of gross rental or gross rental proceeds:

Where transient accommodations are furnished by an operator through an arrangement with a travel agency or tour packager at noncommissionable negotiated contract rates and the gross rental or gross rental proceeds are divided between the operator and the travel agent or tour packager, the gross rental or gross rental proceeds to the operator is the respective portion allocated or distributed to the operator, and no more.

Section 237D-3: The following are exempt from the Transient Accommodations Tax:

- (1) Health care facilities including all such facilities enumerated in Section 321-11(10).
- (2) School dormitories of a public or private educational institution providing education in grades kindergarten through twelve, or of any institution of higher education.
- (3) Lodging provided by nonprofit corporations or associations for religious, charitable, or educational purposes; provided that this exemption shall apply only to the activities of the religious, charitable, or educational corporation or association as such and not to any rental or gross rental the primary purpose of which is to produce income even if the income is used for or in furtherance of the exempt activities of such religious, charitable, or educational corporation or association.
- (4) Living accommodations for persons in the military on permanent duty assignment to Hawaii, including the furnishing of transient accommodations to those military personnel who receive temporary lodging allowances while seeking accommodations in Hawaii or while awaiting reassignment to new duty stations outside the State.
- (5) Low-income renters receiving rental subsistence from the state or federal governments and whose rental periods are for durations shorter than sixty days.
- (6) Operators of transient accommodations who furnish accommodations to full-time students enrolled in an institution offering post-secondary education. The director of taxation shall determine what shall be deemed acceptable proof of full-time enrollment. This exemption shall also apply to operators who furnish transient accommodations to students during summer employment.
- (7) Accommodations furnished without charge such as, but not limited to, complimentary accommodations, accommodations furnished to contract personnel such as physicians, golf or tennis professionals, swimming and dancing instructors, and other personnel to whom no salary is paid or to employees who receive room and board as part of their salary or compensation.
- (8) Accommodations furnished to foreign diplomats and consular officials who are holding cards issued or authorized by the United States Department of State granting them an exemption from state taxes.