

ACT 71, SLH 1999
GENERAL EXCISE TAX PYRAMIDING RELIEF FOR WHOLESALERS OF GOODS AND SERVICES
QUALIFYING/INELIGIBLE TRANSACTIONS BY INDUSTRY
 Prepared by DOTAX, State of Hawaii

G.E.T. ACTIVITY ABBREVIATIONS	QUALIFYING TRANSACTIONS		INELIGIBLE ACTIVITIES UNDER ACT 71 Examples	INELIGIBLE PURCHASES
	Current (1/2%)	New (lower rate)		
TPP: Tangible personal property (including manufacturing of) HRS §237-13(1)	TPP HRS §237-4**	TPP -- SVC	Theaters, Amusements, Radio Broadcasting HRS § 237-13(4) Sales Representatives Commissions HRS §237-13(5) Leasing/Rentals HRS §237-13(10) Subject to public service company (PSC) tax Activities allowing income splitting: ●Subcontract deduction (HRS §237-13(3)) ●Tourism related services (HRS §237-18(f)) ●Real estate brokers (HRS §237-18(e))	SVC not resold
SVC: Services HRS §237-13(6)	SVC HRS §237-13(6)**	TPP -- TA		SVC not identifiable
K: Contracting HRS §237-13(3)	**1/2% GET rate for transactions that qualify for wholesales of TPP or intermediary services treatment under current law.	SVC -- SVC		TPP not resold
TA: Transient Accommodations HRS §237D-1 (furnishing a room, suite, apartment, or the like)		SVC -- TPP		TPP not identifiable
		SVC -- K	Overhead	
		SVC -- TA		

DESCRIPTION OF SALES	CURRENT LAW BEFORE JANUARY 1, 2000		NEW ACT 71 BEGINNING JANUARY 1, 2000	
	4%	1/2%	4%	LOWER
HOTELS				
Bedding and towels for hotel guest rooms.	✓		✓(overhead)	
Laundry service of sheets and towels for hotel guest rooms.	✓			✓(SVC--TA)
Leasing company providing laundered sheets and towels for hotel guest rooms (leasing reported as SVC).	✓			✓(SVC--TA)
Maid services purchased by hotel for executive offices.	✓		✓(overhead)	
Maid services purchased by hotel to clean guest rooms.	✓			✓(SVC--TA)
Employees leased to staff hotel front desk.	✓		✓(overhead)	
Furniture (subject to depreciation) in hotel guest rooms.	✓		✓(overhead)	

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In-room amenities (shampoo, soap, etc.) and toiletries (tissue, toilet paper); guests may take home.	✓			✓(TPP--TA)
Toiletries and toiletry paper goods in hotel's public and employee areas.	✓		✓(overhead/not for TA)	
Hula halau performing in hotel lobby or open area.	✓		✓(overhead/not for TA)	
Aerial fireworks display conducted for hotel.	✓		✓(overhead/not for TA)	
Local telephone calls provided by hotel.	✓		✓(PSC)	
In-room glass wear and china (not for guests to take home).	✓		✓(overhead/not resold)	
Keys and electronic locks for guest rooms.	✓		✓(overhead/not resold)	
Arrival/departure leis for guests.	✓		✓(not for TA)	
Newspapers provided for free to guests.	✓			✓(TPP--TA)
Floral arrangements and other perishable decorations in guest room.	✓			✓(TPP--TA)
Contracted parking valet labor.	✓		✓(not just for guests)	
Contracted shuttle/limousine services.	✓		✓(PSC)	
Contracted airport greeting services.	✓		✓(not for TA)	
Contracted child care services (e.g., clowns/magicians for hotel guests).		✓		✓(Intermed SVC ½%)
Contracted masseuses or personal trainer labor.		✓		✓(Intermed SVC ½%)
Contracted beach & pool attendant labor.	✓		✓(not for TA/not resold)	
Rental of audio/visual equipment or decorations for customer renting banquet hall.	✓		✓(not for TA/rental ≠ SVC)	
Floral, ice carvings, and other decorations provided to customer renting banquet hall (separate from rental fee).	✓		✓(rental of banquet hall)	✓(TPP -- SVC) (if hotel reports sale of floral, ice carvings, and other decorations to customer as service)
Silver cake knife & other amenities as part of a packaged banquet hall function.	✓		✓(not for TA/rental ≠ SVC)	

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RESTAURANTS (Classification: Retailing of TPP) & NIGHT CLUBS (Classification: Theater Amusements)				
China, silverware, menu covers.	✓		✓(overhead/consumed)	
Table linen.	✓		✓(overhead/consumed)	
Laundry service for table linen.	✓		✓(overhead/consumed/not identifiable in food)	
Leased and laundered linen for patron tables.	✓		✓(overhead/consumed/not identifiable in food)	
Toiletries and toiletry paper goods in public and employee areas.	✓		✓(overhead/consumed)	
Disposable utensils, napkins, straws, chopsticks, beverage stirrers.	✓		✓TPP--TPP not a favored transaction)	
Prepackaged condiments.		✓(Act 173)		✓(½%Act 173)
After dinner mints.	✓		✓(TPP--TPP not a favored transaction)	
Musician performs at restaurant and receives commission as payment (percentage of bar tab).	✓		✓(SVC --TPP/music not identifiable in food)	
Independent Contractor DJ or VJ in club (w/ cover charge).	✓		✓(club is amusement ≠ SVC)	
Music and entertainment at a dinner show (ticket price includes show and meal).	✓		✓(theater is amusement ≠ SVC)	
Aerial Fireworks Display over city or ocean.	✓		✓(overhead)	
CONTRACTING				
Site or building clean up service for final acceptance.	✓			✓(SVC -- K)
Site security for a specific project site.	✓			✓(SVC -- K; site specific)
Balancing of air conditioner (SVC) as part of construction project.	✓			✓(SVC-- K)
Chlorination of plumbing system as part of construction project.	✓(Sub-K)		✓(Sub-K)	
Archeologist report to architect for project site.	✓			✓(SVC -- K)
Environmental impact study done for an architect for a specific project.	✓			✓(SVC -- K)

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Hauling top soil to construction site.	✓		✓(Hauling Property = PSC)	
Hauling building materials from project site.	✓		✓(Hauling Property = PSC)	
Hauling trash away from project site.	✓			✓(SVC -- K)
Rental of trailer or equipment for contractor's office on job site.	✓		✓(rental ≠ SVC)	
Service provider pumps grout from trucks to contractor's forms.	✓			✓(SVC -- K)
Truck leasing, long term.	✓		✓(leasing ≠ SVC)	
Truck rental, short term, project specific.	✓		✓(rental ≠ SVC)	
Blueprints drawn by architectural firm.	✓(Sub-K)		✓(Sub-K deduction)	
Interior designer subs carpet removal to carpet laying contractor.	✓		✓(K -- SVC; resold K ineligible)	
MISCELLANEOUS SERVICE TRANSACTIONS				
Floor mats sold to an auto body shop for a customer's car.		✓		✓(½%)
Paint sold to an auto body shop for a customer's car.	✓			✓(TPP -- SVC)
Area rug sold to an interior designer for customer's lobby.	✓			✓(TPP -- SVC)
Fabric sold to an interior designer for refurbishing customer's sofa.	✓			✓(TPP -- SVC)
Auto body shop subs entire car repair project to another body shop.		✓		✓(½%)
Auto body shop subs only the sandblasting of car to another body shop.	✓			✓(SVC -- SVC)
Interior designer subs entire project to another designer.		✓		✓(½%)
Casting service creates foam core for surfboard manufacturer.		✓		✓(½%)
Freight service delivers casted surfboard core to manufacturer.	✓		✓(Freight = PSC)	
Graphic artist designs a graphic image to be applied to a coffee mug.	✓			✓(SVC -- TPP)
Graphic artist designs a corporate logo to be applied to company coffee mugs, pencils, etc. (logo has value apart from placement on coffee mug, pencil, etc.)	✓		✓(logo = intangible; SVC consumed by company)	
Engraver inscribes wedding rings for a jeweler's customer.	✓			✓(SVC -- TPP)

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CPA's preparation of a legal firm's partnership tax returns.	✓		✓(overhead/consumed)	
CPA performs services for an attorney preparing a legal opinion for a client.	✓			✓(SVC -- SVC)

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