

# INSTRUCTIONS FOR FORM N-318A

CERTIFIED STATEMENT OF INVESTMENT IN A QUALIFIED HIGH TECHNOLOGY BUSINESS (QHTB)  
AND CLAIM OF THE HIGH TECHNOLOGY BUSINESS INVESTMENT TAX CREDIT (CREDIT)

## WHERE TO GET TAX FORMS

Hawaii tax forms, instructions, and schedules may be obtained at any taxation district office or through the following:

**Website Address:** [www.hawaii.gov/tax](http://www.hawaii.gov/tax)

**Forms and Publications by Mail:**

Telephone no.: 808-587-7572

Toll-Free: 1-800-222-7572

## GENERAL INSTRUCTIONS

**Purpose of Form N-318A** — Act 215, Session Laws of Hawaii 2004, relating to Capital Investments (Act 215) requires certification from the Department of Taxation (Department) as a prerequisite to claim the high technology business investment tax credit for investments made after July 1, 2004. Any taxpayer or partnership (for income tax purposes) claiming the credit must: (1) submit a properly completed Form N-318A to the Department; and (2) attach the Department-issued certificate to the tax return as a prerequisite to claim the credit. Form N-318A allows taxpayers to submit the required certification information in order to receive the necessary certificate for the tax year.

**Certification Filing Requirements** — For investments made on or after July 1, 2004, every taxpayer or partnership (for income tax purposes) claiming the high technology business investment tax credit (credit) and/or issuing Schedule K-1s reflecting the distributive/allocated shares of the credit must attach the completed Part III of Form N-318A (the certificate) to the Hawaii tax return as a prerequisite to either claim and/or distribute/allocate the credit.

**When and Where to File** — To obtain the certificate, Form N-318A must be completed, signed, and submitted to the Department on or before March 30th of each year if the tax return is filed on a calendar basis. For fiscal year filers, the due date is on or before the day before the last day of the third month following the close of the fiscal year.

### Filing Address:

Rules Office  
Department of Taxation  
P.O. Box 259  
Honolulu, HI 96809-0259.

Please allow ten (10) business days from the date the documents are received for the Department's certification.

If a properly completed Form N-318A is submitted, the Department will send the signed Part III of Form N-318A (the certificate) to the mailing address listed on the face of Form N-318A. The certificate must be attached behind Form N-318A at the time the tax return is filed with the Department (or with the Department of Commerce and Consumer Affairs for insurers filing insurance premium tax returns).

**Fees for Certifying Amounts for the Credit** — Act 215 established a new "Tax Administration Special Fund" and authorized the Department to charge a fee for certifying credit amounts for the credit.

**Note:** A taxpayer who is also a disregarded entity for Hawaii income tax purposes, such as a single-member LLC, a revocable living trust, or a QSub, is considered 1 investor and will pay only 1 fee.

Section 18-235-20.5-01, Hawaii Administrative Rules, sets forth the following fee structure:

### 1. Investment Credit Certification Submitted by Investor:

Before the third Wednesday in January following the year in which the investment was made<sup>1</sup> \$100

On or after the third Wednesday in January following the year in which the investment was made<sup>2</sup> \$150

### 2. Investment Credit Certification Submitted by Pass-Through Entities on Behalf of Their Partners, Shareholders, etc.:

Before the third Wednesday in January following the year in which the investment was made<sup>1</sup> \$750

On or after the third Wednesday in January following the year in which the investment was made<sup>2</sup> \$1,000

**3. \$0 (No fee)** — Where the represented claim of credit on the Investment Credit Certification submitted is less than \$25,000.

**Note:** Notwithstanding this fee exemption, the investor is still subject to the certification requirements and is required to submit Form N-318A.

<sup>1</sup> For fiscal year filers, the form must be received before the third Wednesday of the first month following the close of the taxpayer's fiscal year in which the investment was made.

<sup>2</sup> For fiscal year filers, the form must be received on or after the third Wednesday of the first month following the close of the taxpayer's fiscal year in which the investment was made.

**Completing the Form N-318A** — At the time Form N-318A is submitted, a "best estimate" is acceptable if the actual amounts or final numbers are not available. If Form N-318A was completed based upon a "best estimate," the Department will generally not require a revised and/or amended Form N-318A.

For situations in which an investor authorizes either the qualified high technology business (QHTB) or the pass-through entity in which the investor has indirectly invested in a QHTB via the pass-through entity, the Department will administratively allow either the QHTB or the pass-through entity to complete, sign, and file Form N-318A on behalf of the investor provided that the QHTB or pass-through entity has signed authorization from the investor at the time of filing Form N-318A and such filing is submitted before the filing due date of the Form N-318A. Notwithstanding the filing of Form N-318A by either the QHTB or the pass-through entity, all investors are required to attach the certificates to their Hawaii tax returns as a prerequisite to claim the credit.

For situations in which there are more than one level of investors in a QHTB, each level of investors must attach the certificates to their tax returns in order to claim and/or distribute/allocate the credit. In order for Form N-318A to be deemed as timely filed, the "first level" of investors must send the properly completed Form N-318A before the filing due date of the Form N-318A. Any other level of investors must send the properly completed Form N-318A along with their tax return, on or before December 31, if a calendar year filer, or by the end of the fiscal year following the year in which the credit was earned.

## SPECIFIC INSTRUCTIONS

**For all dollar entries**, round off amounts to the nearest whole dollar.

**Top of Page 1 of Form N-318A** — At the top of Page 1, fill in the investor's name, identifying number, mailing address, and contact information.

## Part I

If you are an investor who has received a certificate from the entity in which you invested, attach that certificate to your tax return. No additional certification is required.

If you have not received a certificate from the entity in which you invested, complete Part I.

If you receive a Schedule K-1 reflecting your allocated/distributive share of the credit, skip Lines 1 and 2 and go to Line 3.

**Line 1.** — Enter the name of the QHTB.

**Line 2.** — Enter the identifying number of the QHTB.

**Line 3.** — Enter the total amount of cash you invested during the 2008 tax year that qualifies as an investment in the QHTB.

If you indirectly made cash investments to a QHTB (e.g., invest in an entity that invested in the QHTB), enter the total amount of cash you invested in the entity during the 2008 tax year.

**Line 4.** — If you have received or expect to receive more than a proportionate share of the credit based on your cash investment, enter the ratio of the credit over the amount of the cash invested.

**Line 5.** — Separately identify the amount of credit you will claim or expect to claim for tax years 2008, 2009, 2010, 2011, and 2012 that is attributable to your cash investment reported on Line 3 of Part I.

**Line 6.** — If you have received or expect to receive a Schedule K-1 reporting your allocated/distributive share of the credit, enter the entity's name and FEIN.

## Part II

Part II is to be completed by an entity filing on behalf of its investors. Attach all supplemental schedules.

**Line 1.** — Enter the name and FEIN of the QHTB. If you are not a QHTB but an entity that invested in a QHTB, enter the entity's name and FEIN.

**Line 2.** — Enter the amount of cash contributed by the entity to the QHTB for the 2008 tax year.

**Line 3.** — Attach a list itemizing (a) the name and address of each investor, (b) the amount of cash invested per investor as an investment in the QHTB for the 2008 tax year, and (c) allocated/distributed share of credit per investor for tax years 2008, 2009, 2010, 2011, and 2012.

**Top of Page 2 of Form N-318A** — At the top of Page 2, fill in the investor's name and identifying number.

## Part III

Part III, lines 1, 2, and 3, are to be completed by the filer of the Form N-318A.

The Department, and not the QHTB, will sign Part III (Page 2 of Form N-318A) if the Department finds that the Form N-318A is properly completed.

Upon completion, the Department will mail Part III to the taxpayer at the address reported on the face of the Form N-318A.

Taxpayer shall attach the completed Part III of Form N-318A to Form N-318.