

STATE OF HAWAII — DEPARTMENT OF TAXATION
**Instructions to Apply for an
Exemption From General Excise Taxes**

**CHANGES YOU SHOULD
NOTE**

Effective August 1, 2020, Form G-6 can only be filed electronically at hitax.hawaii.gov (HTO). Form G-6 can no longer be mailed-in or hand-delivered to the Department of Taxation (Department). Act 66, Session Laws of Hawaii 2018, amended section 231-8.5, Hawaii Revised Statutes (HRS), to enable the Department to require certain taxpayers to file tax returns electronically.

GENERAL INSTRUCTIONS

PURPOSE OF FORM G-6

Use Form G-6 as a draft to collect all of the information and required attachments prior to applying for the tax exempt status on HTO.

Go to HTO to apply for an exemption from the general excise tax (GET) based on an organization's tax exempt status recognized by the Internal Revenue Service (IRS) under Internal Revenue Code (IRC) sections 501(c) (3), (4), agricultural or horticultural organizations under (5), (6), (8), or a potable water company under (12), and as provided for under Chapter 237, HRS.

Organizations that file an application with and who receive approval from the Department may claim a GET exemption on their gross receipts from their fraternal, religious, charitable, scientific, educational, communal, or social welfare activities, or from their activities as a hospital, infirmary, sanitarium, or potable water company as described under section 237-23(b), HRS.

INSTRUCTIONS FOR APPLYING FOR EXEMPTION ON HTO

Before submitting an application for an organization, please use the Search Tax Licenses function in HTO at hitax.hawaii.gov to search whether the organization has an active GET account. There are three ways to submit an application:

1. Non-logged in Method 1 — The organization does not have an HTO logon or an active GET account.

All qualified nonprofit organizations **must** submit an application, including Subordinate Organizations (see Subordinate Organizations below for more information).

SUBORDINATE ORGANIZATIONS

A subordinate organization is a chapter, local, post, or unit of a central organization (e.g., a church or the Boy Scouts). A subordinate organization may or may not be incorporated, but it must have an organizing document.

A central organization is an organization that has one or more subordinates under its general supervision or control. A central organization may be a subordinate itself, such as a State organization that has subordinate units and is itself affiliated with a central (national) organization.

A group exemption letter issued by the IRS is the document that grants an exemption from federal income tax. The letter issued to the central organization may or may not cover subordinate organizations.

A. Group Exemption letter

If the group exemption letter issued by the IRS covers the subordinate organization, submit a copy of the letter along with your submission.

B. No Group Exemption Letter

First, the subordinate organization should verify with the central organization that it is not covered under the group exemption letter issued by the IRS. If it is not covered, ask the central organization to include the subordinate organization in the next annual group ruling update that it submits to the IRS. A conditional approval may be granted until the subordinate

2. The organization has an HTO logon but does not have an active GET account.

3. The organization has an HTO logon and an active GET account.

For instructions on how to submit your application, depending on which situation you fall into, on the HTO website Home page click on Frequently Asked Questions, Registration, Apply for Exemption from General Excise Tax.

organization can show that it is included in the central organization's group exemption.

WHEN TO FILE

If you are a Hawaii organization and you file your application within three months from the date you were legally formed and your application is approved, then your GET exemption will be effective on the date you were legally formed.

If you are an out-of-state organization and you file your application within the first three months of your activity in Hawaii and your application is approved, then your GET exemption will be effective on the date you began your activity in Hawaii.

If you do not fall into either of these categories and your application is approved, then your GET exemption will be effective on the date your application is filed with the Department.

Gross receipts received prior to the effective date of the GET exemption will not be covered under the exemption and may be subject to the GET. Retroactive approval may be granted in certain cases. See the discussion on page 3 regarding "Retroactive Affidavit" for more information.

**IS YOUR APPLICATION
COMPLETE?**

Use the "Is Your Application Complete?" checklist on page 4 to ensure you are filing a complete application with the required attachments.

WHERE TO FILE

An application for exemption from the GET **MUST** be filed electronically at hitax.hawaii.gov.

SPECIFIC INSTRUCTIONS

APPLICATION TYPE

Enter your FEIN — Enter your nine-digit federal employer identification number (FEIN).

Business

Business Name — Enter your full name exactly as it appears in your articles of incorporation or other organizing document, including amendments.

Mailing Address

Street, ZIP, City, County — Enter your mailing address where all correspondence will be sent.

Contact Information

Contact Name, Email — Enter the name, title, daytime telephone number (including the area code), and e-mail address of your primary contact person. Your primary contact must be an officer, director, trustee, or other person authorized to discuss your application including any attachments with the Department. All correspondence regarding your application will be addressed to the contact person. If your primary contact is an authorized representative, complete and upload Form N-848 as Other Documents.

Contact Phone

Area Code, Phone Number — Enter the daytime telephone number (including the area code) of your primary contact person.

Business Organization

Date activity began in Hawaii — Enter the date (month, day, year) you began your activities in Hawaii. Subordinate organizations are to enter the date their Hawaii activity began, whether or not that date is the same as the date of inception.

Date of organization — Enter the date (month, day, year) the organization was legally created. This date should be consistent with your organizing document.

State of organization — Enter the state where the organization was legally created.

If State of organization is a Foreign Country — Enter the foreign country where the organization was legally created.

Location

Is your location address the same as your mailing address? — Enter your business address where your records are kept.

APPLICATION DETAILS

Organization's Website — Enter your website address if you have one. If you do not have an existing website, please enter none.

Applying for a GET exemption as an organization described under Hawaii Revised Statutes — Indicate the appropriate HRS section under

which the organization is applying for a GET exemption. Only the following organizations may apply for a GET exemption.

Section 237-23(a)(3), HRS: "Fraternal benefit societies, orders, or associations, operating under the lodge system, or for the exclusive benefit of the members of the fraternity itself, operating under the lodge system, and providing for the payment of death, sick, accident, a prepaid legal service plan, or other benefits to the members of such societies, orders or associations, and to their dependents." IRC section 501(c)(8), 501(c)(9), and 501(c)(10) organizations fall under section 237-23(a)(3), HRS.

Section 237-23(a)(4), HRS: "Corporations, associations, trusts, or societies organized and operated exclusively for religious, charitable, scientific, or educational purposes, as well as that of operating senior citizens housing facilities qualifying for a loan under the laws of the United States as authorized by section 202 of the Housing Act of 1959, as amended, as well as that of operating a legal service plan, as well as that of operating or managing a homeless facility, or any other program for the homeless authorized under part XVIII of chapter 346." IRC section 501(c)(3) and 501(c)(10) organizations fall under section 237-23(a)(4), HRS.

Section 237-23(a)(5), HRS: "Business leagues, chambers of commerce, boards of trade, civic leagues, agricultural and horticultural organizations, and organizations operated exclusively for the benefit of the community and for the promotion of social welfare that shall include the operation of a legal service plan, and from which no profit inures to the benefit of any private stockholder or individual." IRC section 501(c)(4), 501(c)(5) (except labor unions), and 501(c)(19) organizations fall under section 237-23(a)(5), HRS.

Section 237-23(a)(6), HRS: "Hospitals, infirmaries, and sanitarium."

Section 237-23(a)(7), HRS: "Companies that provide potable water to residential communities that lack any access to public utility water services and are tax exempt under section 501(c)(12) of the Internal Revenue Code of 1986, as amended."

Organization has received/applied for a federal income tax exemption as an organization described under Internal Revenue Code — Indicate the IRC section under which the organization has received or has applied for a federal income tax exemption.

STATEMENT OF ORGANIZATION

Date of Inception — Enter the date (month, day, year) the organization was legally created. This date should be consistent with your organizing document.

Under the Laws Of — Enter the state or foreign country where the organization was legally created.

If Part of a Central (National) Organization — If part of a central (national) organization, indicate the name of the central organization. Upload the Group Exemption Letter as Other Documents (if applicable).

Organization's Accounting Year End — Select the month of the organization's annual accounting period ends.

Purpose for Which Organized — Fully describe the purpose for which the organization was formed. When describing the organization's purpose and actual activities in Hawaii, do not merely repeat the purpose clause from the articles of organization.

Actual Activities in Hawaii — Fully describe the organization's activities, including fundraising activities, who conducts the activities, when and where they take place, how it relates to its purpose, and how it is funded.

Types of Income in Hawaii — Fully describe the types of income (e.g., donations, grants, program fees) that the organization receives and the Hawaii activity (e.g., donation solicitation, educational activities, charitable programs) that generates each type of income.

Disposition of Income in Hawaii — Fully describe how the organization uses its income.

Date of Last Amendment to Bylaws — Enter the date of the last amendment to the bylaws (if any).

List of Officers, Directors, or Trustees

List the full name, address, daytime telephone number (including the area code), office held, salary, and time (approximate hours per week) devoted to

duties for each officer, director, or trustee, as applicable.

BALANCE SHEET

The comparative balance sheet must show your Hawaii assets, liabilities, and net worth for your last two completed tax years. If your organization was recently formed and has not completed a full tax year, enter the most current information available in the "Last Year" column. Be sure to enter the dates for the information provided. If the organization was recently formed and has not acquired any assets or incurred any liabilities, please state that as an attachment under "Other Assets." If the item(s) on your balance sheet involves an itemized list, please upload the attachment(s) as an Itemized List for each item selected.

If you are engaging in activities both within and without of Hawaii, including a central (national) organization that is opening or establishing a Hawaii chapter, the organization must provide a comparative balance sheet from Hawaii activities only. If no assets or liabilities are from Hawaii activities, you should state that as an attachment under "Other Assets."

If you are a church that operates a preschool or day-care center, a comparative balance sheet for the preschool or day-care center must be provided in addition to and separate from the comparative balance sheet for the church.

COMPARATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR HAWAII ACTIVITY

The comparative statement of receipts and disbursements must show an itemized statement of receipts and disbursements for your Hawaii activities for the last two completed tax years. If you recently started your activity in Hawaii or were recently formed (less than two complete years of activity in Hawaii), prepare a **projected budget** of anticipated income and related expenses for your **Hawaii activities for 2 years**. The statement should be a compilation of receipts and expenses for the year, not a listing of checks and deposits. Do not enter zeros for the "Year Before" and "Last Year" amounts. If the item(s) for receipts and disbursements involves an itemized list, please upload the

attachment(s) as an Itemized List for each item selected.

If you are engaging in business both within and without Hawaii, including a central (national) organization that is opening or establishing a Hawaii chapter, you must provide a comparative statement of receipts and disbursements from Hawaii activities only. If no receipts and disbursements are from Hawaii activities, you should state that as an attachment under "Other Revenue."

If you are a church that operates a preschool or day-care center, a comparative statement of receipts and disbursements for the preschool or day-care center must be provided in addition to and separate from the comparative statement of receipts and disbursements for the church.

REQUIRED ATTACHMENTS

Articles of Incorporation — Upload a signed copy of your articles of incorporation, articles of association, constitution, trust instrument, or any other written instrument including any amendments by which the organization is created and sets forth the purposes of the organization. A subordinate organization may or may not be incorporated, but it must have an organizing document.

By-Laws — Upload a signed copy of your by-laws and any amendments to the by-laws. If you do not have any by-laws, provide a written statement to this effect.

IRS Determination Letter — If you have received your IRS determination letter granting you a federal income tax exemption, upload a copy of the letter. If you have applied for, but have not received your IRS determination letter, enter the date you filed your federal Form 1023, 1023-EZ, 1024, or 1024-A application with the IRS. If you have not submitted an application with the IRS, enclose a statement explaining why. (*Note: Churches, their integrated auxiliaries, and conventions or associations of churches, or any organization (other than a private foundation) normally having annual gross receipts of not more than \$5,000 are not required to apply for recognition of exempt status with the IRS, therefore, they are not required to submit the IRS determination letter.*)

The Department may approve your application on a conditional basis, but

you must submit a copy of your IRS determination letter to the Department to receive permanent approval. If you do not submit your IRS determination letter or you receive an unfavorable determination, the Department will rescind its approval.

If the organization is covered under a group exemption granted by the IRS to a central organization, upload (1) a copy of the IRS letter granting the central organization a group exemption from the federal income tax, and (2) a letter from the central organization stating that the subordinate organization is included in the IRS group exemption letter.

If the organization is a subordinate controlled by a central organization (e.g., a church or the Boy Scouts), check with the central organization to see if it has been issued a group exemption letter that covers the subordinate organization. If the group exemption letter does not cover the subordinate organization, ask the central organization to include it in the next annual group ruling update that it submits to the IRS. A conditional approval of this application for exemption from GET may be granted until the subordinate organization can show that it is included in the central organization's group exemption letter.

Retroactive Affidavit (required if applying for retroactive approval) — The Department may grant retroactive approval if the organization can show that it acted reasonably and in good faith and that granting retroactive approval will not prejudice the interests of the Department. If you would like to request retroactive approval, provide an affidavit stating

- (1) The requested effective date;
- (2) whether or not your application was filed before the Department discovered that you did not file an application;
- (3) whether or not you are under examination or audit for the periods within the retroactive request; and
- (4) the reasons your application was not timely filed including a description of the events that led to your failure to file an application and to the discovery of the failure to file. For example:

- (a) You inadvertently failed to file the application because of certain

intervening events beyond your control;

(b) You, after exercising reasonable diligence (taking into account your experience), were unaware of the necessity for filing the application;

(c) You reasonably relied on the written advice of the Department; or

(d) You reasonably relied on a qualified tax professional, including a tax professional employed by the organization, and the tax pro-

fessional failed to file or advise you to file the application. If you relied on a qualified tax professional for advice, your affidavit must describe the engagement and responsibilities of the professional as well as the extent to which the organization relied on the professional.

The affidavit must be accompanied by a dated declaration, signed by an authorized representative of the organization, which states "Under penalties provided by section 231-36, HRS, I declare that I have examined this

request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete." The individual who signs for the organization must have personal knowledge of the facts and circumstances at issue.

Optional Attachments

Other Documents — Upload other necessary attachments (e.g., Form N-848, other statements) regarding your application.

Is Your Application Complete?

Your application must be filed with the required attachments and **individually uploaded**, as noted below. If your application is missing any of the required attachments, the processing of your application will be delayed and/or your exemption request may be denied.

All applicants must submit the following:

- Executed Copy of Organizing document (e.g., Articles of Incorporation) including amendments.
 - Executed Copy of Current By-Laws and any amendments.
 - A copy of your IRS determination letter, or the date it was requested if you have not received it, or a statement explaining why it was not requested.
 - Statement to request retroactive approval (if requesting).
 - Form N-848, Power of Attorney (if needed).
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