

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

INTRODUCTION

The transient accommodations tax (TAT) is levied on the gross rental or gross rental proceeds derived from furnishing transient accommodations. For taxable years beginning after December 31, 2018, the TAT is also levied on the share of gross rental proceeds received by transient accommodations brokers, travel agents, and tour packagers who enter into arrangements to furnish transient accommodations at non-commissioned negotiated contract rates. The rate is 10.25%.

A “transient accommodation” is a room, apartment, house, condominium, beach house, hotel room or suite, or similar living accommodation furnished to a transient person for less than 180 consecutive days.

“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. Gross rental or gross rental proceeds also includes amounts received for entering into arrangements to furnish transient accommodation and amounts received for mandatory resort fees. The gross rental or gross proceeds do not include the items shown at the top of the “SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS AND DEDUCTIONS” (under Section 237D-1) on page 6 of these instructions.

The transient accommodations tax on time share occupancy (TSO tax) is levied on the occupant of a time share vacation unit at the rate of 10.25% on the unit’s fair market rental value. The time share plan manager shall be liable for, and pay to the State, the TSO tax.

“Fair market rental value” is defined as an amount equal to one-half of the gross daily maintenance fees that are paid by the owner and that are attributable to the time share unit located in Hawaii. Gross daily maintenance fees include maintenance costs, operational costs, insurance, repair costs, administrative costs, taxes, other than transient ac-

commodations taxes, resort fees, and other costs including payments required for reserves or sinking funds. Amounts paid for optional goods and services such as food and beverage services or beach chair or umbrella rentals shall be excluded from fair market rental value.

The TAT returns (Form TA-1) must be filed on a periodic basis depending on the amount of TAT or TSO tax you have to pay during the year. You must file **monthly** if you will pay more than \$4,000 in TAT or TSO tax per year. You may file **quarterly** if you will pay \$4,000 or less in TAT or TSO tax per year. You may file **semiannually** if you will pay \$2,000 or less in TAT or TSO tax per year. When changing your filing period, please complete Form BB-1.

Taxpayers filing more frequently than is required are filing returns that cannot be properly tracked. To address this the Department of Taxation will change the required filing frequency of taxpayers who file more frequently than is required.

Form TA-1 is due with payment on or before the 20th day of the calendar month following the close of the filing period.

The Department requires taxpayers whose TAT liability exceeds \$4,000 for the taxable year, to file returns electronically.

Taxpayers whose liability for the TAT exceeds \$100,000 per year are required to pay the tax by Electronic Funds Transfer (EFT).

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, your Hawaii Tax I.D. No., and your daytime phone number on the check. Attach your check or money order where indicated on the front of Form TA-1.

Protective Claim — A protective refund claim is a claim filed to protect a taxpayer’s right to a potential refund based on a contingent event for a taxable period for which the statute of limitations is about to expire. A protective claim is usually based on contingencies such as pending litigation or an ongoing federal income tax audit or an audit in another state. For more information see Tax Facts 2021-2.

IMPORTANT!!!

Write “TA,” the filing period, your Hawaii Tax I.D. No. and your daytime phone number 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 do not have any fair market rental value and the result is no TAT and TSO tax liability, enter “0.00” on line 11. Please note that this periodic return must be filed.**

To correct a previously filed Form TA-1, file an amended return on Form TA-1.

Forms, instructions, and publications are available on the Department’s website at tax.hawaii.gov or you may contact a customer service representative 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

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

FILLING IN YOUR FORM TA-1 (PERIODIC RETURN)

NOTE: The bold circled numbers on the sample form correspond to the steps in the instructions.

ABOUT THIS FORM

Form TA-1 is designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

1. Print amounts only on those lines that are applicable.
2. Use only a black or dark blue ink pen. Do not use red ink, pencils, felt tip pens, or erasable pens.
3. Because this form is read by a machine, please print your numbers inside the boxes like this:

1 2 3 4 5 6 7 8 9 0 X

4. Do NOT print outside the boxes.
5. Do NOT use dollar signs, slashes, dashes or parentheses in the boxes.
6. We recommend that you print a new form from our website (tax.hawaii.gov) each time you need it. The form's QR code is necessary to process the return. Excessive photocopying of a photocopy will degrade the QR code, and the QR code will become unreadable.
7. Please use a color printer and print in color.

THE TOP OF THE TAX RETURN (fig. 2.0) (fig. 2.1)

REV. 2022

TRANSIENT ACCOMMODATIONS
TAX RETURN

ID NO 01 For periods beginning AFTER December 31, 2017

TA1_C 2022A 01 VID01

Place an "X" in this box ONLY if this is an AMENDED return

PERIOD ENDING [] [] (4) HAWAII TAX I.D. NO. TA [] [] (2) [] [] [] []

NAME: (1) _____ Last 4 digits of your FEIN or SSN [] [] [] [] (3)

fig. 2.0

FORM TA-1
(Rev. 2022)

Name: (1) _____

Hawaii Tax I.D. No. TA [] [] (2) [] [] [] []

Last 4 digits of your FEIN or SSN [] [] (3) [] [] [] [] PERIOD ENDING (M (4) / Y) [] [] [] []

fig. 2.1

STEP 1 — Write your name (taxpayer's name) in the area provided on the top of page 1 and of page 2.

STEP 2 — Enter your Hawaii Tax I.D. No. in the area provided on the top of page 1 and of page 2.

STEP 3 — Enter the last 4 digits of your FEIN or SSN in the area provided on the top of page 1 and of page 2.

STEP 4 — For "PERIOD ENDING" at the top of page 1 and of page 2, enter the filing period information with the appropriate numeric (two digit) month and year for the last month of the filing period (e.g., Month of January 2023 = 01/23; Quarterly

Period of January through March 2023 = 03/23; Semiannual Period of January through June 2023 = 06/23).

AMENDED RETURNS — If you are filing an amended return, put an "X" in the box at the top of the return on page 1 indicating that the return is an amended return.

COMPUTING THE TAXES (fig. 2.2) (fig. 2.3) (fig. 2.4)

PART I — TRANSIENT ACCOMMODATIONS TAX	DISTRICT	Column a GROSS RENTAL OR GROSS RENTAL PROCEEDS	Column b EXEMPTIONS/DEDUCTIONS (Explain on Reverse Side)	Column c TAXABLE PROCEEDS (Column a minus Column b)
	1. OAHU			
2. MAUI, MOLOKAI, LANAI		5	8	9

fig. 2.2

STEP 5 — Column a, lines 1 through 4 of Part I. Enter the total gross rental or gross rental proceeds during the period covered by the return.

Please note that if you have gross rental or gross rental proceeds attributable to transient accommodations in more than one taxation district, you must report them separately according to the taxation district in which the transient ac-

commodations are located. For example, if you have gross rental proceeds attributable to transient accommodations on the island of Oahu and on the island of Maui, the total gross rental proceeds attributable to Oahu must be reported on line 1 and the total gross rental proceeds attributable to the transient accommodations on Maui must be separately reported on line 2.

PART VI — SCHEDULE OF EXEMPTIONS/DEDUCTIONS					
<p>Note: Most ordinary business expenses are NOT DEDUCTIBLE (e.g., materials, supplies, etc.) on your transient accommodations tax return. For more information, see the Form TA-1 Instructions.</p> <p>You must explain your exemptions and deductions, otherwise they will be disallowed and you will owe more taxes.</p>					
DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT	DISTRICT / ED CODE	AMOUNT
6					
Grand Total of Exemptions and Deductions — Add the amounts above in Part VI and enter here. If more space is needed, attach a schedule. Include the total deductions claimed from any attachments in this total. (See Instructions)					7

fig. 2.3

STEP 6 — Turn to Part VI on the reverse side of Form TA-1, “SCHEDULE OF EXEMPTIONS/DEDUCTIONS.” 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. For each exemption or deduction you claim: (i) In the “DISTRICT” column, enter the number that represents the Tax District where the income was earned (1 for Oahu, 2 for Maui, 3 for Hawaii and 4 for Kauai); (ii) in the “ED CODE” column enter the code for the type of exemption or deduction being claimed. The allowable exemptions and deductions, along with the code number for each, are listed in the “SCHEDULE OF TRANSIENT ACCOMMODATIONS TAX EXCLUSIONS, EXEMPTIONS, AND DEDUCTIONS” (under Section 237D-3) on page 6 of these instructions.

NOTE: Deductions allowed on your net income tax returns, such as operating expenses and management fees, are **not** deductible on the transient accommodations tax return.

STEP 7 — Add the amounts of exemptions/deductions that are separately listed and enter the result on the “**Grand Total of Exemptions and Deductions**” line in Part VI. If you do not have any exemptions or deductions, enter “0.00.”

STEP 8 — Enter the total amount of exemptions and deductions in each district in Column b of Part I.

STEP 9 — Subtract the amounts in Column b, if any, from the amounts in Column a and enter the results in Column c. Column c is your “TAXABLE PROCEEDS.”

		TOTAL FAIR MARKET RENTAL VALUE	
PART II — TIME SHARE OCCUPANCY TAX	5. OAHU DISTRICT	5.	10
	6. MAUI, MOLOKAI, LANAI DISTRICT	6.	
	7. HAWAII DISTRICT	7.	
	8. KAUAI DISTRICT	8.	
PART III — TAX COMPUTATION	9. TOTAL AMOUNT TAXABLE. Add Column c of lines 1 through 4 and lines 5 through 8. Enter result here (but not less than zero).	9.	11
	10. Tax Rate	10.	x0.1025
	11. TOTAL TAXES DUE. Multiply line 9 by line 10 and enter the result here. If you did not have any activity for the period, enter "0.00" here	11.	12

fig. 2.4

STEP 10 — Part II is to be completed **only** by time share plan managers to report total fair market rental values and TSO tax due for the periodic filing period.

Report the total fair market rental value during the period for all resort time share vacation plans represented by you on lines 5 through 8. To obtain the total fair market rental value, add the amounts from line 31 on each of the Forms TA-42, "Time Share Occupancy Worksheet — Calculation of Total Fair Market Rental Value." Please note that if you have time share vacation plans in more than one taxation district, you must report the total fair market rental value separately

according to the taxation district in which the time share properties are located.

STEP 11 — Add lines 1 through 4 of Column c and lines 5 through 8. Enter the total on line 9, the "TOTAL AMOUNT TAXABLE."

STEP 12 — Multiply the amount on line 9 by the amount on line 10 (0.1025) and enter the result on line 11. This is the "TOTAL TAXES DUE." (**NOTE: Line 11 must be filled in.** If you have no taxes due, enter "0.00" on line 11.)

AMENDING THE RETURN (fig. 2.5)

PART IV — ADJUSTMENTS	12. Amounts Assessed During the Period... (For Amended Return ONLY)	PENALTY		INTEREST		12.	13
	13. TOTAL AMOUNT. Add lines 11 and 12. (For Amended Return ONLY)					13.	14
	14. TOTAL PAYMENTS MADE FOR THE PERIOD (For Amended Return ONLY)					14.	15
	15. CREDIT TO BE REFUNDED. Line 14 minus line 13 (For Amended Return ONLY)					15.	16
	16. ADDITIONAL TAXES DUE. Line 13 minus line 14 (For Amended Return ONLY)					16.	17

fig. 2.5

If you file your Form TA-1 and later become aware of any changes you must make to reported gross rental or gross rental proceeds or exemptions/deductions, you may file an amended return on Form TA-1 to change the Form TA-1 you already filed. Do **NOT** file an amended Form TA-1 if the Transient Accommodations Tax Annual Return & Reconciliation, Form TA-2, has already been filed for the tax year. **When filing an amended return, each entry that was correctly reported on the original Form TA-1 also must be entered on the appropriate line. Otherwise, a figure of -0- will be used in place of each unreported number.** For amended returns, complete steps 13 through 18 below. (**NOTE: If you are not filing an amended return, skip steps 13 through 18 and go to step 19.**)

STEP 13 — As of the date the amended return is filed, enter on line 12 the amounts of penalty and/or interest assessed for the period. Penalty and interest are generally assessed because the original return was filed after the filing deadline, or because the taxes due were not paid in full by the filing deadline.

STEP 14 — Add the amounts on lines 11 and 12 and enter the result on line 13 "TOTAL AMOUNT."

STEP 15 — Enter on line 14 the total amount of taxes, additional assessments, and penalty and/or interest paid, less any refunds received for the period. Include payments made with the original periodic return, as well as any supplemental payments made after the original periodic return was filed. (**REMINDER:** Payments are applied first to recover costs in-

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. (Section 18-237D-1-03(c), Hawaii Administrative Rules)
- (4) Accounts charged off as worthless for income tax purposes by an accrual basis taxpayer. (Section 18-237D-1-03(e), Hawaii Administrative Rules)

Division of gross rental or gross rental proceeds:

Where transient accommodations are furnished by an operator through an arrangement with a transient accommodations broker, 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 transient accommodations broker, travel agency, or tour packager, the TAT shall apply to each operator and transient accommodations broker, travel agency, or tour packager with respect to that person's respective portion of the proceeds.

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

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|---|------------|
| (1) Health care facilities including all such facilities enumerated in Section 321-11(10)..... | 130 |
| (2) School dormitories of a public or private educational institution providing education in grades kindergarten through twelve, or of any institution of higher education. | 150 |
| (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. | 140 |
| (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. | 180 |
| (5) Low-income renters receiving rental subsistence from the state or federal governments and whose rental periods are for durations shorter than sixty days. | 120 |
| (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. | 160 |
| This exemption shall also apply to operators who furnish transient accommodations to students during summer employment. | 170 |
| (7) Accommodations furnished without charge such as, but not limited to, complimentary accommodations | 100 |
| 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. | 190 |
| (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. | 110 |