

STATE OF HAWAII — DEPARTMENT OF TAXATION
**PASS-THROUGH ENTITY
TAX CREDIT**



➤ See Instructions on back
➤ Attach to Schedule CR

N362_I 2023A 01 VID01

Additional Form(s) N-362 attached

Name(s) as shown on tax return	SSN(s) or FEIN
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Part I PTE TAX CREDIT AMOUNT

1.		Column (a) Electing qualified pass-through entity (PTE) name	Column (b) Entity identification number (FEIN)	Column (c) PTE elective tax credit(s)
a.	<input type="checkbox"/> T <input type="checkbox"/> S			
b.	<input type="checkbox"/> T <input type="checkbox"/> S			
c.	<input type="checkbox"/> T <input type="checkbox"/> S			
d.	<input type="checkbox"/> T <input type="checkbox"/> S			
e.	<input type="checkbox"/> T <input type="checkbox"/> S			
f.	<input type="checkbox"/> T <input type="checkbox"/> S			
g.	<input type="checkbox"/> T <input type="checkbox"/> S			
h.	<input type="checkbox"/> T <input type="checkbox"/> S			
i.	<input type="checkbox"/> T <input type="checkbox"/> S			
j.	<input type="checkbox"/> T <input type="checkbox"/> S			

2. Total PTE Tax Credit Amount. Add all amounts in column (c) and enter total here	2
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Part II COMPUTATION OF TAX CREDIT

3 Adjusted Tax Liability (Not to be completed by Form N-20 and Form N-35 filers) Enter your adjusted tax liability from the applicable Form N-11, N-15, or N-40	3
4 If you are claiming other nonrefundable credits, complete the credit worksheet in the instructions and enter the total here. If you are not claiming other nonrefundable credits, enter zero	4
5 Line 3 minus line 4. This represents your remaining tax liability. If the result is zero or less than zero, enter zero	5
6 Total Credit Applied — Enter the smaller of line 2 or line 5. This is your PTE tax credit applied for the year. Also, enter this amount on Schedule CR, line 13.	6

Note: Form N-20 and N-35 filers, enter the amount on line 6 on the appropriate lines of Form N-20, Schedule K or Form N-35, Schedule K. Form N-40 filers, see the instructions.

CHANGES YOU SHOULD NOTE

Act 50, Session Laws of Hawaii 2023 - The Pass-Through Entity (PTE) Tax Credit allows partnerships and S corporations to annually elect to pay Hawaii income taxes at the entity level. Eligible members of an electing PTE may claim a nonrefundable income tax credit for their pro rata share of PTE taxes paid by the entity. Effective for taxable years beginning after December 31, 2022.

GENERAL INSTRUCTIONS

The PTE tax credit is a nonrefundable income tax credit claimed on the taxpayer's income tax return against the net tax liability for the taxable year.

Any unused portion of the tax credit claimed against the taxpayer's net income tax liability for the taxable year cannot be carried forward or refunded to the taxpayer.

Purpose of Form

Use Form N-362 to figure and claim the PTE tax credit under section 235-____, Hawaii Revised Statutes.

Who May Claim This Credit

For taxable years beginning after December 31, 2022, each qualified member of an electing PTE who elected to pay Hawaii income taxes at the entity level may claim a nonrefundable PTE tax credit.

Credit Requirements

To claim this credit, you must complete and attach to your Hawaii income tax return:

- (1) Form N-362
- (2) A completed Schedule CR (For tax returns for which Schedule CR is required.)
- (3) A completed Schedule K-1

DEFINITIONS FOR PURPOSES OF THE CREDIT

"Electing pass-through entity" means any eligible partnership or S corporation that elects to be subject to tax.

"Member" means:

- (1) A shareholder of an S corporation;
- (2) A partner in a general partnership, a limited partnership, or a limited liability partnership; or
- (3) A member of a limited liability company that is treated as a partnership or S corporation for federal income tax purposes.

"Partnership" means the same as in the Internal Revenue Code. "Partnership" includes a limited liability company that is treated as a partnership for federal income tax purposes but does not include any publicly traded partnership within the meaning of section 7704 of the Internal Revenue Code.

"S corporation" means a corporation for which a valid election under section 1362(a) of the Internal Revenue Code is in effect.

SPECIFIC INSTRUCTIONS

Part I, Elective Tax Credit Amount

Line 1 — Enter the PTE's name, federal employer identification number (FEIN), and amount of PTE tax credit for the taxable year in the designated spaces on the form.

If you are married filing jointly, you **MUST** check the appropriate checkbox "T" (Taxpayer) or "S" (Spouse) for whom the tax credit is attributed to.

If additional space is needed, use additional Form(s) N-362 to provide the required information and check the box at the top of the form.

Line 2 — Total PTE Tax Credit Amount. Add the amounts in Part I, column (c).

Part II, Computation of Tax Credit

Line 3 — Adjusted Tax Liability. Enter your adjusted tax liability.

- Form N-11 filers, enter the amount from Form N-11, line 34.
- Form N-15 filers, enter the amount from Form N-15, line 51.
- Form N-40 filers, enter the amount from Form N-40, Schedule G, line 3.

Line 4 — Certain other tax credits must be used to offset a taxpayer's tax liability before the PTE tax credit may be used. If you are claiming other nonrefundable tax credits, complete the **Credit Worksheet** below and enter the result on line 4. If you are not claiming any of the nonrefundable tax credits listed on the worksheet, enter zero on line 4.

Line 6 — Total Credit Applied. Compare the amounts on lines 2 and 5. Enter the smaller of line 2 or 5 here, rounded to the nearest dollar. This is your credit applied for this taxable year. Enter this amount on Schedule CR, line 13.

- Form N-20 filers, enter the amount on Schedule K, line 28.
- Form N-35 filers, enter the amount on Schedule K, line 16m.
- Form N-40 filers, enter the distributive share amount on Form N-40, Schedule K-1, line 9c for each beneficiary.

PASS-THROUGH ENTITY TAX CREDIT WORKSHEET	
Tax Credit	Amount
a. Income Taxes Paid to Another State or Foreign Country .	_____
b. Enterprise Zone Tax Credit.	_____
c. Add lines a and b. Enter the amount here and on Part II, line 4.....	_____