

# HOW TO COMPLETE YOUR TRANSIENT ACCOMMODATIONS TAX ANNUAL RETURN AND RECONCILIATION (FORM TA-2)

## INTRODUCTION

The Form TA-2 is used to summarize your TAT and TSO tax activities for the taxable year. It may also be used to correct errors on the periodic tax returns (Form TA-1). As long as your total gross rental or gross rental proceeds, fair market rental values, taxes due, penalty and interest are accurately reported and paid in full on your periodic returns, no additional tax will be due when filing the annual return. Form TA-2 must be filed in addition to (not in lieu of) the periodic transient accommodations tax returns. To correct a previously filed Form TA-2, file an amended return on Form TA-2.

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 noncommissioned negotiated contract rates. The rate is 10.25%.

**Act 20, Session Laws of Hawaii (SLH) 2019** – This act adds a new definition to section 237D-1. “Resort fee” means any mandatory charge or surcharge imposed by an operator, owner, or representative thereof to a transient for the use of the transient accommodation’s property, services, or amenities. This act clarifies that mandatory resort fees are included in gross rental proceeds and are subject to the TAT.

**Act 66, SLH 2018** – This act amends section 231-8.5, HRS, to enable the Department of Taxation (Department) to require certain taxpayers, to file tax returns electronically. Annual returns for taxable years beginning on or after January 1, 2020 will be required to be filed electronically. If you qualify, a waiver may be obtained by filing Form L-110. The penalty for failure to file electronically is 2% of the tax due. For more information, see Department of Taxation Announcement No. 2019-17.

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 accommodations and amounts received for mandatory resort fees. The gross rental or gross rental 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 accommodations 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.

**If you do not have any gross rental or gross rental proceeds and do not have any fair market rental values for the entire year, enter “0.00” on line 11. Please note that this annual return must be filed.**

The annual tax return must be filed on or before the 20th day of the 4th month following the close of your taxable year. For example, if you are a calendar-year taxpayer (i.e., your tax year ends on December 31), then your annual tax return must be filed on or before April 20 of the following year.

If you are unable to file the annual return by the due date, you may request an extension to file Form TA-2 by filing Form GEW-TA-RV-6.

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-2, 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-2.

Forms, instructions and publications are available on the Department’s website at [tax.hawaii.gov](http://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-2 (ANNUAL RETURN AND RECONCILIATION)

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

## ABOUT THIS FORM


Form TA-2 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:



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](http://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)



**TRANSIENT ACCOMMODATIONS TAX  
ANNUAL RETURN & RECONCILIATION**  
For Tax Years Ending After December 31, 2017

ID NO 01


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

TAX YEAR ENDING **1** / /  HAWAII TAX I.D. NO. TA **3** ---

NAME: **2** \_\_\_\_\_ Last 4 digits of your FEIN or SSN **4**

fig. 2.0

**FORM TA-2**  
(Rev. 2018)



Name: **2** \_\_\_\_\_

Hawaii Tax I.D. No. **3** ---

Last 4 digits of your FEIN or SSN **4**  TAX YEAR ENDING / **1**

fig. 2.1

**STEP 1** — Enter the numeric (two digit) month, day, and year that your tax year ends in the area provided on the top of page 1 and of page 2. For example, if your tax year ends December 31, 2020, you would enter 12/31/20.

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

**STEP 3** — Enter your Hawaii Tax I.D. No. in the area provided on the top of page 1 and of page 2.

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

**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)

	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)
PART I — TRANSIENT ACCOMMODATIONS TAX	1. OAHU	<input type="text"/>	<input type="text"/>	<input type="text"/>
	2. MAUI, MOLOKAI, LANAI	<b>5</b> <input type="text"/>	<b>8</b> <input type="text"/>	<b>9</b> <input type="text"/>
	3. HAWAII	<input type="text"/>	<input type="text"/>	<input type="text"/>

fig. 2.2





**STEP 18** — Compare the amounts on lines 13 and 16. If they are the same, go to step 23. If the amount on line 13 is **less than** the amount on line 16, subtract line 13 from line 16 and enter the result on line 17 “CREDIT TO BE REFUNDED” and go to step 23.

**STEP 19** — If the amount on line 13 is **more than** the amount on line 16, subtract line 16 from line 13 and enter the result on line 18 “ADDITIONAL TAXES DUE.”

**STEP 20** — Late Filing of Return. The penalty for failure to file a return on time is assessed on the tax due at a rate of 5% a month, or part of a month, from the due date to the filing date, up to a maximum of 25%.

Interest — Interest at the rate of 2/3 of 1% a month, or part of a month, shall be assessed on the unpaid taxes and penalties beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on a Saturday, Sunday, or legal holiday.

After computing the penalty and interest amounts, enter the results in the “PENALTY” and “INTEREST” parts of line 19. If you are unable to compute the penalty and interest, leave the parts of line 19 blank. The Department will compute them for you and send you a bill.

**STEP 21** — Add the amounts on lines 18 and 19 and enter the result on line 20, “TOTAL AMOUNT DUE AND PAYABLE.”

**STEP 22** — (NOTE: If you are **not** submitting a check with your return, enter “0.00” on line 21.)

Write the “AMOUNT OF YOUR PAYMENT,” including any penalty and interest, on line 21. Attach your check or money order for this amount payable to “Hawaii State Tax Collec-

tor” in U.S. dollars drawn on any U.S. bank where indicated on the front of the return. Write “TA,” the filing period, your Hawaii Tax I.D. No., and your daytime phone number on your check or money order. Send your check or money order and the return to:

Hawaii Department of Taxation  
P.O. Box 2430  
Honolulu, HI 96804-2430

**Do not send cash.** Form TA-1, including an amended return, can also be filed and payment made electronically at [tax.hawaii.gov/eservices/](http://tax.hawaii.gov/eservices/).

**STEP 23** — “PART VII — RECONCILIATION OF GROSS RENTAL OR GROSS RENTAL PROCEEDS.” Add lines 1 through 4 of Column a in Part I and enter the total on line 1 of Part VII. Exclude general excise taxes visibly passed on, transient accommodations taxes visibly passed on, and any proceeds attributable to transient accommodations furnished at no charge. On line 2 of Part VII, enter the total general excise taxes on transient accommodations that were visibly passed on for the year. Add the amounts on lines 2 and 3 of Part VII and report the result on line 3 of Part VII. This is your gross proceeds from furnishing transient accommodations that are reportable on line 13, Column c of your General Excise/Use Tax Annual Return and Reconciliation (Form G-49).

**STEP 24** — Sign your tax return. The sole proprietor, a partner or member, corporate officer, or an authorized agent must sign the tax return, state his/her title, write the date the return is signed, and write a daytime contact phone number.

## **FILING AN AMENDED RETURN**

If you file your Form TA-2 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-2 to change the Form TA-2 you already filed. Put an “X” in the box at the top of the return on page 1 to indicate that the return is an amended return.

**1.** Enter the correct amounts of gross rental or gross rental proceeds, exemptions/deductions, taxable proceeds, and taxes due that should have been reported on the original Form TA-2, following steps 1 through 12 above used to complete your original return. (NOTE: When filing an amended return, each entry that was correctly reported on the original Form TA-2 also must be entered on the appropriate line. Otherwise, a figure of -0- will be used in place of each unreported number.)

**2.** Enter on line 12 the amounts of penalty and/or interest assessed as of the date the amended return is filed.

**3.** Add the amounts on lines 11 and 12 and enter the result on line 13 “TOTAL AMOUNT.”

**4.** Enter on line 14 the total amount of taxes, additional assessments, and penalty and/or interest paid, less any refunds received for the year. Include payments made with the original periodic and annual returns, as well as any supplemental payments made after they were filed. (REMINDER: Payments are applied first to recover costs incurred by the Department, then to any interest due, then to penalties, and finally, to taxes.)

**5.** Enter on line 15 the amount of credit claimed on your original Form TA-2.

**6.** Subtract line 15 from line 14 and enter the result on line 16 “NET PAYMENTS MADE.”

**7.** If line 13 is **less than** line 16, subtract line 13 from line 16 and enter the result on line 17, “CREDIT TO BE REFUNDED.”

**8.** If line 13 is **more than** line 16, subtract line 16 from line 13, enter the result on line 18 “ADDITIONAL TAXES DUE.”

**9.** If the amended Form TA-2 is being filed after the due date of the original Form TA-2, and there is an amount entered on line 18, enter on line 19 the amount of any penalty and/or interest now due. On a timely filed original Form TA-2, a penalty of 20% of the tax due will be assessed if any tax remains unpaid after 60 days from the prescribed due date of the original Form TA-2. This penalty is applicable to amended Forms TA-2 for timely filed original Forms TA-2. Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on unpaid taxes and penalties assessed beginning with the first calendar day after the date prescribed for payment, whether or not that first calendar day falls on Saturday, Sunday, or legal holiday.

**10.** Add lines 18 and 19 and report the total on line 23 “TOTAL AMOUNT DUE AND PAYABLE.”

**11.** Follow the instructions in steps 22, 23 and 24 above to finish your return and submit it to the Department.



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