

STATE OF HAWAII – DEPARTMENT OF TAXATION  
**INSTRUCTIONS FOR FORM N-323**  
**CARRYOVER OF TAX CREDITS**

**GENERAL INSTRUCTIONS**

The energy conservation and residential construction and remodeling tax credits expired on June 30, 2003. You may claim the tax credit(s) only if you have a carryover of the tax credit(s) from a prior year and a proper claim of the credit(s) was made in the applicable prior year.

See Form N-342, Renewable Energy Technologies Income Tax Credit for Systems Placed in Service on or After July 1, 2009, for the credit available for current system installations. For systems installed and placed in service before July 1, 2009, you may claim the credit only if you have a carryover of the tax credit from a prior year.

The individual development account contribution tax credit expired on December 31, 2004. You may claim the credit only if you have a carryover of the credit from a prior year and a proper claim of the credit was made in the applicable prior year.

Each taxpayer subject to Hawaii's net income tax and transient accommodations tax was able to claim a hotel construction and remodeling tax credit for a qualified hotel facility located in Hawaii. A nonrefundable tax credit of 10 percent was available for qualified construction or renovation costs incurred after November 1, 2001, but before July 1, 2003. The credit changed to a refundable 4 percent credit for qualified construction or renovation costs incurred after June 30, 2003 through December 31, 2005. See Department of Taxation Announcement No. 2001-20.

The hotel construction and remodeling tax credit is not available for taxable years beginning after December 31, 2005. However, you may claim the credit only if you have a carryover of the credit for costs incurred after November 1 2001, but before July 1, 2003, and a proper claim of the credit was made in the applicable prior year.

The technology infrastructure renovation tax credit expired on December 31, 2010. You may claim the credit only if you have a carryover of the credit from a prior year and a proper claim of the credit was made in the applicable prior year.

The high technology business investment tax credit expired on December 31, 2010. You may claim the credit only if you have a carryover of the credit from a prior year and a proper claim of the credit was made in the applicable prior year.

**SPECIFIC INSTRUCTIONS**

**Note:** This form must be filed every year whether or not an amount of carryover credit is utilized.

**Part I: Adjusted Tax Liability**

**Line 1** — Enter your adjusted tax liability from the appropriate line of your tax return.

**Part II: Carryover of the Credit for Energy Conservation**

**Line 2** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a hotel construction and remodeling tax credit. **Complete the *Energy Conservation Tax Credit Worksheet*** on this page and enter the result on line 2.

**Line 4** — This line is for the carryover of any unused energy conservation tax credit.

**Line 5** — Compare the amounts on lines 3 and 4. Enter the smaller of line 3 or 4 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 6** — This represents your carryover of unused energy conservation tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| ENERGY CONSERVATION<br>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 through b. Enter the amount here and on line 2. | _____  |

**Part III: Carryover of the Hotel Construction and Remodeling Tax Credit**

**Line 7** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a hotel construction and remodeling tax credit. **Complete the *Hotel Construction and Remodeling Tax Credit Worksheet*** below and enter the result on line 7.

**Line 9** — This line is for the carryover of any unused hotel construction and remodeling tax credit.

**Line 10** — Compare the amounts on lines 8 and 9. Enter the smaller of line 8 or 9 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 11** — This represents your carryover of unused hotel construction and remodeling tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| HOTEL CONSTRUCTION AND REMODELING<br>TAX CREDIT WORKSHEET   |        |
|---|--------|
| Tax Credit  | Amount |
| a. Income Taxes Paid to Another State or Foreign Country .....  | _____  |
| b. Enterprise Zone Tax Credit ....  | _____  |
| c. Carryover of the Energy Conservation Tax Credit.....   | _____  |
| d. Credit for Employment of Vocational Rehabilitation Referrals .....   | _____  |
| e. Carryover of the Individual Development Account Contribution Tax Credit .....  | _____  |
| f. Credit for School Repair and Maintenance .....   | _____  |
| g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed in Service Before July 1, 2009) ..... | _____  |
| h. Renewable Energy Technologies Income Tax Credit (Nonrefundable) ..   | _____  |
| i. Cesspool Upgrade, Conversion, or Connection Income Tax Credit .....  | _____  |
| j. Earned Income Tax Credit.....  | _____  |
| k. Low-Income Housing Tax Credit .....  | _____  |
| l. Carryover of the High Technology Business Investment Tax Credit .....  | _____  |
| m. Carryover of the Technology Infrastructure Renovation Tax Credit..   | _____  |

| HOTEL CONSTRUCTION AND REMODELING<br>TAX CREDIT WORKSHEET (Continued) |  |
|---|--|
| n.  | Carryover of the Residential Construction and Remodeling Tax Credit..... _____ |
| o.  | Add lines a through n. Enter the amount here and on line 7. _____              |

| RESIDENTIAL CONSTRUCTION AND REMODELING<br>TAX CREDIT WORKSHEET |   |
|---|---|
| Tax Credit  | Amount  |
| a.  | Income Taxes Paid to Another State or Foreign Country ..... _____   |
| b.  | Enterprise Zone Tax Credit.... _____  |
| c.  | Carryover of the Energy Conservation Tax Credit..... _____  |
| d.  | Credit for Employment of Vocational Rehabilitation Referrals ..... _____  |
| e.  | Carryover of the Individual Development Account Contribution Tax Credit ..... _____   |
| f.  | Credit for School Repair and Maintenance ..... _____  |
| g.  | Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009)..... _____ |
| h.  | Renewable Energy Technologies Income Tax Credit (Nonrefundable) .. _____  |
| i.  | Cesspool Upgrade, Conversion, or Connection Income Tax Credit ..... _____   |
| j.  | Earned Income Tax Credit..... _____   |
| k.  | Low-Income Housing Tax Credit ..... _____   |
| l.  | Carryover of the High Technology Business Investment Tax Credit ..... _____   |
| m.  | Carryover of the Technology Infrastructure Renovation Tax Credit.. _____  |
| n.  | Add lines a through m. Enter the amount here and on line 17 ..... _____   |

**Part IV: Carryover of the Individual Development Account Contribution Tax Credit**

**Line 12** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a hotel construction and remodeling tax credit. **Complete the *Individual Development Account Contribution Tax Credit Worksheet*** below and enter the result on line 12.

**Line 14** — This line is for the carryover of any unused individual development account contribution tax credit.

**Line 15** — Compare the amounts on lines 13 and 14. Enter the smaller of line 13 or 14 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 16** — This represents your carryover of unused individual development account contribution tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| INDIVIDUAL DEVELOPMENT ACCOUNT CONTRIBUTION<br>TAX CREDIT WORKSHEET |  |
|---|--|
| Tax Credit  | Amount   |
| a.  | Income Taxes Paid to Another State or Foreign Country ..... _____        |
| b.  | Enterprise Zone Tax Credit.... _____                                     |
| c.  | Carryover of the Energy Conservation Tax Credit..... _____               |
| d.  | Credit for Employment of Vocational Rehabilitation Referrals ..... _____ |
| e.  | Add lines a through d. Enter the amount here and on line 12..... _____   |

**Part V: Carryover of the Residential Construction and Remodeling Tax Credit**

**Line 17** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a residential construction and remodeling tax credit. **Complete the *Residential Construction and Remodeling Tax Credit Worksheet*** on this page and enter the result on line 17.

**Line 19** — This line is for the carryover of any unused residential construction and remodeling tax credit.

**Line 20** — Compare the amounts on lines 18 and 19. Enter the smaller of line 18 or 19 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 21** — This represents your carryover of unused residential construction and remodeling tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

**Part VI: Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009)**

**Line 22** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a renewable energy technologies income tax credit (for systems installed and placed in service before July 1, 2009). **Complete the *Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009) Worksheet*** on next page and enter the result on line 22.

**Line 24** — This line is for the carryover of any unused renewable energy technologies income tax credit (for systems installed and placed in service before July 1, 2009).

**Line 25** — Compare the amounts on lines 23 and 24. Enter the smaller of line 23 or 24 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 26** — This represents your carryover of unused renewable energy technologies income tax credit (for systems installed and placed in service before July 1, 2009) which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| RENEWABLE ENERGY TECHNOLOGIES INCOME TAX CREDIT<br>(FOR SYSTEMS INSTALLED AND PLACED<br>IN SERVICE BEFORE JULY 1, 2009)<br>TAX CREDIT WORKSHEET |        |
|---|--------|
| Tax Credit  | Amount |
| a. Income Taxes Paid to Another State or Foreign Country .....  | _____  |
| b. Enterprise Zone Tax Credit .....   | _____  |
| c. Carryover of the Energy Conservation Tax Credit .....  | _____  |
| d. Credit for Employment of Vocational Rehabilitation Referrals .....   | _____  |
| e. Carryover of the Individual Development Account Contribution Tax Credit .....  | _____  |
| f. Credit for School Repair and Maintenance .....   | _____  |
| g. Add lines a through f. Enter the amount here and on line 22.....   | =====  |

| TECHNOLOGY INFRASTRUCTURE RENOVATION<br>TAX CREDIT WORKSHEET (Continued) |        |
|--|--------|
| Tax Credit   | Amount |
| i. Cesspool Upgrade, Conversion, or Connection Income Tax Credit .....   | _____  |
| j. Earned Income Tax Credit .....  | _____  |
| k. Low-Income Housing Tax Credit .....                                   | _____  |
| l. Carryover of the High Technology Business Investment Tax Credit ..... | _____  |
| m. Add lines a through l. Enter the amount here and on line 27.....      | =====  |

**Part VII: Carryover of the Technology Infrastructure Renovation Tax Credit**

**Line 27** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a technology infrastructure renovation tax credit. **Complete the *Technology Infrastructure Renovation Tax Credit Worksheet*** on this page and enter the result on line 27.

**Line 29** — This line is for the carryover of any unused technology infrastructure renovation tax credit.

**Line 30** — Compare the amounts on lines 28 and 29. Enter the smaller of line 28 or 29 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 31** — This represents your carryover of unused technology infrastructure renovation tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| TECHNOLOGY INFRASTRUCTURE RENOVATION<br>TAX CREDIT WORKSHEET  |        |
|---|--------|
| Tax Credit  | Amount |
| a. Income Taxes Paid to Another State or Foreign Country .....  | _____  |
| b. Enterprise Zone Tax Credit .....   | _____  |
| c. Carryover of the Energy Conservation Tax Credit .....  | _____  |
| d. Credit for Employment of Vocational Rehabilitation Referrals .....   | _____  |
| e. Carryover of the Individual Development Account Contribution Tax Credit .....  | _____  |
| f. Credit for School Repair and Maintenance .....   | _____  |
| g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed in Service Before July 1, 2009) ..... | _____  |
| h. Renewable Energy Technologies Income Tax Credit (Nonrefundable) ..   | _____  |

**Part VIII: Carryover of the High Technology Business Investment Tax Credit**

**Line 32** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a high technology business investment tax credit. **Complete the *High Technology Business Investment Tax Credit Worksheet*** on this page and enter the result on line 32.

**Line 34** — This line is for the carryover of any unused high technology business investment tax credit.

**Line 35** — Compare the amounts on lines 33 and 34. Enter the smaller of line 33 or 34 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 36** — This represents your carryover of unused high technology business investment tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

| HIGH TECHNOLOGY BUSINESS INVESTMENT<br>TAX CREDIT WORKSHEET   |        |
|---|--------|
| Tax Credit  | Amount |
| a. Income Taxes Paid to Another State or Foreign Country .....  | _____  |
| b. Enterprise Zone Tax Credit .....   | _____  |
| c. Carryover of the Energy Conservation Tax Credit .....  | _____  |
| d. Credit for Employment of Vocational Rehabilitation Referrals .....   | _____  |
| e. Carryover of the Individual Development Account Contribution Tax Credit .....  | _____  |
| f. Credit for School Repair and Maintenance .....   | _____  |
| g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed in Service Before July 1, 2009) ..... | _____  |
| h. Renewable Energy Technologies Income Tax Credit (Nonrefundable) ..   | _____  |
| i. Cesspool Upgrade, Conversion, or Connection Income Tax Credit .....  | _____  |
| j. Earned Income Tax Credit .....   | _____  |
| k. Low-Income Housing Tax Credit .....  | _____  |
| l. Add lines a through k. Enter the amount here and on line 32.....   | =====  |