

STATE OF HAWAII—DEPARTMENT OF TAXATION
INSTRUCTIONS FOR FORM M-20A
MONTHLY RETURN OF LIQUID FUEL TAX (STATE AND COUNTY)
AND ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX

General Instructions

Form M-20A is used to report and pay fuel taxes monthly. There is no annual fuel tax return to be filed.

Hawaii's fuel tax is a tax on distributors for each gallon of liquid fuel refined, manufactured, produced, or compounded by the distributor and sold or used by the distributor in the State. The tax is also imposed on liquid fuel imported by the distributor or acquired by the distributor from persons who are not licensed distributors which is sold or used by the distributor in the State.

The fuel tax is comprised of three parts, the State license tax, the county fuel tax, and the environmental response, energy, and food security tax. The amount of the *State license tax* is set by legislation. The *county fuel tax* varies by county and is set by county ordinance. The *environmental response, energy, and food security tax* is \$1.05 on each barrel (42 U. S. gallons) or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user (other than a refiner) of the petroleum product.

Definition of Certain Terms Used in Chapters 243 and 248, HRS

“Alternative fuel” means methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; biodiesel; mixtures containing 20 percent or more by volume of biodiesel with diesel or other fuels; fuels (other than alcohol) derived from biological materials; and any other fuel that is substantially not a petroleum product and that the governor determines would yield a substantial energy security benefits or substantial environmental benefits.

“Distributor” means: (1) Every person who refines, manufactures, produces, or compounds liquid fuel in the State and sells or uses the same therein; (2) Every person who imports or causes to be imported into the State any liquid fuel and sells it therein, whether in the origi-

nal packages or containers in which it is imported or otherwise than in such original packages or containers, or who imports any such fuel for the person's own use in the State; (3) Every person who acquires liquid fuel from a person not a licensed distributor and sells or uses it, whether in the original package or container in which it was imported (if imported) or otherwise than in such original package or container; and (4) Every person who acquires liquid fuel from a licensed distributor as a wholesaler thereof and sells or uses it.

“Power-generating facility” means any electricity-generating facility that requires a permit issued under the Federal Clean Air Act (42 U.S.C. 7401-7671q), the Hawaii air pollution control law (chapter 342B, HRS), or both.

“Small Boats” means all vessels and other water craft except those operated in overseas transportation beyond the State, and ocean-going tugs and dredges.

Who Must File

Every distributor as defined above must file Form M-20A.

When to File

Form M-20A must be filed on or before the 20th day of each month, showing the fuel sold or used during the preceding calendar month. If the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the “timely mailing treated as timely filing/paying rule.” The Department of Taxation will conform to the Internal Revenue Service listing of designated private delivery services and type of delivery services qualifying for the “timely mailing treated as timely filing/paying rule.” Timely filing of mail which does not bear a U.S. Post Office cancellation mark will be determined by reference to other competent evidence.

Where to File

Mail Form M-20A and your fuel tax payment to:

Hawaii Department of Taxation
P.O. Box 259
Honolulu, Hawaii 96809-0259

Where to Get Forms, Instructions, and Publications

Forms, publications, and other documents, such as copies of Tax Information Releases and Administrative Rules issued by the Department, are available on the Department's website at www.hawaii.gov/tax or you may contact the 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

E-mail: Taxpayer.Services@hawaii.gov

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

Penalties and Interest

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% per month, or part of a month, up to a maximum of 25%.

Failure to Pay Tax After Filing Timely Return – The penalty for failure to pay the tax after filing a timely return is 20% of the tax unpaid within 60 days of the prescribed due date. The 60-day period is calculated beginning with the prescribed due date even if the prescribed due date falls on a Saturday, Sunday, or legal holiday.

Interest – Interest at the rate of 2/3 of 1% per month or part of a month shall be assessed on 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.

Signature

The return must be signed and dated by a person who is authorized to sign Form M-20A.

Specific Instructions

These instructions are numbered to correspond to the line items of Form M-20A. Other line items on the form are self-explanatory.

Amended Return Checkbox

If you are amending a return previously filed, check the AMENDED Return box at the top of the form to indicate that this is an amended return.

Address

If your address is outside the United States or its possessions or territories, enter the information on the line for "City or Town, State and Postal/ZIP Code" in the following order: city, province or state, postal code, and the name of the country. Do not abbreviate the country name.

Part I — Computation of Fuel Tax and Environmental Response, Energy, and Food Security Tax

Complete Part I to compute the amount of fuel tax and environmental response, energy, and food security tax due with the return. In completing Part I, enter the number of taxable gallons.

Line 24 — Specify the type of alternative fuel sold in gallons. If you sold more than one type of alternative fuel, attach a separate schedule showing the number of gallons sold, tax rate, and taxes due. Include the total number of gallons sold on line 41 and the total taxes on line 42.

Line 25 — For other alternative fuels, the state license tax rate shall be based on the energy content of the fuels as compared to diesel fuel, using a lower heating value of one hundred thirty thousand British thermal units per gallon as a standard for diesel, so that the

tax rate, on an energy content basis, is equal to one-quarter the rate for diesel fuel. The county fuel tax rate may be proportional to the energy contents of the fuels, as determined by their lower heating values, times one-half.

Line 32 — Report naphtha sold for use in a power-generating facility. See definition of power-generating facility on page 1.

Line 33 — The tax rate for naphtha sold for use in a power-generating facility before July 1, 2009 is 1 cent per gallon. For sales on or after July 1, 2009, the tax rate is 2 cents per gallon.

Lines 35 and 38 — Report liquid fuel sold or used in small boats. See definition of small boats on page 1. Liquid fuel sold or used in vessels and other water craft operated in overseas transportation beyond the State and ocean-going tugs and dredges should **not** be reported on lines 35 and 38.

Line 43 — Report the number of barrels (42 U.S. gallons) rounded up to the nearest barrel of petroleum product sold by a distributor to any retail dealer or end user (other than a refiner) of the petroleum product. For example, if 197.05 barrels were sold, report 198 barrels on Line 43. The environmental response, energy, and food security tax is imposed on each barrel or fractional part of a barrel. Do not include aviation fuel.

Line 45 — Multiply line 43 by \$1.05.

Line 46 — The total taxes due as shown on line 46 must be paid in full with Form M-20A. The tax may be paid by check or money order made payable to the "Hawaii State Tax Collector" in U.S. dollars drawn on any bank in the U.S. Do not send cash. To ensure that your payment is applied correctly, please type or print on your check or money order: (1) "Fuel", (2) your federal employer identification number (FEIN) or social security number (SSN), and (3) the filing period (MM/YY) and form number being filed (ex. 07/10 M-20A).

Part II — Summary of Gallons Taxable in the County of Maui

Complete Part II to report the taxable number of gallons sold or used for the islands of Maui, Lanai, and Molokai.

Part III — Summary of Exempt Sales in Gallons

Complete Part III to report the exempt number of gallons sold or used, including (1) Fuel exported or sold to the federal government for official government use, (2) Imports in interstate or foreign commerce as long as the fuel is beyond the taxing power of the State (e.g. in the foreign trade zone or sales of bonded aviation fuel to air carriers coming from or going to foreign ports), (3) Sales to another licensed distributor, (4) Fuel sold for use in and actually delivered to, or sold in, the county of Kalawao, and (5) Liquid fuel sold to an intra-county ferry operating solely within the County of Maui (applies to taxable years beginning after December 31, 2007).

Part IV — Summary of Sales in Gallons

Complete Part IV to report total sales, exempt sales, and the deduction for retail sales from Form M-2, Certificate of Retail Sales of Liquid Fuel. The taxable sales reported in Part IV should be the same amount entered on the appropriate lines in Part I.

If you are claiming an evaporation allowance deduction, attach Form M-2 received from each retail dealer reporting their retail sales for the month and showing the calculation of the evaporation allowance. If Form M-2 is not attached to your return, your deduction will be disallowed.